MEMORANDUM OF SUPPORT
May 13, 2015
S.4071 (Golden) / A. 4014 (Morelle)

An act to amend the urban development corporation act, the tax law and the public service law, in relation to New York state incubators and hotspots.

New York University (NYU) strongly supports S.4071 (Golden) / A.4014 (Morelle), which would amend the Urban Development Corporation Act, the Tax Law and the Public Service Law, to support the development of incubators and their tenants by creating a series of tax exemptions, credits, and deductions that would provide financial relief and incentivize the investment of outside funds in New York State’s businesses.

Incubators are an important economic driver that empowers entrepreneurs and strengthens New York State’s business climate by supplying subsidized space, legal help, and mentors to first-time and serial entrepreneurs. NYU’s own incubators, which include Varick Street Incubator,¹ DUMBO Incubator² in Brooklyn, and the Urban Future Lab³ (which includes NYC ACRE, the New York City Accelerator for a Clean and Resilient Economy⁴) have graduated 51 companies while creating over 1,250 jobs and creating a joint economic impact of over $352 million. Without these incubators, many businesses would not have the support they need to see them through the development of their businesses to a viable commercial phase, when they can actively create new jobs and help improve New York State’s economy.

NYU strongly supports this bill because it would provide important financial supports for incubators and their tenants by tailoring a series of credits, deductions, and exemptions to the activities of new businesses. The tenants and developing businesses would be eligible to receive: (i) a credit against the research and development property and technology expenditure taxes if they are a qualified emerging technology company; (ii) accelerated depreciation for qualified property for the first year of residency; and (iii) small business concern status for state procurement purposes. The bill would also support the incubators themselves by creating an incubator energy rate equal to the incremental cost of providing energy to incubators. Lastly, the bill would also encourage outside investment by creating a tax credit for investments made by angel investors. Investors would be able to claim a 30% credit on qualified investments under $250,000.

For these reasons, NYU strongly supports S.4071 (Golden) / A. 4014 (Morelle) and urges the Legislature to pass this bill.

For more information, please contact Christopher Echeverria, Policy Analyst for Government Relations, New York University, 212-998-2399, chris.echeverria@nyu.edu.

¹ See: http://engineering.nyu.edu/business/incubators/varick
² See: http://engineering.nyu.edu/business/incubators/dumbo
³ See: http://www.nycedc.com/program/nyc-urban-future-lab
⁴ See: http://www.nycacre.com/