

ICAP (Industrial) Industrial and Commercial Abatement Program

Administering Agency: NYC Department of Finance

<http://www1.nyc.gov/site/finance/benefits/benefits-industrial-and-commercial-abatement-program-icap.page>

Program Description

The Industrial and Commercial Abatement Program (ICAP) reduces a portion of the increase in real property taxes due to new construction, modernization or rehabilitation of industrial buildings by providing 25-year property tax abatements for qualified projects. Industrial construction projects meeting a higher investment threshold are eligible for an additional tax abatement benefit on the initial (pre-construction) tax amount. Industrial properties are also eligible to receive additional inflation protection on their assessment.

Eligibility Requirements

- **Applications:** Preliminary applications must be filed before the receipt of the first building permit (or, if no permit is required, before the start of construction). **Projects will NOT receive benefits if a building permit is pulled before filing an application.**
- **Geographic Eligibility:** Industrial projects are eligible for ICAP benefits in all areas of New York City.
- **Industrial Property:** Buildings or structures where **at least 75%** of the property's total net square footage is used or immediately available for the assembly of goods or fabrication or raw materials.
- **Expenditures:** Applicants must make a minimum required expenditure equal to at least **30 percent** of the taxable assessed value of the project in the year of the issuance of the building permit or, if no permit is required, the start of construction.
- **Additional Industrial Abatement:** Industrial projects that make capital expenditures equal to at least **40 percent** of the taxable assessed value of the project are eligible to receive an additional 12-year abatement based on the initial tax amount. The amount of the additional abatement is equal to 50% of the initial (pre-construction) tax amount on the building.
- **Retail:** Retail up to 10% is eligible for the standard 25-year benefit schedule. For industrial projects which have $\geq 10\%$ retail, the portion of retail over 10% receives a modified 15-year benefit schedule.
- **Utilities:** Utilities are not eligible for benefits.
- **Not Eligible:** Properties currently receiving a New York City property tax abatement or exemption.

Benefit Schedule

Benefit Type	Use	Abatement Schedule	Phase Out
Regular ICAP Abatement	All industrial and retail < 10%	25-year benefit schedule for new construction or renovation	Years 17 – 25
	Portion retail $\geq 10\%$	15-year benefit schedule	Years 12 - 15
Additional Industrial Abatement		12-year benefit schedule	Years 5 - 12

Benefit Calculation

Methodology

- Initial Tax: charged the year before improvements are made.
- Post-Completion Tax: charged after improvements are made.
- Abatement Base: calculated as the difference between the Post-completion Tax and 115% of the Initial Tax.
- Phase out of the Abatement Base varies by location and use. Full phase out schedule can be found [here](#).
- Yearly ICAP Benefit, or abatement from Real Estate Taxes, is the Abatement Base times the ICAP Percent.

Example Benefits Calculation

XYZ Corp. is a manufacturer that owns its own building in Jamaica, Queens with an assessed value of \$1,000,000. There is no retail in the building. XYZ makes renovations that result in a \$200,000 increase in a property's assessed value. The below ICAP calculation assumes a real estate tax rate of 11%.

As an industrial business, XYZ is eligible for a 25-year abatement. XYZ would receive the full benefit amount for 16-years followed by a 9-year phase out of benefits. As shown to the right, ICAP would result in aggregate savings of \$112,750 in real estate taxes over 25 years.

$$\text{Initial Tax} = \$1,000,000 * 11\% = \$110,000$$

$$\text{Post Completion Tax} = \$1,200,000 * 11\% = \$132,000$$

$$\text{Abatement Base} = \$132,000 - (115\% * \$110,000) = \$5,500$$

$$\text{Year 1 Abatement} = \$5,500$$

$$\text{Total Benefits (over 25 Years)} = \$112,750$$

Year	ICAP Percent	ICAP Benefit
1-16	100%	\$5,500
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17	90%	\$4,950
18	80%	\$4,400
19	70%	\$3,850
20	60%	\$3,300
21	50%	\$2,750
22	40%	\$2,200
23	30%	\$1,650
24	20%	\$1,100
25	10%	\$550
Total (Nominal)		\$112,750