

N.J. officials unfazed by N.Y. efforts to lure companies - NorthJersey.com

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* Development leaders predict N.Y. program won't hurt N.J.



AP

New York Gov. Andrew Cuomo speaks during a Tax-Free New York meeting on Monday, June 3, 2013, in Albany, N.Y.

An aggressive new effort by New York State to lure companies and investment by improving its business climate with tax cuts, a start-up incubator program and ties to universities is raising little concern from New Jersey real estate and development interests.

New York's most recent proposals, delivered by Gov. Andrew Cuomo in his State of the State speech Wednesday, won't make the state dramatically more enticing, especially given the benefits available to businesses in New Jersey after the

revamp of its corporate incentive programs, several real estate and development executives said.

New York's proposals are too modest, and in some cases too tightly focused, to have much of an impact, said John Boyd, founder of the Princeton-based Boyd Co., which helps companies relocate.

"Clearly, the lowering of the corporate tax rate sets a more positive tone," Boyd said. He added, however, that "it's not a sea change" because taxes are a small part of business costs.

Cuomo's speech outlined a plan to cut the state's bank and franchise corporate tax rate to 6.5 percent from 7.1 percent – both of which are well below the 9 percent corporate tax most businesses in New Jersey are charged. New Jersey businesses with revenue less than \$100,000 pay 7.5 percent, and those with revenue less than \$50,000 pay 6.5 percent.

Cuomo also proposed a 20 percent property-tax credit for manufacturers. In addition, New York State has in recent weeks been running an aggressive television advertising campaign touting its Start-Up NY program, which began Jan. 1.

The slick, 30-second commercial boasts that "New York is open, open to innovation, open to ambition, open to bold ideas," adding that "if there is something that creates more jobs, grows more businesses, we are open to it."

The program enables businesses that move into or expand in the state to get a 10-year exemption from property, sales and even state income taxes, if they locate in one of the state's special tax-free zones – sites close to a public college – and they "support" the school's mission.

Al Koeppel, chairman of the New Jersey Economic Development Authority, which administers the state's corporate incentive programs, said he does not think tax cuts alone will cause New Jersey much problem.

"The bottom line on this is that's one ingredient in making a corporate decision," he said. "But there is a host of other considerations, including quality of life, access to transportation, distribution, quality of the workforce. ... The bottom line for corporations is a little broader than the tax incentives."

New York's effort comes three months after [Governor Christie](#) signed into law a sweeping revamp of the state's economic incentive programs, known as the Economic Opportunity Act.

The measure was part of the fierce nationwide competition among states that are desperate to create jobs after four years of lackluster growth in the wake of the Great Recession.

The revamped programs seek to stimulate job creation and development in certain areas of the state and in specific economic sectors. The revamp also lowered the threshold of investment needed so that smaller businesses could get the benefits. In the past, some of the incentives were available only to companies willing to invest tens of million of dollars in a project. In certain situations, companies can get incentives worth up to \$300 million under the program.

Ted Zangari, a Newark lawyer who helped redesign the program and helps companies relocate and build facilities, said he did not believe New York's initiatives would have much impact.

Even after the tax reductions, New York's business tax rate is not far from those of its neighbors, he said. The Start-Up NY program, "is not so much a needle mover as a novel idea, toward encouraging tech incubators," Zangari said, adding that New Jersey's incentive programs now include measures to do a similar thing.

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