

ECONOMIC TRANSFORMATION AND FACILITY REDEVELOPMENT PROGRAM

Quarterly Report

March 31, 2019

The Economic Transformation and Facility Redevelopment Program was established to support the economies of communities affected by the closure of certain correctional and juvenile justice facilities in 2011 (Chapter 61, Laws of 2011).

The Program was available to eligible entities within an Economic Transformation Area (ETA). The Program provides job creation and investment incentives for firms that located in an ETA. Firms in targeted industries that create at least five net new jobs may qualify for up to five fully refundable tax benefits:

- A jobs tax credit of 6.85% of the wages of each net new job;
- An investment tax credit of 6% of capital investments with the credit increasing to 10% if it is at the site of closed facility. This credit is capped at \$4 million per firm for investments outside the facility and \$8 million for all investments at the facility;
- A real property tax credit of 25% of eligible property taxes in the first year, phasing down to 5% in year five. The credit is 50% of eligible property taxes for firms located at the facility phasing down to 10% in year 5;
- A job training tax credit of 50% of training expenses, capped at \$4,000 per eligible employee per year. Eligibility for this credit is limited to instances where former facility employees are hired by a new firm; and
- A sales tax refund on tangible personal property used for construction at an eligible site.

Economic Transformation Areas encompass the closed facility itself or a certain radius around the closed facility, including the closed facility. The designations were as follows:

<u>Facility Name</u>	<u>Location (County)</u>	<u>Area</u>
Arthur Kill Correctional Facility	NYC – Staten Island (Richmond)	Facility
Buffalo Correctional Facility	Alden (Erie)	5 mile radius
Camp Georgetown	Georgetown (Madison)	10 mile radius
Fulton Correctional Facility	NYC (Bronx)	Facility
Mid-Orange Correctional Facility	Warwick (Orange)	5 mile radius
Oneida Correctional Facility	Rome (Oneida)	15 mile radius
Summit Shock Incarceration CF	Summit (Schoharie)	15 mile radius
Allen Residential Center	South Kortright (Delaware)	5 mile radius
Harriet Tubman Residential Center	Auburn (Cayuga)	5 mile radius
Industry Secure Center	Rush (Monroe)	10 mile radius
Tryon Girls Center	Johnstown (Fulton)	15 mile radius
Harlem Valley Psychiatric Center	Dover (Dutchess)	Facility
Hudson River Psychiatric Center	Poughkeepsie (Dutchess)	Facility

SUMMARY OF PROGRAM ACTIVITY

There were four applications submitted prior to the deadline leading to three participants.

- Risen Foods, LLC, a startup commercial bakery, applied in July 2012 to participate in the Program in the City of Rome, NY (Mohawk Valley). This location fell within the 15-mile radius of the Oneida Correctional Facility. The company projected an investment of \$1.275MM to renovate a vacant 10,000-square-foot building and purchase machinery and equipment for a bakery and food manufacturing business and to create 74 net new jobs over five years.

Risen Foods was expected to receive \$521,928 in tax benefits over five years.

- Northland Forest Products, Inc. applied in February 2014 for participation at the Glen Canal View Business Park in Fultonville, NY (Montgomery County). This location fell within the 15-mile radius of the Tryon Girls Center. The company projected an investment of \$3.275MM to construct a hardwood lumber drying and processing facility and to create 16 net new jobs over five years.

Northland was expected to receive \$421,843 in tax benefits over five years.

- EFG DRA Heritage LLC, a land reuse and redevelopment company, applied in September 2016 for participation at the Hudson River Psychiatric Center in Poughkeepsie, NY (Dutchess County). The company projected an investment of \$127.6 million for the remediation and the redevelopment of the property into a new residential/commercial planned community and the creation of eight net new jobs over five years.

EFG DRA Heritage was expected to receive \$9,075,853 in tax benefits over five years.