

# Introducing the Empire Zone

by Catherine Maloney

The most exciting news to come from the zone this past year is the major changes made to the program. When the 2000-2001 budget was signed by Gov. Pataki, three new tax credits were created, and they changed the name. Formerly known as the Economic Development Zone, the new name is now "Kingston/Ulster Empire Zone." This not only changes the image, but greatly enhances the benefits available to businesses. In addition to the existing tax credits: Wage Tax, Investment Tax, Real Property Tax Abatement and Building Material Sales Tax Refund, the State had initiated: a Tax Reduction Credit, a Real Property Tax Credit and a Sales Tax Exemption are now available.

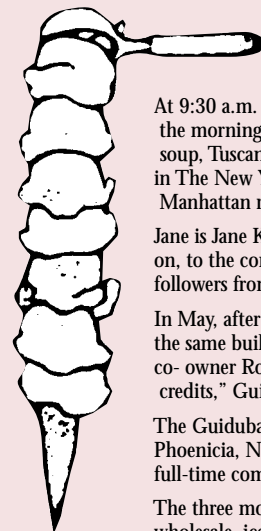
The three new enhanced credits are: Tax Reduction Tax Credit (effective January 1, 2001) which is applied against business corporate taxes, personal income taxes, banking corporation taxes or insurance corporation taxes. The credit is computed by a formula based on the number of jobs created, the company's assets in the Zone and in the State, and the income

taxes owed by the company. This credit is available for a 14-year period, 10 years at 100%, decreasing 20% each year thereafter. The Tax Reduction Credit may reduce the company's tax liability below the alternative minimum tax to as low as zero, if the business is located entirely within the zone, or as low as the fixed dollar minimum where the business has locations both in and outside the zone.

Real Property Tax Credit (effective January 1, 2001) is also applied against business corporate taxes, personal income taxes, banking corporation taxes or insurance corporation taxes. The credit is computed by a formula based on the numbers of jobs created and the real property taxes paid on property in the Zone. This credit is available for a 14 year period, 10 years at 100%, decreasing 20% each year thereafter. The Real Property Tax Credit may reduce the company's tax liability to the alternative minimum tax or the fixed dollar minimum. Unused credits may be obtained as a cash refund in the year in which they were earned.

A Sales Tax Exemption (effective March 1, 2001) from the NYS 4% portion of sales and uses tax for tangible personal property and services sold to a qualified business. Qualified property includes furniture and fixtures, office supplies, computer equipment and software, vehicles for company use and some utilities. A company must register with the NYS Department of Taxation & Finance and be issued an exemption certificate. The certificate is valid for a 10 year period as long as the business meets or exceeds its base year employment number.

To qualify for the incentives, a company must be EZ certified prior to July 1, 2005 and maintain or increase employment in the Zone and in the State in the year they are claiming credits. To find out if your business is EZ eligible, please contact Catherine Maloney at (845) 334-3962.



## Jane's Homemade Ice Cream

At 9:30 a.m. on a Monday morning, Jane's Homemade Ice Cream & Restaurant in uptown Kingston was almost quiet. A few customers sipped coffee and read the morning papers. But the relative calm belied behind-the-scenes activity that started the day's preparation for lunch, which included sweet and sour cabbage soup, Tuscan chicken and an Indian flavored dish with couscous and red lentils. "Jane has a history of cooking in Manhattan for many years and has been reviewed in The New York Times," her sister Amy Keller said as she walked past tables on her way to field phone calls. French trained, Jane was the chef for the notable Manhattan restaurant, La Metarie.

Jane is Jane Keller, reputed for her imaginative vegetarian and meat dishes that bring a daily, wall-to-wall crowd of hungry diners in a steady stream from noon, on, to the compact restaurant. Jane is also the name behind the wholesale business, Jane's Homemade Ice Cream, a super premium ice cream with a league of followers from Manhattan to Albany. With help from Kingston/Ulster Empire Zone, that ice cream will gain a wider audience.

In May, after two years of planning, Jane's Homemade Ice Cream expanded its wholesale production facilities from the restaurant's kitchen to its own space in the same building at 305 Wall Street. Because it is a Zone Certified Business, it is eligible for sales tax credits on new equipment and building materials. Jane's co-owner Robert Guidubaldi estimates the sales tax credits will save the business about \$3,000. "Once we hire new workers, we can also qualify for wage tax credits," Guidubaldi said. He is married to Jane's sister, Amy.

The Guidubaldi/Keller connection began almost fifteen years ago. From 1985 to 1986, the Keller sisters had a cheese shop, restaurant and ice cream store in Phoenicia, N.Y., northwest of Kingston, a few miles past Woodstock, N.Y.. That changed in 1987. Their building was sold, Jane decided she didn't want a full-time commitment to another retail operation and Guidubaldi fell in love with Amy.

The three moved forwards. The couple said "I do," and opened Jane's Homemade Ice Cream & Restaurant in Kingston, with Jane as the main chef and a wholesale ice cream operation as a prime act.

Guidubaldi oversees the ice cream production, with more than 100 years of Keller expertise to back him up. Amy and Jane Keller's grandfather, Irving Keller, sold chocolate syrup to soda fountains in Brooklyn at the turn of the century. He started the Rose Brand corporation and developed a quality line of flavorings and syrups. Their father, Harold J. Keller, called the "Ice Cream Doctor," took over and extended the business nationally, with the Ritz-Carlton and the Hyatt Hotel among its clients.

Jane's Homemade Ice Cream uses Rose Brand flavorings to make its super premium ice cream, the industry's top-of-the-line designation, which signifies the ice cream contains 14 percent butterfat. It's dense, meaning there is minimal air or "overrun." It has the staple flavors like Vanilla, Strawberry and Chocolate among its more than 50 choices, as well as varieties to swoon over, like Cappuccino Kahlua Calypso and Coconut Almond Joy. The company's sorbets are all made with pureed fruit. Jane's can be bought locally, north to Albany and south to Manhattan where it is sold at Saks Fifth Avenue, the Carlisle Hotel and at Rocky Mountain Chocolate on Chamber Street in the financial district.

While Jane's restaurant had a steady clientele, the growth area was the wholesale ice cream business and the one Jane's wanted to expand. "Wholesale has been growing ten to 20 percent most years, according to plan," Guidubaldi said. "We grew out of the combination kitchen and ice cream production."

As a consequence of this growth, Jane's separated its retail operation from its wholesale operation and renovated a section of the building's basement floor for ice cream production. A special cement floor had to be poured, the walls had to be waterproofed. The operation houses a blast freezer that registers temperatures of 34 degrees below zero Fahrenheit and is used to harden the ice cream. It also houses two other blast freezers that register temperatures of 25 degrees below zero Fahrenheit and are used to set the ice cream before it is moved to the colder freezer. Electric and water are connected. New York State's Department of Milk Control inspects four to five times yearly.

Jane's new wholesale operation will widen the pleasure customers express. "My favorite is Coconut Almond Joy," said eight-year-old Jamiln Thomas, in the restaurant for lunch with her aunt, Kingston resident Lisa Santiago. "I come here as often as I can," Santiago said. "My sister works here and I love the food and the ice cream." No argument from another Kingston resident and customer, Larry Boskey. "I love the variety," he said.

Quality ingredients, added to good planning, make it happen. "We are a small business that needs what financial assistance we can get," Guidubaldi said. "It is reassuring that the City of Kingston can help small businesses like ours, grow. Cathy Maloney, (Program Manager for the Kingston/Ulster Empire Zone), excelled in helping us with the forms and much needed advice in becoming to be a Certified Business in the Zone, and it's going to save us money."

## Planar Continued from page 1

in white, each with the capacity to construct three machines. The walkways ensure worker safety by giving employees enough room to cross the warehouse space without bumping into equipment or each other.

The company installed all new electric, a new phone system and most important, a new water system. The latter is vital to Thietje's technology. His patented system uses water to clean semiconductor wafers. It's a system that he's been developing since 1990 and one that serves the global market from IBM to Intel to Motorola.

"I'm an inventor," Thietje said, almost apologizing for the description. Thietje's self-effacing manner is a humbling one contrasted with the monumental, environmentally safe process and equipment he designed for the semiconductor industry that has the potential to revolutionize how business is done.

"I started in October of 1990 when I got the first idea and from there, it went on and on," Thietje said. "The first prototype we did in my garage. We started off with plastic and wood to piece it together to finally get the concept to work. Whatever needed to be done, I did."

A Wallkill, N.Y. native, Thietje worked for Fairchild Semi-Conductor in Wappingers Falls, N.Y. from 1979 to 1985. When Fairchild closed, he was hired as a senior engineer for California's Silicon Valley Group. He subsequently started his own business, as a consulting engineer for application support to the technology industry, serving clients like IBM, MIT and Union Carbide. "You could see where the industry was headed and there was no equipment out there working as well as it needed, to get the job done. This is one concept I felt could be accomplished without harsh chemicals."

Water, processed to a clean, ultra pure state, was Thietje's answer. "It's environmentally sound to the earth's environment and the employees' environment," he said. "If we are going to advance, we are going to have to think of alternative means and safer ways to manufacture."

According to Stephen M. Finkle, Zone Administrator, "We are pleased to be of service to Planar in their new TechCity location. As a start-up manufacturer, they will benefit greatly from the enhanced EZ incentives, and we are pleased to have them locate their business locally."

Thietje, who could have based his operation on the West Coast where Planar's corporate headquarters is located, choose the East Coast for several reasons. One, it's home. Two, it's a secure environment. "We have an advanced, research and development center," Thietje said. "It's easier to keep a lower profile here than in Silicon Valley. The quality of employees is also higher on the East Coast than on the West Coast. On the West Coast, an employee stays with a company for three months and then moves to a higher paying job down the block. You never manage to get a good, solid work force that is dedicated to you."

In addition, the machine shops on the East Coast are of higher quality than the West Coast, Thietje said. "I wanted to be as close to my vendors as possible to lessen the time it took to build a piece of equipment from start to finish," he said.

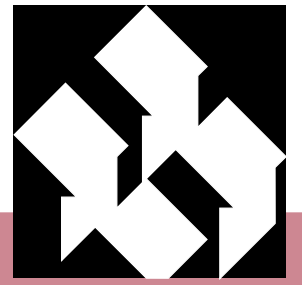
Thietje also credits TechCity's Alan Ginsberg with the decision to locate in the TechCity complex. "I didn't want to be in Kingston," Thietje said. "I wanted to be closer to airports. My real estate broker showed me sixty buildings all over and none of them was right. He then brought me up here and I saw it and thought it was impressive."

Thietje met Ginsberg, who showed him one building that didn't suit, but a second that did. It could be cleaned up and fit to Planar's specifications fairly quickly and relatively inexpensively. "Alan and I came to a mutual understanding," Thietje said. "He's been very helpful."

"Planar is a terrific company and our first semiconductor related business at TechCity," Ginsberg said. "They built out a beautiful facility, hired high caliber people and are moving along at a quick scale. "As far as economic development is concerned, Steve Finkle and his staff like Cathy Maloney, have always been responsive to the companies looking to move to TechCity, they are courteous and quick to respond and delightful to work with."

With support from Ginsberg and the Empire Zone, Thietje continues to build his business and to reach out into the community. He was just awarded a \$122,000 employee training grant from New York State and in addition, he is working with Ulster County Community College to teach prospective employees the advanced robotics and advanced programming Planar requires. Thietje is also in the process of setting up a research and development project with SUNY Albany.

"I like Ulster County," Thietje said. "I'm glad I'm here."



## Message from . . .

T.R. Gallo, Mayor, City of Kingston  
Chairman of the Empire Zone Board

The Kingston/Ulster Empire Zone has gone through many changes in the last year. Not only have three new tax credits been introduced, but the ability to place the zone in other areas has been added. As the Mayor of Kingston and the Chairman of the Zone Administrative Board, I am pleased that we now have the opportunity to include new areas of the county. The zone previously included portions of the City of Kingston and the Towns of Ulster, Saugerties and Wawarsing. With the upcoming boundary revision we can include businesses in the Towns of Lloyd, Marlboro, Olive and the Villages of Ellenville and Saugerties. Some businesses that will benefit from the zone are Stucki Embroidery in the Town of Olive that embroiders stars for American flags, Woodstock Percussion that makes Woodstock Chimes and Bread Alone a producer of quality breads. Optimum Windows a commercial and residential window manufacturer along with JM Originals that makes children's clothing and pogo sticks in the Village of Ellenville is also being included. In the Town of Lloyd, a new motel and health club complex along with both Zumtobel and Selux lighting manufacturers will also be eligible for the benefits. We are also including Brooklyn Bottling and Kedem/Royal Winery in the Town of Marlboro in the zone. Additionally, we are pleased to be able to include not-for-profit organizations whose fund-raising efforts may be eligible for Zone Capital Credits. Benedictine Hospital in the City of Kingston, John A. Coleman Catholic High School in the Town of Ulster and the Hudson River Sloop Clearwater in the Village of Saugerties will all be able to offer contributors to their organizations an additional 25% NYS Tax Credit. We are including Smiles All Around in Kingston and Little Devil Bear in the Town of Wawarsing, both day care centers, so they will have the benefits and be in a position to grow and provide quality day care to more children.

The zone was originally designated in 1994 and there has been a tremendous amount of growth and investment in companies eligible for the benefits. I am pleased with the changes made by the State, we have the opportunity to help other local municipalities. There has been great teamwork between Ulster County officials, the Ulster County Development Corporation, supervisors and mayors in the towns and villages being included and the staff of the Empire Zone. Steve Finkle and Cathy Maloney have met with each of the towns involved and on occasion have made board presentations, and will continue to work with the towns as the boundary revision process continues.