

A Request for Proposals

EXHIBIT D EMPIRE ZONE BENEFITS

The Empire Zones Program is a vital component of Governor Pataki's effort to revitalize and expand New York's economy. Empire Zones (formerly called Economic Development Zones) are geographically defined areas where businesses have access to vacant land, existing industrial and commercial infrastructure, a skilled workforce and abundant resources such as power and water supplies. The Empire Zones are particularly attractive in that they offer numerous tax incentives for qualifying businesses located within the zone.

On December 6, 2002, USA Niagara Development Corporation Chairman Charles A. Gargano announced the approval of a request to revise the boundaries of the Niagara Falls Empire Zone. The boundary revisions to this Zone will replace 139.3 acres of land with 158 acres that have greater potential for near-term economic development. The revision includes 63 acres within the downtown USA Niagara Development District that have been included in the Empire Zone Amendment. Included in the expanded Zone are the areas along Third Street, Rainbow Boulevard, Old Falls Street and the central core area between Third Street and Rainbow Boulevard North.

Participating businesses are eligible to receive the following tax credits and exemptions:

- **QEZE Sales Tax Exemptions.** Qualified Empire Zone Enterprises (QEZE) are granted a 10-year exemption from State sales tax on purchases of goods and services (including utility services and owned vehicles) used predominantly in such zone (effective March 1, 2001).
- **QEZE Credit for Real Property Taxes.** Qualified Empire Zone Enterprises are allowed a refundable credit against their business tax equal to a percentage of real property taxes paid based upon increased employment in the zone (effective for taxable years beginning on or after January 1, 2001)
- **QEZE Tax Reduction Credit.** Qualified Empire Zone Enterprises are allowed a credit against their tax equal to a percentage of taxes attributable to the zone enterprise (effective taxable years beginning on or after January 1, 2001).

Additional Benefits

- **Wage Tax Credit (WTC).** This credit is available for up to five consecutive years for companies hiring full-time employees in newly created jobs. For employees in special targeted groups, this credit equals

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\$3,000 per year, with a credit of \$1,500 per year effective 1/1/2001, for all other new hires.

- **EZ Investment Tax and Employment Incentives Credit (ITC-EIC).** Businesses that create new jobs and make new investments in production, property and equipment may qualify for tax credits of up to 19% of the company's eligible investment.
- **New Business Refund.** Businesses new to New York State are entitled to a 50% cash refund of unused EZ-WTC and ITC amounts. Other businesses may carry forward unused credits indefinitely.
- **Utility Rate Savings.** Special reduced electric and gas rates may be available through investor-owned utilities in New York State. Businesses that locate or expand their operations in an EZ may receive significantly reduced rates.
- **Zone Capital Credit.** A 25% tax credit against personal or corporate income taxes is available for contributing or purchasing shares in a zone capital corporation; or for a direct equity investment in a certified zone business; or for contributions to approved community development projects within an EZ.
- **Technical Assistance.** Each local zone office is staffed with professionals qualified to assist businesses locating or expanding in an EZ.