

Sunset Provisions of New York City's Industrial and Commercial Incentive Program

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This Alert is being circulated to ensure that you have time to preserve your eligibility for benefits pursuant to New York City's Industrial and Commercial Incentive Program ("ICIP").

The ICIP temporarily exempts from real property tax the increase in a property's assessed value attributable to new construction or renovation. The amount of tax exemption and the length of the exemption period is determined by the type of use (either industrial or commercial) and the location of the project site.

The ICIP enabling legislation expires this year and, while it is likely to be renewed, there can be no assurance that it will be renewed in a timely fashion or that the benefits of the program will not be changed. To preserve eligibility for ICIP benefits under the current statute, applicants must at a minimum:

(i) submit an application for a certificate of eligibility to the New York City Department of Finance ("Finance") on or before June 30, 2003; and

(ii) obtain a work permit from the New York City Department of Buildings ("Buildings") for qualifying construction work prior to July 31, 2003 ("Building Permit Deadline").

Finance has advised us that it will treat as eligible for benefits the entire program of work in the Certificate of Eligibility so long as a work permit for a part of the work is issued prior to the Building Permit Deadline and the application underlying that permit is amended so that the balance of the eligible work, once approved by Buildings, is also performed under that permit. However, work performed pursuant to a permit issued after the Building Permit Deadline will not be eligible for benefits even if

it is encompassed within the Certificate of Eligibility. Accordingly, we recommend that all applicants for ICIP benefits:

(i) file with Finance an application for a certificate of eligibility on or before June 30, 2003;

(ii) structure the permitting by Buildings of the eligible work so that as much of the work as possible can be performed under a single building permit; and

(iii) gain the approval of Buildings for all or a portion of the eligible work and receive a building permit on or prior to July 31, 2003.

*If you require further advice or have any questions about the content of this Alert, please contact **Paul Selver** at (212) 318-6869 or paulselver@paulhastings.com or **Jeremiah Candreva** at (212) 318-6288 or jeremiabcandreva@paulhastings.com.*

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