

Industrial and Commercial Incentive Program (ICIP) Annual Report

New York City Department of Finance

March 29, 2013

Background

The Industrial and Commercial Incentive Program (ICIP) was created on November 5, 1984, by a local law adopted by the Council pursuant to State enabling legislation. The program sunset in 2008, and was replaced by the Industrial and Commercial Abatement Program (ICAP). The ICIP program is established in Title 2D of the NYS Real Property Tax Law and NYC Administrative Code §11-256 to §11-267. The ICAP program is established in Title 2F of the NYS Real Property Tax Law and NYC Administrative Code §11-268 to §11-278. These programs were designed to stimulate economic development through new construction, modernization, rehabilitation or expansion of industrial and commercial structures by offering property tax benefits

These programs were designed to encourage economic development by means of tax exemptions and abatements for construction or rehabilitation of commercial, industrial or mixed-use structures.

This report was prepared pursuant to NYC Administrative Code §11-267, relating to an annual report for the Industrial and Commercial Incentive Program. Section 11-267 provides:

The department of finance shall submit an annual report to the council, on April first of each year, concerning the status of the program established pursuant to this part and its effects in the city, including information on certificates of eligibility issued and jobs created in each area where benefits are available.

Both ICIP and now ICAP are administered by the Department of Finance, which receives and processes applications, determines eligibility, and grants benefits for eligible work. The Department also reviews projects receiving benefits as to continuing compliance with the program. If the Department determines that a project is not in compliance with program requirements as provided in applicable laws and rules, it may deny, suspend or revoke the benefits.

Status of the ICIP Program

The Industrial and Commercial Incentive Program (ICIP) sunset on June 30, 2008 and has been replaced by the Industrial and Commercial Abatement Program (ICAP). Applications for ICIP benefits must have been filed on or before June 30, 2008. If the applicant applied for ICIP benefits no later than June 30, 2008 -- and if the applicant received a building permit for construction of the project, or a demolition permit, no later than July 31, 2008 -- then the project can receive benefits for construction performed pursuant to additional building permits issued after July 31, 2008.

To qualify for ICIP, all construction work performed must be completed prior to December 31, 2013. Benefits will not be granted for any such construction work performed after December 31, 2013.

For purposes of determining whether this ICIP completion deadline has been met, construction work will be deemed completed when a temporary or final Certificate of Occupancy is issued by the Department of Buildings. If such work does not require the issuance of a temporary or final Certificate of Occupancy, construction work will be deemed completed at the time the applicant and the applicant's engineer submit an affidavit to the Department of Finance certifying completion. This definition of completion of construction applies only for this specific purpose.

ICIP provides a partial exemption from property taxes for periods of up to 25 years for eligible industrial and commercial buildings that are built, modernized, rehabilitated, expanded, or otherwise physically improved. For industrial construction, a property may receive an additional abatement for eligible work where such eligible work meets a higher minimum required expenditure threshold.

The table below illustrates the number of ICIP applications received in fiscal years 2001/02 to 2010/11. Projects may be for one or more than one block and lot. ICIP applications increased in 2007/08 as this benefit program was ending. Brooklyn projects account for 35% of the applications.

ICIP Project Applications Received and/or Approved for Benefits FY 2002 to 2011

Number of Applications	Tax Year										Grand Total	
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11		
Borough												
Manhattan	74	34	91	79	56	109	114	39	1	1	598	
Bronx	133	24	114	93	105	116	144	47	1		777	
Brooklyn	257	69	239	234	264	257	447	132	2	1	1902	
Queens	225	30	243	191	222	257	309	102	3	1	1583	
Staten Island	73	15	94	59	66	116	120	32	1		576	
Grand Total	762	172	781	656	713	855	1134	352	8	3	5436	

This table indicates the status of the applications submitted for fiscal years 2002-2011. Department of Finance receives applications that may not result in benefits to the applicant if the application process is not completed or the work is otherwise not eligible for benefits under the law or rules. A Preliminary Certificate is issued once DOF determines that the project has been approved and eligible for benefits. A Final Certificate is approved when evidence of construction/renovation has been demonstrated (ICIP does not generally require a Final Certificate to receive the benefit, but is required for industrial properties seeking the additional industrial abatement benefit).

ICIP Applications by Application Status

PA = Preliminary Application
 PC = Preliminary Certificate
 FC = Final Certificate

Number of Applications	Application Status			Grand Total
	FC	PA	PC	
Borough				
Manhattan	64	307	227	598
Bronx	124	395	258	777
Brooklyn	279	820	803	1902
Queens	328	596	659	1583
Staten Island	105	233	238	576
Grand Total	900	2351	2185	5436

This table illustrates that commercial projects, whether for new construction or renovations, far exceed industrial applications. 91% of all applications for fiscal years 2002 to 2011 were commercial.

ICIP Applications by Project Type

CN = Commercial New
 CR = Commercial Renovation
 IN = Industrial New
 IR = Industrial Renovation

Number of Applications	Project Type				Grand Total
	CN	CR	IN	IR	
Borough					
Manhattan	101	479	1	17	598
Bronx	332	382	13	50	777
Brooklyn	883	813	47	159	1902
Queens	799	608	30	146	1583
Staten Island	387	168	13	8	576
Grand Total	2502	2450	104	380	5436

At the time of application, applicants predict how many jobs their projects would likely contribute to the New York City economy. As follows from the table above, more of the jobs created result from commercial projects, 91% of total created. Note that this information is provided solely by the applicants at the time of application.

**ICIP Estimated Number of Jobs Created
by Project Type**

CN = Commercial New
 CR = Commercial Renovation
 IN = Industrial New
 IR = Industrial Renovation

Count of Estimated Jobs	Project Type				
	CN	CR	IN	IR	Grand Total
Borough					
Manhattan	75	354	1	14	444
Bronx	266	285	9	39	599
Brooklyn	673	657	27	136	1493
Queens	629	500	27	122	1278
Staten Island	298	143	9	5	455
Grand Total	1941	1939	73	316	4269