

**SARATOGA COUNTY EMPIRE ZONE
ZONE CAPITAL CREDITS
COMMUNITY DEVELOPMENT PROJECTS
GENERAL INFORMATION**

BACKGROUND

Zone Capital Credits are a provision of the General Municipal Law Article 18-B, Section 964 amended in 1994. The purpose of this provision is to stimulate economic activity in an Empire Zone by granting each zone a \$2.5 million allocation of New York State tax credits. These credits may be used by zones to encourage economic activity by offering a 25% tax credit against New York State franchise taxes or personal income taxes for investments and contributions to the following three categories:

- 1) Contributions of money to approved **Community Development Projects**; and
- 2) **Direct Equity Investments** in Empire Zone certified businesses; and
- 3) Qualified investments and contributions to **Empire Zone Capital Corporations**.

New York State Allocation and Limitations

- Each zone is allocated \$2.5 million in credits over the life of the zone. The Saratoga County Zone Administrative Board has determined how the allocation will be distributed among the three categories.
 - Community Development Projects- \$ 2,000,000
 - Direct Equity Investment Projects- \$ 500,000
- A limit of \$100,000 in credits per taxpayer is set for investments and contributions in each of the three categories for a total maximum credit of \$300,000 per taxpayer (or \$400,000 per category for an overall investment/contribution of \$1.2 million)

Community Development Projects

The Saratoga County Empire Zone Administrative Board Allocated **\$2,000,000** in Zone Capital Credits towards Community Development Projects located within the Empire Zone.

Contributions of money to approved community development projects serving zone residents and businesses may be eligible for Community Development Project Credits. Sponsors of such projects may use the credits to enhance fundraising activities. In addition to the 25% New York State Zone Capital Credit, these contributions may also be eligible for a federal and State charitable deduction.

Basic Requirements:

- The project must be either:
 - A child care project serving the Empire Zone Residents and businesses; or
 - A community development project in direct support of economic development and business revitalization activities, such as commercial revitalization projects; or
 - A business development activity of a local development corporation.
 - The project must advance the Saratoga County Empire Zone Development Plan. It must be clearly demonstrated how the project will benefit zone residents, promote the development of new business, and the expansion of existing business.
 - The sponsor must be a tax-exempt **not-for-profit** entity (listed in the Internal Revenue Service Publication 78).
 - Contributions must be in the form of money.
 - Funds raised with credits may not be used to replace existing debt.
 - In general, the project must be used for non-recurring expenses, such as capital projects or “bricks and mortar” projects.
 - The project must be located within an Empire Zone.

Not-for-profits that are interested in applying for Community Development Zone Capital Credits should:

- Set up a meeting with SEDC to review the project;
- Request an Application from SEDC for Zone Capital Credits.

SARATOGA COUNTY EMPIRE ZONE

Zone Capital Credits

Community Development Projects

Policy and Procedures

Adopted February 24, 2003

(Revised September 8, 2003)

The Saratoga County Empire Zone is empowered to provide economic development assistance in the form of New York State Tax credits for qualified Community Development Projects located within the Saratoga County Empire Zone. Qualified projects must meet the following criteria and provide the following documentation supporting project eligibility:

- The project must be located within the zone boundaries.
- The sponsor must be a not-for-profit entity.
- The projects must be either:
 - A child care project serving the zone community;
 - A community development project in direct support of economic development and business revitalization activities;
 - A business development activity of a local development corporation.
- The project must advance the Saratoga County Empire Zone Development Plan.
- The applicant must demonstrate how the project will benefit the zone community, promote the development of new business, and the expansion of existing business.
- Credits must be used for non-recurring expenses or “bricks and mortar” projects.
(Credits may not be used to refinance existing debt, pay operating expenses, taxes or other soft costs)
- A limit of **\$500,000** in credits will be available per project.
- Fundraising activities must take place before **July 31, 2004**.
- Individuals and corporations will be eligible for New York State Income Tax Credits on contributions of **\$10,000** or more to approved projects.