

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY (NYCIDA)  
OPEN INDUSTRIAL USES SALES TAX EXEMPTION PROGRAM (OIUSTEP)  
PROGRAM FACT SHEET**

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This fact sheet provides some important information and guidance on what you will need to do in order to obtain and use sales tax benefits through the OIUSTEP Program.

**Lease Agreement:**

To enroll in the program and begin receiving sales tax exemptions, and to fulfill the statutory requirements of NYCIDA, your company will have to sign a lease agreement with NYCIDA.

**Proof of Insurance Coverage:**

Proof of insurance in the form of an ACORD Certificate of Insurance must be provided to NYCIDA. Insurance coverage must meet the requirements of Section 6 of the lease agreement, and we encourage you to share these requirements with your insurance broker in order to ensure that your coverage is adequate.

**Sales Tax Exemptions:**

Eligible businesses must obtain the sales tax letter prior to making eligible expenditures. There is a maximum amount of sales tax exemption you will receive. The limit will be provided in your lease agreement. It is important to keep track of all purchases made using the sales tax letter under the program. You will be required to report this information twice a year: at the end of each calendar year and also at the end of each fiscal year (ending June 30<sup>th</sup>). You will also need to report this information after your project has been completed (or the lease agreement terminated). The purchases eligible under the program are specific. Exhibit C of the lease agreement provides detailed guidance on what is allowed and not allowed. Please be sure to read this document carefully. Note that the following items/services generally are not allowed: ordinary office supplies, cleaning supplies, vehicles, and fuel. If the sales tax letter is not used correctly, improper exemption amounts must be repaid with interest at 12% per annum.

**Contractors:**

Before applying, you should consider whether you will want your contractor to make purchases directly (on a sales tax-free basis). Should you want your contractor to utilize the sales tax benefit, you will be required to provide some basic information pertaining to your contractor in your application so that we can perform a simple background investigation. If approved, the contractor will need to sign a sales tax agent authorization letter in order to start making sales tax-free purchases for your project.

**Other Sales Tax Exemption Reporting Requirements:**

You will be required to itemize your purchases made which utilize the sales tax benefit, as well as report (via the sales tax registry, the form of which is included as Exhibit D to the lease agreement) the sales tax savings realized on an annual basis. While your lease agreement is in effect, you will need to send this information to the State of New York each February 28<sup>th</sup> and to NYCIDA each August 1<sup>st</sup>. Specific forms for fulfilling these reporting requirements will be provided to you in advance of these deadlines.

**Project Completion Certificate:**

Upon project completion (either before or within days after the Expiration Date in your lease agreement), we will collect a project completion certificate and the original sales tax letter that was provided to you. Please note this form will also request your company's employment information at the project location.

**Field Visits:**

Field visits will be randomly performed by NYCEDC staff to companies enrolled in the OIUSTEP Program to verify compliance with the program and answer any questions you might have.

### Insurance Requirements Continued:

- The Company must provide an ACORD Insurance Certificate that evidences Commercial General Liability Coverage with \$1,000,000 minimum per occurrence and \$2,000,000 minimum in the aggregate, per-location aggregate, and on a per occurrence basis;
  - This policy shall contain coverage for contractual liability, premises operations, and products and completed operations;
  - The New York City Industrial Development Agency must be an additional insured on a primary and non-contributory basis under this policy;
  - The Description of Operation box on the ACORD Insurance Certificate must contain the following language: ***“New York City Industrial Development Agency is an additional insured on a primary and non-contributory basis. The CGL policy is written on ISO Form CG-0001 without modification to the contractual liability or waiver-of-subrogation provisions therein.”***
  - The insurer providing Commercial General Liability Coverage must have a minimum AM Best rating of A minus and must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law; and
- The Company must obtain and maintain Workers’ Compensation, Disability and Employer Liability Insurance satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty. Evidence of this coverage can be provided on the ACORD Insurance Certificate or on a certificate from the New York State Insurance Fund.

Please refer to Section 6 of the lease agreement for more detailed information. If you or your insurance broker has questions, please ask and we will provide additional guidance. **We encourage you to email us proof of insurance as soon as it is obtained so that we may review it. You will not be able to make use of your sales tax exemption until we receive proof of insurance.**

Finally, examples of certificates which satisfy the requirements described above have been attached for your reference.



**Example Certificate: Proof of Worker's Compensation Insurance**



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**CERTIFICATE OF WORKERS' COMPENSATION INSURANCE**

\*\*\*\*\* 133191349

<b>POLICYHOLDER</b> Applicant Company Name 1234 Main Street Brooklyn, NY 11111	<b>CERTIFICATE HOLDER</b> NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY 110 WILLIAM STREET NEW YORK NY 10038
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<b>POLICY NUMBER</b> AB1234567	<b>CERTIFICATE NUMBER</b> 00001	<b>PERIOD COVERED BY THIS CERTIFICATE</b> 2/1/2014 to 2/1/2015	<b>DATE</b> 2/1/2014
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THIS IS TO CERTIFY THAT THE POLICYHOLDER NAMED ABOVE IS INSURED WITH THE NEW YORK STATE INSURANCE FUND UNDER POLICY NO. AB1234567 UNTIL 2/1/2015, COVERING THE ENTIRE OBLIGATION OF THIS POLICYHOLDER FOR WORKERS' COMPENSATION UNDER THE NEW YORK WORKERS' COMPENSATION LAW WITH RESPECT TO ALL OPERATIONS IN THE STATE OF NEW YORK, EXCEPT AS INDICATED BELOW, AND, WITH RESPECT TO OPERATIONS OUTSIDE OF NEW YORK, TO THE POLICYHOLDER'S REGULAR NEW YORK STATE EMPLOYEES ONLY.

IF SAID POLICY IS CANCELLED, OR CHANGED PRIOR TO 03/17/2014 IN SUCH MANNER AS TO AFFECT THIS CERTIFICATE, 10 DAYS WRITTEN NOTICE OF SUCH CANCELLATION WILL BE GIVEN TO THE CERTIFICATE HOLDER ABOVE. NOTICE BY REGULAR MAIL SO ADDRESSED SHALL BE SUFFICIENT COMPLIANCE WITH THIS PROVISION. THE NEW YORK STATE INSURANCE FUND DOES NOT ASSUME ANY LIABILITY IN THE EVENT OF FAILURE TO GIVE SUCH NOTICE.

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS NOR INSURANCE COVERAGE UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICY.

NEW YORK STATE INSURANCE FUND

DIRECTOR, INSURANCE FUND UNDERWRITING

This certificate can be validated on our web site at <https://www.nysif.com/cert/certval.asp> or by calling (888) 875-5790

VALIDATION NUMBER: 240515085