

THE HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

The Herkimer County Industrial Development Agency (HCIDA) is a public benefit corporation created by the Herkimer County Legislature in 1970, under the New York State Industrial Development Agency Act of 1969. The mission of the agency is to help create or retain job opportunities within Herkimer County by both assisting existing area industries and by marketing the area to prospective new industries.

The HCIDA has a seven-member board of directors appointed by the Herkimer County Legislature. It is supported financially by Herkimer County, its own project administration generated fees, and administration fees from the Herkimer County Revolving Loan Funds. Operating staff consists of the Executive Director and Financial Manager. Office space is located at 420 E. German St., Suite 101 A in Herkimer.

Business Financing Assistance

The HCIDA acts as a coordinating agency for a variety of different loan and corporate financing programs offered by local, regional, state and federal agencies for businesses that promise to create or retain jobs. The HCIDA keeps abreast of the numerous programs that are available from these sources and acts in an advisory capacity to businesses should they decide to apply for such loans. There are a number of eligibility requirements associated with the loan programs and it is the staff's responsibility to assist the business in determining the appropriateness of the program in question.

Herkimer County Small Cities Revolving Loan Fund Herkimer County GOSC Revolving Loan Fund Herkimer County Intermediary Relending Program Revolving Loan Fund

The HCIDA administers three revolving loan funds that are currently available to manufacturing businesses in Herkimer County. They are the Herkimer County Small Cities Revolving Loan Fund, Herkimer County GOSC Revolving Loan Fund, and the Herkimer County Intermediary Relending Program Revolving Loan Fund. These loans are available at below market interest rates to companies that promise to create or retain jobs in addition to meeting other criteria. The loans can be used for machinery and equipment, real estate, and in some instances, working capital. The HCIDA can only loan funds from the RLF's in conjunction with loan funds from another source, such as a commercial lending institution. Currently, Gehring Tricot, Village of Dolgeville; Precisionmatics, Village of West Winfield; Turbo Machined Products, Village of Frankfort; Field of Dreams Sports Complex, Town of Schuyler; Acorn Products, Village of Ilion; ACP Xtreme (Abdo), Village of Frankfort; and Bergeron by Design, Village of Dolgeville, have existing loans through HCIDA administered loan funds. Numerous other loans have been processed through these loan funds throughout the years.

Herkimer County Small Business Revolving Loan/Grant Fund

In addition to operating the above-mentioned revolving loan fund programs, the HCIDA administers a small business revolving loan fund. This program was established through a grant to Herkimer County from Assemblyman Marc Butler and expanded through a grant from the Mohawk Valley Regional Economic Development Council and Empire State Development. This program is specifically to provide low-interest loan and grant funding for projects that expand and/or retain employment for businesses with less than ten employees. Loan amounts are for a maximum of \$2,000; grants are for a maximum of \$2,000; with \$2,000 owner cash equity required. Certain restrictions apply. To date the HCIDA has processed a total of 25 loans through this program.

Industrial Development Bond Program

To accomplish its economic development purpose, the HCIDA is authorized to offer certain incentives to businesses (primarily manufacturers) when they make investments in Herkimer County that will lead to the creation or retention of jobs. These incentives include access to tax-exempt industrial revenue bond financing; exemption from sales tax on the purchases of equipment and materials used in the construction and equipping of a facility; and a “payment in lieu of taxes” agreement (PILOT) on exempted real property taxes.

Tax-exempt industrial revenue bonds commonly referred to as IRB’s or in some cases, industrial development bonds, and in turn, IDB’s, are not a direct loan of money by the IDA to a business. Rather, when an IDA issues an IRB, a bank, an insurance company, or in some cases a bond fund or other similar entity (through an underwriter), purchases the bonds and supplies the funds for the economic development project. The IDA is only a conduit for the transaction. The benefit to the firm for which the bonds are issued is a lower interest rate on its borrowed funds. This is due to the fact that the income the bond-buyer earns (the interest the borrower pays) is exempt from taxes.

Straight Lease Agreement

In certain cases, IDA’s can assist a company without issuing industrial revenue bonds. This is becoming increasingly common for smaller projects where there is not as much of a benefit from economics of scale with regard to legal and other expenses related to IRB financing. This assistance is referred to as a straight lease arrangement and offers the company the exemption from sales and mortgage recording taxes, as well as access to a PILOT.

Although the IDA affiliation exempts a property from real property taxation, it does not necessarily mean that the business will not make some type of payment, or even some sort of tax payments, to the affected taxing jurisdictions. Special district taxes (sewer, water, fire, etc.) are not covered under the exemption status. As with most IDA’s, the HCIDA requires that the business enter into a “payment in lieu of taxes” agreement, or PILOT. The PILOT must address how all of the affected taxing jurisdictions will be dealt with while the business is under the IDA’s auspices. With regard to real property taxes, the PILOT usually consists of an agreed upon percentage of the property tax that would otherwise be due on the property without IDA involvement. Furthermore, an IDA’s involvement does not mean that a property will be paying lower or less taxes than it had been prior to IDA involvement.

Other Financing Sources

It is quite common for the HCIDA to work in close conjunction with the loan programs of the Mohawk Valley Economic Development District, New York Business Development Corporation, Empire State Development Corporation, and local banks.

Herkimer County Marketing

The HCIDA is also responsible for marketing Herkimer County to both existing and prospective businesses. A high priority, however, is given to the needs and concerns of existing industry. Marketing to existing industry is accomplished primarily through personal contact with representatives of local industry on as frequent as possible basis. It is through this contact that opportunities for assistance from a number of direct service providers can be ascertained. These service providers may be private, local, state, regional, or federally based. Among them are: HCIDA, Mohawk Valley Economic Development District, Herkimer County Chamber of Commerce, Herkimer County Community College, BOCES, Cooperative Extension, Herkimer-Oneida County

Waste Management Authority, SUNY Institute of Technology’s Small Business Development Center, National Grid, Mohawk Valley EDGE, Empire State Development Corporation and its numerous economic development programs, New York Power Authority, and the New York State Energy Office. Needless to say, there are a number of sources available to assist with the economic development process and this list is by no means all-inclusive.

External marketing is another responsibility of the HCIDA. It is an extremely expensive, sometimes unscientific, and an increasingly important facet of economic development. The ultimate goal, of course, is to bring new industry into the area, thereby creating new employment opportunities. The challenge is: *What is the most effective way of persuading businesses to set up shop here, as compared to somewhere else?*

Lead generation from firms looking to expand or relocate is the immediate goal of all forms of economic development advertising. By no means is it the only one used or invited. In fact, the HCIDA welcomes input from any source. The Empire State Development Corporation has both domestic and international attraction departments that market New York State in general, and periodically sends unnamed leads down to the county level. If we are able to fulfill a firm’s stated requirements on a variety of different topics, we are invited to submit a proposal for the firm’s consideration. With luck, we will get a call for more information, or even better a call for a site visit. It is for this purpose that the HCIDA keeps an up-to-date file of available industrial buildings and sites as well as an enormous amount of local area statistics and information.

HCIDA Industrial/Business Parks

The HCIDA owns five business Parks located throughout Herkimer County. The West Frankfort Industrial Park (WFIP) and the Frankfort 5S South Business Park are both located in the Town of Frankfort; the Frankfort 5S North Business Park is located in the Village of Frankfort; the Schuyler Business Park located in the Town of Schuyler; and finally the Manheim Business Park, located in the Town of Manheim. The HCIDA markets and oversees economic development projects within these parks. The ongoing development of the HCIDA owned business parks are the results of the combined efforts of several local entities. The WFIP, which is at capacity, houses: Granny’s Kitchens (Maplehurst Bakeries) and Northern Safety Company. The Frankfort 5S North Business Park is home to Fiberdyne Labs; Hale Manufacturing Company; and Precision Polish. The Schuyler Business Park houses Wilcor International, Inc.; and Schuyler Wood Pellet LLC. There are lots available. The Manheim Business Park is also available.

Other HCIDA Affiliations

The HCIDA works with a number of other organizations that are involved with economic development. Some HCIDA affiliations include: Mohawk Valley Economic Development District, Empire State Development Corporation, Mohawk Valley EDGE, United States Department of Economic Development Administration, Herkimer County Chamber of Commerce, Local Government Institute/Community Issues, Herkimer County Advisory Committee of Cooperative Extension/HCCC; the Strategic Planning Advisory Committee of Herkimer County BOCES; the Career Services Advisory Committee of HCCC and the New York State Economic Development Council.

“This institution is an equal opportunity provider, and employer.”