2001

Office of the Mayor
Rudolph W. Giuliani

Deputy Mayors

ROBERT M. HARDING

WORLD TRADE CENTER

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FINAL DRAFT

I. Short-term Recovery Package for "Affected" Taxpayers

Extend existing "Empire Zone" provisions to "affected taxpayers" located in the disaster zone

Description: This proposal would encourage development in the defined disaster area by amending the current state economic development provisions to include taxpayers directly affected by the September 11th terrorist attacks. Specifically, "affected taxpayers" are those entities originally located in the "disaster zone" on September 11, 2001 as declared by President Bush, which decide to relocate anywhere in New York. The proposal would include the extension of the following benefits to affected taxpayers:

- An additional 5% ITC
- A sales tax exemption
- A refundable credit of real estate property tax against the state franchise tax
- An employment credit of $1,500 per person per year up to a maximum of $7,500 over 5 years
- A refundable credit for portion of business activities conducted in the New York.

Extend and Expand the Investment Tax Credit and Employment Incentive Credit for Affected Taxpayers

Description: The Investment Tax Credit for Broker/Dealers and qualified banks is scheduled to expire on September 30, 2003. The current credit provides taxpayers a credit against taxes paid on technology-related equipment such as computers and telecommunications devices used directly in the firm's principal business. The ITC technical matters described below need to be addressed so that the taxpayers affected by the tragedy are not penalized.

The proposal would include the following technical changes:

- **Make the ITC permanent**: The NYS ITC for Broker/Dealers and qualified banks is due to expire after September 30, 2003. Given that the affected taxpayers need to replace fixed assets that were destroyed, an extension of the ITC is warranted.
- **Suspend the principally engaged in test.** More than 50% of a Building's Occupants Must be "Revenue Producers": In order for a building's cost to qualify for the ITC and EIC, more than 50% of its occupants must be revenue producers. As a technical matter, depending on the job function of the WTC employees relocated to alternative buildings in NYS, the 50% revenue producer requirement may be negatively effected. This may be the case since WTC employees who are non-revenue producers may be relocated to buildings, which would have otherwise met the 50% requirement. Relief from this

provision is necessary so that the affected taxpayers' eligibility for the ITC and the EIC is not jeopardized.

- **Suspend the ITC recapture provisions for property destroyed by reason of the terrorist actions:** Destroyed Property May be Subject to ITC Recapture. The destruction of ITC qualifying property as a result of the tragedy seems to be a "disposition" under NYS Reg. Section 5-2.8(c)(9), which requires a recapture of ITC. Under this rule, "a disposition of qualified property includes: loss of the property due to fire, theft, storm or other casualty." The application of this rule to the affected taxpayers should be revised, such that the loss of property resulting from the tragedy is specifically excluded.
- **Suspend Employment Level Requirements:** In order for a financial services firm to secure the ITC, the firm must demonstrate that its employment level in the year that the qualified property is placed in service is at least 95% of the average number of its administrative and support personal employed in NYS during the prior 36 months. Therefore, as a technical matter, the number of WTC employees which are no longer in NYS, due to temporary relocation or otherwise, may have a negative effect on the ITC for 2001. This test should be suspended for the affected taxpayers.
- **Suspend the requirement that property be used in NYS** for the temporary displacement of property to New Jersey.
- **Expand ITC to include property acquired for use in New York,** including all equipment, leasehold improvements, F&F used by service businesses or their affiliates.
- **Expand ITC to include property used in security measures.**

<u>Affiliated Entity Transaction "Safe Harbor" Legislation</u>

Description: Affiliates affected by the disaster should not have to pay Commercial Rent Tax (sub leases), NYS Sales and Use Tax (equipment usage), Transfer Taxes, or other impositions otherwise applicable to transactions by and between affiliated companies. These taxes should be inapplicable to any inter-company transaction within NY, which results from transactions made necessary by the tragedy.

<u>Suspend the Growth in Employment Test for Employment Incentive Credit (EIC)</u>

Description: EIC is available for property qualifying for the ITC. The EIC is an additional credit of up to 2.5% available for each of the two years after ITC is claimed. The eligibility for this credit is predicated on a requisite employment growth in each of the two years. As a technical matter, the fact that employees are no longer in NYS, due to temporary relocation or otherwise, may have a negative impact on this growth requirement. This requirement should not apply to the affected taxpayers.

<u>Suspend the Commercial Rent Tax for affected taxpayers</u>

Description: The City should eliminate any additional Commercial Rent Tax ("CRT") or any CRT on replacement real property within NYC that affected taxpayers incur as a direct result of the September 11th terrorist attacks. The affected taxpayer should carry the same CRT liability prior to the September 11.

Relief From Real Estate Tax Assessments Predicated on January 2001 Valuations.

Description: For affected properties located in the disaster area there should be an adjustment to real estate valuations.

Exclude from taxable income travel reimbursements as *de minimis* fringe benefit.

Description: The September 11th terrorist attacks have caused several thousand displaced employees who must incur additional travel expenses. Employers are reimbursing employees for these additional travel expenses. These additional reimbursements should not be considered as additional income, but only as *de minimis* fringe benefit.

Sales Tax Exemption on Replacement and/or Repair of Equipment

Description: Sales and property tax exemption should extend to the replacement of assets destroyed or damaged or usable due to September 11th terrorist attacks.

Enact ITC for NYC General Corporation Tax

Description: NYC's adoption of the State's ITC will help to discourage relocation to other jurisdictions. A credit that reduces the corporate income tax liability of the taxpayers affected by the tragedy for each displaced employee who is relocated within NYS or NYC.

Relief from the Zone Equivalent Credit (ZEA) requirement

Description: Suspend the requirement that an employee be located in a designated area. Such relief is necessary since many displaced WTC employees have been relocated outside ZEA qualifying locations.

Extend Gramm Leach Bliley Transition Provisions set to sunset

Description: New York State tax law provides that entities, which have filed as taxpayers under either Article 9A or Article 32 prior to the enactment of the Financial Modernization Act ("GLB") should continue to do so, and such laws should not be allowed to sunset. Affected entities should continue to be protected from unintended NYS tax status changes which might occur due to GLB, especially in light of the additional burdens on businesses arising out of the September 11th terrorist attacks.

II. Long-Term Economic Stimulus Proposals

The policy goal behind these initiatives is to reduce the high NYS and NYC statutory tax rates to an overall tax rate, which is more in line with that of the states, which may be candidates for the relocation of displaced employees. Further, it is important that the State should not delay any of its scheduled corporate tax rate reductions.

In addition, the initiatives below were proposed to New York State and New York City prior to September 11th terrorist attacks. The adoption of these proposals will help to discourage NYS based firms from relocating their employees to other states which have lower real estate costs and reduced business tax rates.

NYC's adoption of the customer based approach for the allocation of broker/dealer receipts.

Description: This proposal encourages the location of property and employees in NYC.

Reduce the NYC's Corporate Income Tax.

Description: The City should continue to reduce the corporate rate significantly below the 8.85% rate that was set in 1987.

Clarify the definition of the entities that are eligible for the NYS customer based apportionment to include derivatives dealers, which are affiliated with SEC regulated broker-dealers.

Description: The New York State Budget for the fiscal year April 1, 2001 to March 31, 2002 includes the following technical correction: "Clarify that brokers and dealers who specialize in certain financial transactions (swap dealers) are eligible for the allocation of receipts used by brokers and dealers."

For purposes of the NYS allocation of a broker-dealer's receipts associated with principal transactions, expand the current methodology that is based on production credits to allow for alternative approaches.

Description: This proposal would provide for the allocation using any reasonable method that results in the allocation of principal revenues essentially mirroring the customers' location.

The Securities Industry Association brings together the shared interests of nearly 700 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. The U.S. securities industry manages the accounts of nearly 80 million investors directly and indirectly through corporate, thrift, and pension plans. In the year 2000, the industry generated $314 billion of revenue directly in the U.S. economy and an additional $110 billion overseas. Securities firms employ approximately 770,000 individuals in the U.S. (More information about SIA is available on its home page: http://www.sia.com.)

For washington

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New York City's History of General Obligation Credit Ratings

Date	Moody's	S&P	Fitch
January 1938	A	(NR)	(NR)
January 1955	A	A	(NR)
July 1965	Baa	A	(NR)
April 1966	Baa	BBB	(NR)
May 1968	Baa1	BBB	(NR)
December 1972	A	BBB	(NR)
December 1973	A	A	(NR)
April 1975	A	Suspended	(NR)
October 1975	Caa	Suspended	(NR)
May 1977	B	Suspended	(NR)
March 1981	B	BBB	(NR)
November 1981	Ba1	BBB	(NR)
November 1983	Baa	BBB	(NR)

Date	Moody's	S&P	Fitch
July 1985	Baa	BBB+	(NR)
December 1985	Baa1	BBB+	(NR)
November 1987	Baa1	A-	(NR)
May 1988	A	A-	(NR)
February 1991	Baa1	A-	(NR)
July 1993	Baa1	A-	A-
July 1995	Baa1	BBB+	A-
February 1998	A3	BBB+	A-
July 1998	A3	A-	A-
March 1999	A3	A-	A
August 2000	A2	A-	A
September 2000	A2	A	A+
and Currently…	A2	A	A+

Note: (NR) means not rated
Source: Moody's Investors Service, Standard & Poor's and Fitch IBCA

OCT-03-2001 12:49 FAX 00000 P.02

DRAFT

To: Charles A. Gargano
Robert Harding

From: Kevin S. Corbett
Michael Carey

Date: October 2, 2001

Subject: New York Revitalization Program

The following immediate initiatives should be included in a disaster recovery plan for New York:

Categorical

and CNY

- New York State needs a block grant from the Federal Government for $975 million to cover economic recovery needs resulting from the World Trade Center disaster.
- The grant would provide funding for the following initiatives:
  - **Recovery Loan Program – $125 million**
    - Would provide interim financing to firms awaiting SBA loan approval.
    - Program would leverage $625 million in bridge loans to firms affected.
    - Funding would be divided between New York State and New York City.
  - **Uninsured Damage Compensation for Businesses – $60 million**
    - Estimates of uninsured damages as a result of the disaster are very large – $20 billion range.
    - Cash grants of $10,000 to $100,000 to cover uninsured losses at firms suffering physical damage.
  - **Relocation Assistance for Displaced Businesses – $750 million**
    - About 1,000 firms employing 100,000 workers were displaced as a result of the disaster.
    - Cash grants to businesses to assist in meeting increased space costs resulting from the disaster.
    - Ensuring that affected firms are able to meet costs of relocation space is essential.
    - Jointly administered by New York State and New York City.

Jointly administered City by State and State

  - **Marketing and Tourism – $40 million**

- In addition, the following Federal actions are necessary.
  - Liberalization of Current SBA Disaster Related Loan Requirements
    - Changes needed include:
      - Expanded eligibility to include financial services businesses and not for profits
      - Increase loan cap from $1.5 million to $10 million.
      - Relax collateral requirements, increase underwriting flexibility.
      - Adjust business size limitations to reflect business profile of impacted area.
  - Federal tax exemption and guarantees for reconstruction bonds.
  - Federal grant to cover revenue shortfalls estimated at $9 billion for the State, and $3 billion for the City.

$15 Billion

Longer Term Revitalization

Beyond the immediate needs itemized above mention should be made of key infrastructure projects, many of which have significant funding in current capital plans, which may be in jeopardy as a result of the impact of the WTC attack. Example of key projects include:

- Penn Station Redevelopment
- East Side Access
- Fulton Street Transit Complex
- Second Avenue Subway
- Improved Ferry and Intermodal connections
- NYSE Project - (either at existing/Morgan site or WTC)

Although the cost of these projects comes to nearly $20 billion, more than half is already cover in capital plans or other project funding sources.

TOTAL P.03

STATE OF NEW YORK
EXECUTIVE CHAMBER
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FOR RELEASE:
IMMEDIATE, Tuesday
October 9, 2001

GOVERNOR PATAKI PROPOSES "*REBUILD NY-RENEW AMERICA*" PLAN TO HELP NEW YORK RECOVER, REBUILD & REVITALIZE

Seeks Up to $54 Billion in Federal Assistance for New York's Disaster Relief, Economic Revitalization, Working Families & Security

Governor George E. Pataki today unveiled a comprehensive $54 billion plan to *"Rebuild NY - Renew America"* that calls on the Federal government to continue to assist New York's businesses and working families to rapidly recover from the devastating September 11 attacks on the World Trade Center in New York City.

"The attack on the World Trade Center was not just an attack on New York and New Yorkers, but an attack on all of America and on every American," Governor Pataki said. "This was not only an attack on our freedoms and the American way of life, but an evil attempt to cripple the American economy by striking our nation's financial capital – New York City.

"During these last few difficult weeks, New Yorkers and millions of compassionate and caring Americans have come forward to offer unprecedented support and assistance to those most directly affected by these tragedies. Through their efforts -- for which we will always be grateful -- the spirit of New York and the spirit of America has been renewed.

"Now we must make restoring the strength of the New York economy one of our top priorities, and, to do that, we must rebuild our nation's financial capital. As we have seen throughout the entire history of our nation, when New York and its economy succeed, America and the American economy succeed.

"Since September 11, President Bush, with his extraordinary leadership, and Congress have been unwavering in their support for New York -- not only immediately meeting every request we had to respond to the immediate emergency, but also moving quickly to approve $20 billion in federal aid," Governor Pataki said. "This realistic and balanced package, developed in partnership with Mayor Giuliani, is a comprehensive proposal that will lift our economy, help working families and renew New York and America. I look forward to working with President Bush and our Congressional leaders to send a powerful message around the globe that our nation's economy is strong and the American way of life will never succumb to the forces of terror, hate and intolerance."

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The Governor's *Rebuild NY-Renew America* plan, developed in partnership with Mayor Giuliani and with input from business, labor and elected officials, includes three key categories of Federal assistance that would dramatically help New York City and New York State recover, rebuild and revitalize, including:

- Basic Rescue, Recovery, and Rebuilding Support for New York;
- Economic Recovery & Revitalization Assistance for New York's Economy; and,
- Support for New York's Homeland Security Efforts.

BASIC RESCUE, RECOVERY & REBUILDING SUPPORT - $34 BILLION:

At Governor Pataki's request, the President approved 100 percent Federal reimbursement, through Federal Emergency Management Assistance (FEMA) Public Assistance Program, for costs related to emergency response, debris removal and public infrastructure repair and rebuilding efforts resulting from the WTC attacks. It is now estimated that these costs to both New York City and New York State will reach nearly $34 billion.

Federal assistance in this category would cover costs for basic rescue and response and for rebuilding and redevelopment efforts.

Basic Rescue & Response

Activities in this category include debris removal, rescue and recovery, restoration of services and evidence collection, as well as funding for the families, businesses, non-profit institutions and governments victimized by the attack. The following is an estimated cost breakdown:

- $5 billion: NYC emergency construction costs such as demolition, debris removal, stabilization and remediation of WTC site;
- $5 billion: NYC emergency protective measures;
- $3 billion: New York State requests for Federal aid;
- $900 million: Utility costs such as repairs to substations, utility lines and buildings:
- $378 million: NYC victim assistance and support services; and
- $323 million: Other NYC costs such as burial costs, reimbursement to the NYC Board of Education, and miscellaneous personal and non-personal service agency expenses.

Total: Approximately $15 billion

Rebuilding & Redevelopment Efforts

The magnitude of this effort is complicated by the population and development density in the area of the attack, by its complex highway, transit and utilities infrastructure, by ownership and insurance issues, and by the sheer volume of the debris to be removed. Rebuilding activities include supporting and retaining businesses that remain in the affected area, bringing back those that have temporarily relocated, and the reconstruction of buildings, roads, tunnels, subways and other components of the mass transit system.

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Also, as a result of the destruction of the Port Authority (PA) and Metropolitan Transportation Authority (MTA) stations and tunnels, approximately 375,000 daily subway riders have been closed out of their regular stations. This represents nearly half of the daily riders in downtown Manhattan. The following is an estimate cost breakdown for this category:

- $8.2 billion: World Trade Center and Hotel replacement;
- $2.4 billion: WTC and Hotel replacement equipment and renovation costs:
- $1.8 billion: MTA capital costs for safety, security and system compatibility;
- $1.7 billion: MTA direct infrastructure damage;
- $1.3 billion: PA cost of security enhancements;
- $1 billion: Private buildings -- cleaning, removal and remediation;
- $850 million: PA PATH subway station reconstruction;
- $250 Million: NYC road, water mains, sewers and road reconstruction;
- $245 million: MTA toll and fare revenue loss;
- $163 million: MTA reduction of tax subsidies due to economic disruption;
- $159 million: PA revenue losses directly attributable to disaster;
- $150 million: PA replacement of computer systems, office equipment and vehicles;
- $123 million: MTA disaster-related operating costs;
- $100 million: PA ferry service restoration and commuter substation;
- $90 million: PA replacement of authority-owned power facility;
- $50 million: City University New York lost facilities; and
- $30 million: PA replacement of EZPass and telecommunications equipment.

Total Cost: Approximately $19 billion

ECONOMIC RECOVERY & REVITALIZATION - $20 BILLION:

In addition to these 100 percent Federally funded efforts to rebuild the lower Manhattan site of the Word Trade Center complex, we are seeking Federal Financial support for certain measures key to addressing the broader State and City economic impacts of the tragedy. These measures are fully compatible with the current Federal interest in stimulating the National economy.

Creation of Federal WTC "Liberty" Recovery Zone

This new zone would be created in Lower Manhattan with the goal of creating self-sustaining, long-term economic development in New York with special emphasis on the areas damaged or destroyed during the events of September 11. The Liberty Zone would establish special tax incentives and grants for qualified businesses, designed to stimulate private investment, return temporarily relocated jobs to the community and rebuild 25 million square feet of commercial office space that was destroyed.

The Liberty Zone would also create financial incentives to encourage businesses that are located within it to hire individuals who live and work nearby, as well as encourage investment in buildings, equipment and infrastructure within the zone through tax-exempt bond financing and favorable depreciation rules.

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The program would also provide benefits to individuals who reside in the area and have uninsured losses and costly repair and replacement expenses. The plan provides tax incentives for individuals who choose to live or relocate to the zone. The Liberty Zone's goal is to provide lower Manhattan with the necessary tools to revitalize and return to economic self-sufficiency.

Under the Liberty Zone, tax relief would be available to businesses and residents that were temporarily or permanently displaced after the disaster, those that expand within the Liberty Zone, and those new to the area.

Specific examples of relief and other incentives that could be part of a Liberty Zone include:

- Employee Retention Grants;
- Federally Insured Triple Tax Exempt Reconstruction Bonds;
- Federally Insured Taxable Reconstruction Bonds that could be purchased by public employee pension funds;
- Deductibility of State and Local Sales Taxes;
- Accelerated Depreciation, Expanded Business Expense Deduction and Shortened Amortization for Business Expenses;
- Federally-Backed Sales Tax Exemption
- Investment Tax Credits for Equipment, Security Systems and Smart Buildings Technology Enhancements and;
- Resident Refundable Credit for Those Who Remain and Live in the Area.

Supporting Families and Dislocated Workers

The events of September 11th significantly exacerbated an economic slowdown that was already occurring nationwide. Tens of thousands of individuals are or soon will be unemployed, either as a direct result of the attacks or as an indirect result of its impact on the overall economy.

Nearly 377,000 workers in New York were impacted by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Almost 1,300 businesses were directly impacted. The President's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this problem.

Under the Governor's plan, New York is also seeking Federal assistance to address the immediate needs of these workers including:

- **100 percent reimbursement for COBRA premiums**: These grants would be provided to affected workers to cover COBRA continuation health coverage premiums for workers displaced as a direct result of the attacks. This would be an important step in providing financial stability for individuals displaced from their jobs as a result of the attacks. Under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985), dislocated workers and their families can maintain their health coverage for a certain time period, but the cost is borne by the employee.

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- **Support of the Unemployment Insurance Trust Fund**: As a result of the terrorist attacks there are thousands more claims for unemployment insurance benefits than would normally be seen at this time of year. These claims are straining the Unemployment Insurance (UI) Trust Fund and, in turn, adding to the considerable after-shock the State's businesses are experiencing. The UI Trust Fund needs an immediate infusion of $260 million to cover the cost of unemployment insurance benefits that will be paid through December 31, to the thousands of workers who have lost their jobs due to the attack. Without Federal reimbursement of these changes, employers would be subject to unaffordable increases in UI costs. In addition, it is critical that the Federal Government act to provide extended Unemployment Insurance benefits beyond the 26 week period provided for under normal UI, and that it funds such benefits out of the Federal budget.

- **Workers' Compensation**: A similar increase in workers compensation rates is also likely to be triggered due to payments made in relation to the terrorist attacks. New York State has made tremendous strides in lowering employer's workers compensation rates over the past several years, and the Federal Government should make special accommodations to prevent any increases in these rates due to the terrorist attacks. As the impact of the crisis ripples throughout the State, the amount of Federal funding will need to be increased to accommodate employers who provided services, products or otherwise relied on business activity generated in the immediate disaster area.

- **Disaster Unemployment Assistance Program**: New York requests assurances that the Federal Government will continue to allow workers ineligible for State UI benefits to apply for benefits under the Disaster Unemployment Assistance program, which provides benefits to self-employed individuals, spouses who have lost the major supporter for a household, and others.

- **Welfare-to-Work Funding**: Efforts should be made to further streamline the Federal requirements governing individual recipient eligibility in the Welfare-to-Work Block Grant. In light of the events of September 11th, New York would like to access its share of this funding as a true block grant, by using the funds to provide employment services to whoever is in need of assistance, without regard to the eligibility restrictions that currently remain in the Federal law.

Enhancing New York's Transportation Infrastructure and Safety

New York's transportation infrastructure programs present an opportunity to immediately stimulate the economy, create good paying jobs and spur development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by immediately cycling this funding through the economy.

The Federal Highway Administration has indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects will also provide added long-term benefits by improving access to businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and the growth of jobs.

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New York would use its share of the new Federal funding to advance projects that will fuel a new economic vitality, create jobs and build quality communities. Specifically, this could include the following initiatives:

- Accelerate portions of the MTA 2000-2004 capital program, including track improvements, station rehabilitations, rolling stock acquisition, signal modernization and safety enhancements;

- Fund a new multimodal Port Authority Trans Hudson (PATH) terminal to improve commuter access to lower Manhattan;

- Fund completion of the final design and ready-to-go construction phases of the East Side Access project that will link the Long Island Rail Road to Grand Central Terminal in Manhattan and free up capacity in the existing Penn Station for Amtrak or other commuter services;

- Accelerate preliminary engineering for the Second Avenue Subway that will relieve severe subway congestion on Manhattan's East Side and improve access to lower Manhattan;

- Assist statewide transit operators with timely replacement of their bus fleets, providing buses to improve reliability, reduce maintenance costs and maintain ridership;

- Accelerate the State's 5-year capital program, including paving, bridge rehabilitation, industrial access, and intelligent technology projects;

- Accelerate rehabilitation and construction of highway bridges owned by local governments;

- Modernize infrastructure and improve security for border crossings between the United States and Canada to enhance international trade and improve international traffic flow;

- Expedite implementation of high speed rail passenger service between Schenectady and New York City, including track upgrades and the remanufacture of high speed trains;

- Make safety improvements to the passenger rail tunnels leading to New York's Penn Station as recommended by the USDOT Inspector General;

- Finalize the necessary lease agreements with the United States Postal Service and secure funding for the redevelopment of the Farley Building in Manhattan. The project will conserve and improve the historic building to serve as a rail station, retail center and postal facility;

- Make rail safety and capacity investments in stations, grade crossings, and signal upgrades throughout the State; and

- Improve rail and highway connections to port facilities to enable transportation links between the ports and distribution, processing and packaging centers throughout the State.

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Economic Restitution for New York City and State

The destruction in lower Manhattan disrupted or eliminated revenue sources that support the day-to-day functions of the City and the State. The financial services industry, which were most directly and profoundly impacted by the attacks, is by far the most important industry to the State and the City in terms of generating taxable incomes for both individuals and corporations, and is one of the primary engines for the national economy.

The City and the State could experience revenue losses of as much as $12 billion -- $3 billion for the City and $9 billion for the State -- during the next 18 months and both will require unrestricted Federal aid to maintain vital public services. A combination of unrestricted aid in conjunction with changes in Federal formula allocations that benefit the State, are options that should also be considered.

It is the intent of the City and the State to maintain the level of vital public services that existed prior to September 11th as required under State and City statutes, while also addressing the extraordinary needs in the wake of the terrorist attacks.

NYS HOMELAND SECURITY EFFORTS - AT LEAST $100 MILLION:

As a result of the direct attacks on New York City and New York State, we must be fully vigilant in the protection of the State's important facilities and infrastructure. Additional resources will be required to protect New York's water supplies, sewers, transportation and communications structures, utilities and other sensitive locations.

New York State has already acted to protect its facilities in the wake of the attacks and is prepared to use the New York State Police, National Guard and Department of Correctional Services Staff to assist in these homeland security activities. This personnel would be used in conjunction with local security forces and would be deployed in both fixed posts and directed patrols. While a full "New York Homeland Security Plan" is currently under development, current cost estimates are expected to far exceed $100 million.

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Please Note: Additional documents outlining the proposal are available on the internet at www.state.ny.us/dob

New York State
4-Point Economic Recovery Plan

New York strongly supports congressional action to further stimulate the economy and we look forward to working with the President and Congress in identifying some of the most critical economic needs facing the entire nation, especially, those regions of the country and sectors of the national economy most directly impacted by the terrorist attacks of September 11th.

Following are proposals we believe should be included in any national economic recovery plan.

WORLD TRADE CENTER RECOVERY ZONE

The goal of the new World Trade Center Recovery Zone is to create self-sustaining, long-term economic development in New York with special emphasis on the areas damaged or destroyed during the events of September 11, 2001. The Recovery Zone would establish special tax incentives for qualified businesses, designed to stimulate private investment and create jobs within the community. The Zone would create financial incentives that would encourage businesses that are located within it to hire individuals who live and work nearby, as well as encourage investment in buildings, equipment and infrastructure within the Zone through tax-exempt bond financing and favorable depreciation rules. The program would also provide benefits to individuals who reside in the area and have uninsured losses and costly repair and replacement expenses. The plan provides tax incentives for individuals who choose to live or relocate to the Recovery Zone. The World Trade Center Recovery Zone's goal is to provide lower Manhattan with the necessary tools to revitalize and return to economic self-sufficiency.

The proposals described in this section are designed to rebuild New York and to assure that the New York economy recovers from the events of September 11. While the national economy has suffered from the World Trade Center disaster the economic losses in New York have been much more severe in terms of billions of dollars of damaged or destroyed private capital and public infrastructure; thousands of dislocated workers' millions of dollars of lost sales due to business interruption; and significant disruption to the financial services industry which is the capitol of the global securities and banking markets. To that end, our focus is both on stimulating the entire New York economy and revitalizing lower Manhattan. The proposals under section (I),"Incentives to Rebuild New York City," would apply on a citywide basis. The subsequent proposals are more focused on lower Manhattan with the goal of rebuilding and retaining jobs and residents in the most directly impacted area of the City.

In order to ensure that businesses which have been displaced or otherwise damaged by the World Trade Center disaster remain viable in the near term, the State has already submitted a $975 million proposal to the White House. Those proposals would address the immediate financial needs of individual companies and stimulate broader economic activities which are critical to their survival.

Under the proposals contained herein, tax relief would be available to businesses and residents that were temporarily or permanently displaced after the disaster, those that expand within the Recovery Zone, and those new to the area. The tax recovery incentives would include: a 20 percent employment credit for businesses as an incentive to hire individuals who both live and work in the zone; tax credits against state and local taxes such as the sales tax and the New York City commercial rent tax; tax

benefits for employees willing to relocate or return to lower Manhattan; a differential Federal income tax credit for individuals who live in the zone; increased depreciation deductions for eligible businesses who build in New York; tax-free rollover of certain gains from the sale of Recovery Zone assets; an increased gain exclusion from small business stock in an eligible business, tax credits for investment in buildings, machinery and equipment replacement; and tax-exempt bond financing.

I. Incentives to Rebuild in New York

The following proposals provide incentives for businesses to remain in New York State and ultimately rebuild in lower Manhattan.

➢ **Additional Private Activity Bond Authority.** Private activity bond volume cap enables tax-exempt bonds to be issued for specific private purposes, which would otherwise be taxable. Depending on market conditions, a grant of volume cap can reduce borrowing costs by between two and three percentage points. Examples of currently authorized purposes include:

- Small issue manufacturing;
- Single family housing;
- Multi-family residential rental;
- Water, sewer, solid and hazardous waste disposal facilities; and
- Electric, gas, heating and cooling.

The State supports the National Governor's Association proposal to lift all states private activity bond volume caps as a way to stimulate the national economy. In addition to this, New York will require an expansion of the eligible categories of cap authority to address the State's enormous economic development needs that have arisen in the wake of the terrorist attacks on the United States. If the NGA proposal is not fully implemented, then, at a minimum, the following actions should be taken to address New York's special circumstances:

- Double the New York State Private Activity Volume Bond Cap to $2.8 billion;

- Create a new category of cap authority which would include the rebuilding of destroyed commercial space or communications infrastructure lost or damaged in the terrorist attacks; and

- Any modifications should remain available to the State for up to five years to address the time necessary to reconstruct lost commercial space and/or communications infrastructure.

➢ Accelerated Depreciation Benefits for Individuals and Businesses

- Change the current depreciation treatment for new structures (nonresidential real property) from 39 to 20 years. [IRC§ 168(c).]

- Accelerate all tenant leasehold improvements from 39 to 10 years. Repairing the buildings for surrounding the Twin Towers occupancy the will require a tremendous amount of new leasehold improvement expenditures. This proposal would affect all tenant leasehold improvements. [IRC§ 168(i) 8.]

- Accelerate the depreciation of building improvements, such as roofs, HVAC, elevators, and escalators to 20 years. These items are currently treated the same as 39-year MACRS nonresidential real property . [IRC§ 168 (i) (6).]

- Shorten the depreciation of electric or gas transmission and distribution property to seven years from 15 years. [IRC§ 168(e)(1) + (3), IRC§ 168 (i)(10).]

Reasons for Change: Accelerated depreciation would provide significant incentives to replace and upgrade buildings damaged or destroyed in the vicinity of the World Trade Center. The benefits would assist taxpayers in a number of ways. First, this will spur investment in infrastructure and buildings because accelerated depreciation provides for faster recovery of cost . Second, for certain taxpayers such as small businesses, these tax changes would also provide access to much needed capital. Shortening the depreciation life of utility property would also benefit consumers by lower utility bills as utilities experience a reduced cost of replacing damaged or destroyed infrastructure.

➢ Insurance Proceeds Election

Proposal: Taxpayers could elect whether to consider insurance proceeds covering property losses in connection with the World Trade Center disaster in defining an uncompensated loss under Internal Revenue Code section 165(a). Generally, such proceeds would not be considered to the extent that (i) the proceeds compensate the taxpayer for a loss incurred under a federally declared disaster area as determined by the President and (ii), such proceeds are used by the taxpayer to acquire trade or business property in New York City no later than December 31, 2006. If such election is made, the tax basis of the acquired trade or business property must be reduced by the amount of insurance proceeds so used.

Reasons for Change: This proposal would give taxpayers the option of considering insurance proceeds as an uncompensated loss. It would provide taxpayers with more flexibility in the treatment of these proceeds under the tax law.

- **Demolition Costs**

  Proposal: The current treatment of demolition costs would be changed so that the costs can be deducted or amortized over a short period of, for example, five years for Federal tax purposes. Currently, these costs are added to the basis of the land and are recovered for tax purposes only when the land is sold.

  Reasons for Change: While a considerable amount of emergency funding has been provided for demolition and cleanup, it will, most likely, not cover all replacement and upgrade costs for buildings in the area. Allowing taxpayers to deduct these costs, rather than having to wait until the property is sold, would make it less difficult for these taxpayers to continue their business within the State. There is a strong desire to rebuild and repair in a compressed timeframe. This proposal would make it more economically advantageous for property owners, who must demolish the remains of structures currently on their property, to rebuild within Manhattan.

- **Deductibility of State and Local Sales Taxes**

  Proposal: This would allow State and local sales taxes to be deducted from Federal income and corporate taxes when incurred in the acquisition of property used in a trade or business. These taxes are currently capitalized into the basis of the acquired property.

  Reasons for Change: This proposal would lower the effective cost of construction for affected businesses. In doing so it would make the rehabilitation of the recovery zone more attractive and stimulate investment in buildings throughout New York City.

- **Deduction of Certain Expenses and Amortization**

  Proposal: Certain expenses, such as planning costs, land use approval costs, design and architectural fees, local fees charged to building owners (utility hookups, roads and sewers) and other pre-construction costs would be amortized over a short period of, for example, five years for Federal tax purposes.

  Proposal: Taxpayers would be entitled to deduct as a business expense, costs related to new buildings or other property in New York City. Also allowed would be costs to repair, remove, replace or improve, property at

[illegible]

the disaster site. This deductibility would be a limited exception to the capitalization requirements of Internal Revenue Code sections 263 and 280B. Costs to purchase replacement property will be fully deductible without regard to the basis limitation rules of section 1033. Generally, the costs must be incurred after September 11, 2001, and no later than December 31, 2006.

Reasons for Change: Deductibility of business expenses benefits taxpayers because such expenses are subtracted directly from gross income. In addition, shorter amortization periods are advantageous because it increases income. Again, this would stimulate redevelopment and construction in the affected area.

- **Involuntary Conversions of Property**

  Proposal: This proposal would affect involuntary conversions of property. The proposal would extend the current four year replacement period for principal residences destroyed in an area declared by the President of the United States as a Federal disaster area to commercial real property for Federal tax purposes. [IRC§ 1033 (a), 1033 (h).]

  Reasons for Change: Gain on certain involuntary conversions of property (e.g., buildings and property destroyed as a result of World Trade Center Disaster that are eligible to receive insurance proceeds) can be deferred if you buy property similar or related in service or use within a specified replacement period. Extending the replacement time period to four years for commercial real property would extend the ability of businesses to recover from damages resulting from the terrorist attacks.

- **Tax Free Contribution to Capital**

  Proposal: This proposal would stipulate that capital from the Federal Government to rebuild property will be considered a tax-free contribution to capital for Federal tax purposes. [IRC§ 118(b) relating to contributions in aid of construction.]

  Reasons for Change: Tax-free contributions to capital would reduce Federal taxable income, thereby reducing tax liability. This could encourage capital investments and building and spur recovery of the area.

- **Smart Buildings Technology Enhancement Credits**

  Proposal: This proposal would create Smart Buildings Technology Enhancement Credits to be used against Federal income and corporate taxes. It would create the SMART Whole Building Credit Component, the SMART Base Building Credit Component, and the SMART Tenant Space

Credit Component. The credit amounts would be 15 percent for the SMART Whole Building, 10 percent for the SMART Base Building, and 10 percent for the SMART Tenant Space. Credits would increase 5 percent for each component if a newly constructed building was located in the area below 14th Street in Manhattan. It would apply the same square footage cost caps at $150 per square foot for base building and $75 per square foot for tenant space. Allowable costs would include, for example, enhanced fiber optics or digital cable, high-speed Internet connections, and special computer rooms. The credit would apply to property placed in service on or after September 11, 2001, and before December 31, 2006.

Reasons for Change: This proposal would encourage high technology businesses, such as computer companies, financial services firms and other companies to locate or expand in lower Manhattan. State-of-the-art wiring and computer networking systems are essential components of nearly all businesses, especially the financial services industry. This would provide tax incentives to encourage building developers to rehabilitate and construct buildings to include these building improvements.

- **Accelerate Certain Expenses of Amortization**

Proposal: Certain expenses, such as planning costs, land use approval costs, design and architectural fees, local fees charged to building owners (utility hookups, roads and sewers) and other pre-construction costs would be amortized over a short period of, for example, five years.

Proposal: Taxpayers would be entitled to deduct as a business expense, costs related to new buildings or other property. Also allowed would be costs to repair, remove, replace or improve, property at the disaster site. This deductibility would be a limited exception to the capitalization requirements of Internal Revenue Code sections 263 and 280B. Costs to purchase replacement property will be fully deductible without regard to basis limitation rules of section 1033. Generally, the costs must be incurred after September 11, 2001, and no later than December 31, 2006.

Reasons for Change: Deductibility of business expenses benefits taxpayers because such expenses are subtracted directly from gross income. In addition, shorter amortization periods are advantageous because it serves to increase income in the short-run. Again, this would stimulate redevelopment and construction in the affected area.

II. Incentives for Relocation or Expansion in Lower Manhattan

➢ Federally-Backed Sales Tax Exemption

Proposal: This proposal would provide a federally backed sales tax credit for the purchase of replacement goods by residents and businesses who have uninsured losses against Federal corporate or income taxes. The replacement goods and services would be free of State and local sales taxes. The Federal Government would reimburse the State and localities for tax receipts lost as a result of the tax cut.

Reasons for Change: This proposal would encourage businesses to remain and retool in the Recovery Zone and would also allow affected businesses to upgrade to the latest equipment available at lower cost. The proposal would primarily benefit small businesses that lack disruption of business insurance and are under-insured for property losses. It would increase GDP through both business investment and consumer spending.

➢ Federally-Backed Exemption from the New York City Commercial Rent Tax

Proposal: The proposal would provide a credit against Federal corporate tax and individual income for the cost of the New York City Commercial Rent Tax below 14th Street.

Reasons for Change: The proposal would encourage relocation to lower Manhattan by eliminating a significant cost.

➢ Investment Tax Credits for Investment in Equipment and Security Systems

Proposal: This proposal would allow taxpayers an investment tax credit of 10 percent on the purchase price of tangible property (broadly defined) within the Zone. Property would include, for example, computers, office equipment, and business vehicles. Taxpayers would also be allowed an investment tax credit or deduction for costs related to increasing or replacing security devices, such as surveillance equipment, and security stations.

Reasons for Change: Investment tax credits have been critical in encouraging capital investment. This proposal would provide an added incentive to replace damaged or destroyed property in a timely manner. In addition, taxpayers would have an incentive to invest in security system upgrades. It would reduce taxpayers' liability, while improving infrastructure and spurring investment and improving security.

- **Credit to Small Business for Interrupted Business Losses**

Proposal: This proposal would provide a credit against Federal income and corporate taxes equal to 50 percent of the loss in sales for businesses below 14th Street who were unable to open due to the events of September 11. The credit would only apply to those businesses without business interruption insurance and to businesses with gross sales below $5 million per month.

Reasons for Change: Many small businesses do not carry business interruption insurance. As a result, many small companies in the World Trade Center area face bankruptcy as a result of the events of September 11.

- **Property Loss/Damage Credit**

Proposal: This proposal would provide a credit against Federal income and corporate taxes for companies and individuals that had property permanently lost or damaged in the World Trade Center attack. The credit would be equal to 100 percent of losses on items that were not covered by insurance at the time of the attack, with a cap at $1 million for businesses and $25,000 for individuals.

Reasons for Change: Many taxpayers did not have full insurance coverage for the property that was destroyed in the attack on the World Trade Center. This is especially true of small business owners. This proposal would help taxpayers replace those damaged items not covered under their insurance plans and quickly return to them to normal business operations.

III. Incentives to Retain and Expand Employment in Lower Manhattan

- **Employee Retention Credit**

Proposal: This proposal would provide an employee retention credit against Federal income and corporate taxes for disaster affected businesses. The credit would be between $5,000 and $10,000, depending on the number of current employees over a base year. The credit could be used to supplement the wages of employees who choose to relocate or return to lower Manhattan.

Reasons for Change: A significant number of major financial services firms have either temporarily or permanently moved operations outside of Manhattan. These include both back office operations and corporate offices. This proposal would provide an added tax incentive to encourage

companies and workers to return to the area. Retaining employees would help stabilize the tax base and would stimulate other sectors of the economy, such as the retail and business services sectors.

IV. Incentives to Retain a Residential Community in Lower Manhattan

➢ **Resident Refundable Credit**

Proposal. Provide a refundable credit against Federal income tax equal to $10,000 for individuals who live in lower Manhattan below Canal Street. The credit is limited to individuals with Federal adjusted gross income under $150,000.

Reasons for Change: This proposal provides an incentive to keep residents in lower Manhattan and to stimulate others to move to the area.

SUPPORTING FAMILIES AND DISLOCATED WORKERS

The events of September 11 significantly exacerbated an economic slowdown that was already occurring nationwide. Tens of thousands of individuals are or soon will be unemployed, either as a direct result of the attacks or as an indirect result of the resulting overall economic uncertainty. New York's workforce, however, has unquestionably experienced the most severe blow. Nearly 377,000 workers were displaced by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Nearly 1,300 businesses were directly impacted. President Bush's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this severe problem. New York is also seeking Federal assistance to address the immediate needs of these workers as follows:

- **100 percent reimbursement for COBRA premiums.** Emergency grants to cover Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation health coverage premiums for workers displaced as a direct result of the attacks is an important step in providing financial stability for individuals so brutally displaced from their jobs.

- **Unemployment Insurance trust fund and workers compensation.** As a result of the terrorist attack against New York City, there are thousands more claims for unemployment insurance benefits than would normally be seen at this time of year. These claims are straining the Unemeployment Insurance Trust fund and, in turn, adding to the considerable after-shock the State's businesses are experiencing.

  The UI Trust Fund needs an immediate infusion of $260 million to cover the cost of unemployment insurance benefits that will be paid through December 31, to the thousands of workers who have lost their jobs due to the attack. Without Federal reimbursement of these charges, employers would suffer an unaffordable increase in UI taxes of $160 million.

  A similar increase in workers compensation rates is also likely to be triggered due to payments made in relation to the terrorist attacks. New York State has made tremendous strides in lowering employer's workers compensation rates over the past several years, and the Federal Government should make special accommodations to prevent any increases in these rates due to the terrorist attacks.

As the impact of the crisis ripples throughout the State's employers the amount of Federal funding almost certainly will need to increase to accommodate those employers who provided services, products or otherwise relied on business activity generated in the immediate disaster area.

We must have assurances that the Federal Government will continue to allow workers ineligible for State UI benefits to apply for benefits under the Disaster Unemployment Assistance program, which provides benefits to self-employed individuals, spouses who have lost the major breadwinner for a household, and others.

In addition, it is critical that the Federal Government act to provide extended UI benefits beyond the 26 week period provided for under normal UI, and that it fund such benefits out of the Federal budget.

- **Welfare-to-Work Funding**. Efforts should be made to further streamline the Federal requirements governing individual recipient eligibility in the Welfare-to-Work Block Grant. This program was intended to target hard-to-serve welfare recipients with multiple barriers to employment. Over the last two years, Congress has removed some of the restrictions on the use of the money because many states have been unable to spend the funding due to the narrow parameters originally established in the program.

  New York has received approximately $187 million in Federal Welfare-to-Work funds over the two-year grant period. However, due to restrictive spending requirements, nearly $125 million in job training and workforce development funding remains unused. In light of the events of September 11th, New York would like to access its share of this funding as a true block grant, by using the funds to provide employment services to whoever is in need of assistance, without regard to the eligibility restrictions that currently remain in the Federal law.

ECONOMIC RESTITUTION

The destruction in lower Manhattan disrupted or eliminated revenue streams that support the day-to-day functions of the City and the State. Coupled with the extraordinary demand for immediate new expenditures related to the disaster response, the City is facing a cash flow shortfall in the immediate near term, and the State may reach that point as well.

- It is the intent of the City and the State to maintain the level of vital public services that existed prior to September 11th as required under State and City statutes, while also addressing the extraordinary needs in the wake of the terrorist attacks.
- The State believes that tax increases or providing further stress on the unemployment insurance system is counterproductive at this time.
- The financial services industry, which was most directly and profoundly impacted by the attacks, is by far the most important industry to the State and the City in terms of generating taxable incomes for both individuals and corporations, and is one of the primary engines which drives the national economy.

Our analysis indicates that the State could experience significant direct and indirect revenue losses stemming from the attack. We continue to gather the hard data necessary to this analysis but even under the most optimistic assumptions, the loss to both the State and the City will be extraordinary absent some form of unrestricted Federal economic aid. This aid will likely be needed very quickly and over a period of years to allow the City and State to maintain vital services.

ENHANCING PUBLIC INFRASTRUCTURE AND SAFETY

New York's transportation infrastructure programs present a readily available opportunity to stimulate the economy, create good paying jobs and spur development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by immediately cycling this funding through the economy. The Federal Highway Administration has indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects also have added long-term benefits by improving access to businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and the growth of jobs.

Any Federal economic stimulus package should include a sizable investment in transportation infrastructure and should be balanced so that urban, suburban and rural areas can all benefit in the ways that make the most sense locally. A portion of the program should target mass transportation, with funds for the transit and commuter systems that are essential to transport our workforce and connect our communities. Recognizing the important role that the intercity rail system played in keeping our economy moving while the airline network was shut down, funds should be included to improve and expand rail service. In addition, resources should be provided for highway projects that will ensure that our roads and bridges are ready to serve a recovering economy.

New York would use its share of the new Federal funding to advance projects that will fuel a new economic vitality, create jobs, and build quality communities. Specifically, this could include the following initiatives:

I. Transit Program

- Accelerate the MTA 2000-2004 capital program, including track improvements, station rehabilitations, rolling stock acquisition, signal modernization and safety enhancements.

- Fund completion of the final design and ready-to-go construction phases of the East Side Access project that will link the Long Island Rail Road to Grand Central Terminal in Manhattan and free up capacity in the existing Penn Station for Amtrak or other commuter services.

- Accelerate preliminary engineering for the Second Avenue Subway that will relieve severe subway congestion on Manhattan's East Side and improve access to lower Manhattan.

- Assist statewide transit operators with timely replacement of their bus fleets, providing buses to improve reliability, reduce maintenance costs and maintain ridership.

II. Highway and Bridge Investment Program

- Accelerate the State's 5-year capital program, including paving, bridge rehabilitation, industrial access, and intelligent technology projects.

- Accelerate rehabilitation and construction of highway bridges owned by local governments.

- Modernize infrastructure and improve security for border crossings between the United States and Canada to enhance international trade and improve international traffic flow.

III. Rail Investment Program

- Expedite implementation of high speed rail passenger service between Schenectady and New York City, including track upgrades and remanufacture of high speed trains.

- Make safety improvements to the passenger rail tunnels leading to New York's Penn Station as recommended by the USDOT Inspector General.

- Make rail safety and capacity investments in stations, grade crossings, and signal upgrades throughout the State.

- Improve rail and highway connections to port facilities to enable transportation links between the ports and distribution, processing and packaging centers throughout the State.

IV. Federal Statutory, Administrative and Regulatory Actions

In order to expedite the projects and accelerate the infusion of cash into the economy, regulatory and administrative processes will need to be streamlined to the maximum extent possible. In some cases, Federal legislation will be required to allow disaster recovery and economic stimulus initiatives to proceed effectively. For example, we would need to:

- Obtain relief from Section 125 (d) of the Federal Highway Law limiting Emergency Relief expenditures from "a single catastrophic failure in a State" to $100 million. Costs from the attack will dramatically exceed this limit.

- Streamline the Federal Transit Administration grant award process to ensure that obligation authority for transit grants be available to transit agencies within 30 days of passage of the Federal stimulus package.
- Secure a full funding grant agreement for the Long Island Rail Road East Side Access Project.

- Obtain a waiver from the Clean Air Act conformity requirements and the Metropolitan Planning requirements of TEA-21 through September 2005 for the New York Metropolitan Transportation Council, the Metropolitan Planning Organization for the New York City area.

- Obtain language to enable transfer of existing funds from the TEA-21 border crossing program to the General Services Administration to permit needed border crossing improvements on New York's Canadian border.

NEW YORK STATE
EMERGENCY ECONOMIC STABILIZATION PROGRAM

As the magnitude of the physical, human and economic devastation suffered by New York City comes into clearer focus in the days and weeks following the World Trade Center disaster, so too does the impact on New York State as a whole.

Despite the national economic slowdown, as the result of six years of prudent fiscal management, New York was weathering the storm well. However, the attacks on September 11 crippled the State's financial services and tourism industries, among our two most significant sources of direct and indirect tax revenues. The fallout from these unexpected revenue losses now threatens the economic stability of businesses and communities statewide.

It is not enough for New York to simply rely on the Federal economic stimulus package as a buffer against hard times. The State, too, must target its increasingly scarce resources to stabilize and grow the economy. Accordingly, the State will establish a $100 million Emergency Economic Stabilization Program and enact several statutory changes that will immediately create and retain jobs, and increase economic activity statewide. Specific activities supported by this Program will include:

- Tourism promotion through the I Love New York marketing campaign.
- Grants and loans to businesses to support job creation or retention projects.
- Funding for business marketing and international trade promotion, to increase investment in New York State and to create business opportunities for New York companies.
- Comprehensive redevelopment initiatives for revitalization of distressed regions such as Niagara Falls.
- Workforce development and employment incentives, to provide retraining for dislocated workers or to enable employers to hire skilled workers.

Where appropriate the State will seek to be reimbursed with or leverage Federal funds for these initiatives. However, the need is so immediate and the State's commitment so strong that this Program will proceed regardless of the availability of such funds.

In addition, the State will enact legislation to speed the progress of job creating construction projects and protect New York businesses from future revenue losses due to State and national emergencies.

- **Exempt public building projects from the Wicks Law.** The Wicks Law requires multiple contracts for single public building projects, effectively precluding the use of general contractors and time-saving construction methods such as design-build. In order to help speed the redevelopment of lower Manhattan and lower costs for other municipalities statewide, the Governor will propose legislation that exempt public building projects from the Wicks Law.

- **Establish Civil Authority Insurance.** In order to ensure that business interruptions from future national and State emergencies do not have a crippling effect on New York companies, the Governor will propose legislation that would expand insurance coverage for business interruption to include economic losses due to the acts of a civil authority.

4 step PROGRAM:

(1) - Review Lower Man - Incentives
[Reimb by FEMA 100%]
[Put ins.]
[TAX Benefits]

(2) Employee incentives - COBRA, pension / Wkr Comp
Retention -

(3) City / State Fin Plan

(4) Infrastructure - Access Lower Man -
TRANSP /

State wants Rev. loss
believes other states
want Also

(*) Do Benefits flow w/ Co. or Area ?

IV. Federal Statutory, Administrative and Regulatory Actions

In order to expedite the projects and accelerate the infusion of cash into the economy, regulatory and administrative processes will need to be streamlined to the extent possible.

Emergency Economic Stabilization Program

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In addition, the State will enact legislation to speed the progress of job creating construction projects and protect New York businesses from future revenue losses due to State and national emergencies.

- **Exempt public building projects from the Wicks Law**
- **Establish Civil Authority Insurance**

REBNY:

10 YR plan.
dev. org - state / city / private sector

- $10,000 / Job - support. in area plus - some zone.
- Add'l benefit - move w/in c/u not Affected i.e. $5,000
Renewal leases not affected $2,500.

indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects would also have added long-term benefits by improving access to businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and growth of jobs.

Any Federal economic stimulus package should include a sizable investment in transportation infrastructure and be balanced, so that urban, suburban and rural areas can all benefit in the ways that make the most sense locally. Any funds the State receives from additional Federal transportation spending could be used for projects such as:

I. Transit Program

RW9

- **Accelerate the MTA 2000-2004 capital program**
- **Fund completion of the final design and ready-to-go construction phases of the East Side Access project**
- **Accelerate preliminary engineering for the Second Avenue Subway**
- **Assist statewide transit operators with timely replacement of their bus fleet**

II. Highway and Bridge Investment Program

- **Accelerate the State's 5-year capital program**
- **Accelerate rehabilitation and construction of highway bridges owned by local governments**
- **Modernize infrastructure and improve security for border crossings**

III. Rail Investment Program

- **Expedite implementation of high speed rail passenger service**
- **Make safety improvements to the passenger rail tunnels**
- **Make rail safety and capacity investments**
- **Improve rail and highway connections to port facilities**

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Supporting Families and Dislocated Workers

The events of September 11th significantly exacerbated an economic slowdown that was already occurring nationwide. Tens of thousands of individuals are or soon will be unemployed, either as a direct result of the attacks or as an indirect result of overall economic uncertainty. New York's workforce, however, has unquestionably experienced the most severe blow. Nearly 377,000 workers were displaced by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Nearly 1,300 businesses were directly impacted. President Bush's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this severe problem. The State supports Federal efforts to ensure:

- **100 percent reimbursement for COBRA premiums.** ok
- **Unemployment Insurance trust fund and workers compensation** – an infusion of Federal funding will be necessary to reduce fiscal stress on the State's two most important worker benefit funds, in addition to protecting employers from rate increases due to unusually high claims due to the terrorist attacks. support the Pres
- **Welfare-to-Work Funding** – reduce Federal restrictions on the use of these funds to expand the population of workers eligible to receive workforce development services. &/or MOE

Economic Restitution

Medicaid \ FMAP

Our analysis indicates that the State could experience significant direct and indirect revenue losses stemming from the attack. We continue to gather the hard data necessary to this analysis but even under the most optimistic assumptions, the loss to both the State and the City will be extraordinary absent some form of unrestricted Federal economic aid. This aid will likely be needed very quickly and over a period of years to allow the City and State to maintain vital services.

Infrastructure

New York's transportation infrastructure programs present a readily available opportunity to stimulate the economy, create good paying jobs and spur development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by cycling this funding through the economy at once. The Federal Highway Administration has

Support but not recomm. No subrogation → by FEMA

- Accelerated Depreciation Benefits for Individuals and Businesses X
- Insurance Proceeds X
- Demolition Costs X
- Deductibility of State and Local Sales Taxes → in zone & capped @ 25 M sq'
- Deduction of Certain Expenses and Amortization X
- Involuntary Conversions of Property X
- Tax Free Contribution to Capital L/A
- Smart Buildings Technology Enhancement Credits X
- Insurance Proceeds Election X
- Demolition Costs X
- Accelerate Certain Expenses of Amortization X

II. Incentives for Relocation or Expansion in Lower Manhattan

- Federally-Backed Sales Tax Exemption Rolled into sales tax (above)
- Federally-Backed Exemption from the New York City Commercial Rent Tax X
- Investment Tax Credits for Investment in Equipment and Security Systems X Support Pres' Plan
- Credit to Small Business for Interrupted Business Losses
- Property Loss/Damage Credit

05

III. Incentives to Retain and Expand Employment in Lower Manhattan

- Employee Retention Credit $ 10,000

IV. Incentives to Retain a Residential Community in Lower Manhattan

- Federal Income Tax Credit OK ALA indexed

OUTLINE FOR QUICK REFERENCE

New York State
4-Point Economic Recovery Plan

The nation's economy has been weakening steadily over the past 15 months and prior to the events of September 11th, the economy was on the brink of recession. Many of the nation's governors had taken steps over the last 15 months to prepare for the slowing economy. In New York State we have made record contributions to our rainy day fund, built up significant reserves and sought to control overall spending. New York City was also prepared to deal with the economic slowdown.

However, nobody was prepared to deal with the financial impact of the cowardly terrorist attacks, which have scarred our nation deeply and pushed the economy into further decline. To ensure that this economic setback is limited in its depth and duration, congress and the president have already enacted two major funding packages -- the first was a $40 billion emergency funding package to address the immediate response and rescue needs related to the terrorist attacks and a second $15 billion package to assist the nations airline industry. Congress has also agreed that a third major funding initiative of up to $75 billion in Federal fiscal year 2002 is necessary to further stimulate the national economy.

New York strongly supports congressional action to further stimulate the economy and we look forward to working with the president and congress in identifying some of the most critical economic needs facing the entire nation, especially, those regions of the country and sectors of the national economy most directly impacted by the terrorist attacks of September 11th.

World Trade Center Recovery Zone

The goal of the World Trade Center Recovery Zone, or "Liberty Zones", is to create self-sustaining, long-term economic development in New York with special emphasis on the areas that were damaged or destroyed during the events of September 11, 2001. This would be accomplished by using public funds and tax incentives to encourage private investments in these areas. There are four main goals of the recovery zones and various tax incentives within each category to achieve the desired goal, including:

I. **Incentives to Rebuild in New York**

- **Additional Private Activity Bond Authority.** Support the NGA proposal to lift caps for all states, but include New York specific language to increase the eligible uses of bond cap to address the State's special needs in this situation.

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Summary of New York State 4- Point Economic Recovery Plan

WORLD TRADE CENTER RECOVERY ZONE

The State proposes a number of federal tax relief proposals to provide incentives to rebuild New York, and Lower Manhattan. These proposals would be available to businesses and residents that were permanently or temporarily displaced after the disaster and include among others:

- Increased depreciation deductions for eligible businesses who build in New York
- Deductibility of sales tax incurred in the acquisition of property from federal taxes
- Tax credits against state and local taxes such as the CRT (below 14th Street) and the sales tax for replacement of goods by residents and businesses who have uninsured losses
- 10 % Investment Credit on the purchase of tangible property in the Zone (equipment and security systems)
- Credits for property losses and uninsured business losses of small businesses
- Employee retention credit against Federal taxes for businesses remaining in the Zone
- Refundable credit against Federal income tax equal to $10,000 for individuals who live below Canal Street with adjusted gross income below $150,000
- Doubling Private Activity Bond Authority to $2.8 billion and broaden eligibility

SUPPORTING FAMILIES AND DISLOCATED WORKERS

In addition to President Bush's proposals to extend unemployment benefits, and provide grants for health insurance, income supplementation and job training, New York requests the following assistance: 1) 100% reimbursement for COBRA premiums for dislocated workers; 2) federal reimbursement of increased contributions of $260 million to the Unemployment Insurance Trust Fund; 3) Extend unemployment insurance benefits beyond 26 weeks, funded by the federal government; and 4) streamline Welfare to Work funding by easing restrictions.

ECONOMIC RESTITUTION

The State is seeking unrestricted Federal economic aid to cover the loss of tax revenue to the City and State. The State is currently processing the data necessary to determine the actual revenue impact.

ENHANCING PUBLIC INFRASTRUCTURE AND SAFETY

The State is seeking support for new Federal funding to advance infrastructure projects that will create jobs and build quality communities. Any stimulus package should include programs for mass transportation, highway and bridge investment and inter-city rail investment. The State proposes that new federal funds would support the acceleration of the MTA capital plan, the completion of the design of the East Side Access Project, accelerate engineering for the Second Avenue Subway, make safety improvements to Penn Station tunnels and improve rail and highway connections to ports.

NEW YORK STATE EMERGENCY ECONOMIC STABILIZATION PROGRAM

The State will establish a $100 million Emergency Economic Stabilization Program to create and retain jobs and increase economic activity. Specific programs could include:

- Tourism Promotions
- Grants and Loans to businesses
- Funding for business marketing and international trade promotion
- Comprehensive initiatives for revitalization of distressed areas such as Niagara Falls
- Workforce Development and employment incentives for dislocated workers

This program will be financed by State dollars, but the State will still seek federal reimbursement. In addition, the Governor will propose legislation that exempts public building construction from the Wicks Law, and legislation that would expand insurance coverage for business interruption to include economic loss due to acts of a civil authority.

To: Robert Harding, Deputy Mayor

From: Michelle Goldstein

Re: Legislative Alternatives to Limit the City's Liability relating to 9/11/01

According to the Law Department, there are approximately 35,000 potential plaintiffs as a result of the events of September 11 and it is estimate that 10,000 would file a claim. Currently, the Tort division handles approximately 8,000 lawsuits per year. A major concern is that if these cases make it to court, the judges and juries will be biased in favor of plaintiffs (even though the City seems to have a strong defense) and therefore, award substantial damages to compensate individuals for their loss.

Tort claims against the City cost about $308 million in FY 2000 (excluding $152 million for medical malpractice).

The following is a list of some of the types of potential lawsuits against the City:

Direct Effect
- A direct contact by law enforcement and public safety officers directing individuals who relied (to their detriment) on the direction.
- People who ran from the crash and claim they fell on a roadway defect

Aftermath
- Police failed to secure evacuated premises from looters
- Health advisories caused individuals either to return to the area too soon (causing toxic exposure or emotional harm) or too late (causing economic hardship).
- Rescue workers were provided with faulty equipment or no equipment (i.e. respirators).
- Unsafe workplace (OSHA, FEMA, Labor Law)
- Business interruption claims for evacuation that poor communication and confusion delayed access to return.
- Inadequate clean up

Following are legislative options:

Creation of a Congressional Fund for the Victims
One way to limit the City's liability is for Congress to create a congressional fund that mirrors the fund created for the airline industry. Congress, in the Airline bailout, created the "September 11th Victim Compensation Fund of 2001" that will provide compensation to any individual (or relatives of a deceased individual) who was physically injured or killed as a result of the terrorist-related aircraft crashes of September 11, 2001. The

Attorney General, through a Special Master, is charged with administering the compensation program, with no budget limitations. In filing a claim the individual/family does not have to establish fault and waives the right to file a civil action. Individuals who do file a claim are capped in the possible judgment. This fund is quite broad and would allow all injured individuals, not just those in the airplanes, to apply for compensation and to obtain it in a timely manner.

Federal Indemnification

Since the number of lawsuits that will be filed is unknown, as is the actual liability amount the City will incur, the City could request indemnification by the Federal government for all liability claims arising from the events of 9/11/01. This form of relief could also assist the City in the long-term as well by including toxic tort cases that might arise in the next few decades. This proposal would require the City to devote resources to defending these claims and then seek Federal indemnification. This alternative would, therefore, still require the City to devote a tremendous amount of time and resources to these cases.

Background

The airlines succeeded in getting the bailout legislation by convincing Congress that they would "go under" within a matter of days without it. They claimed that the insurance companies would not continue to cover them, and that they would not be able to access the capital market without immediate protection. The Trial Lawyers Association cooperated in creating the fund for payments to victims who waive their rights to sue.

Silverstein and the Port Authority are lobbying for bailout legislation now. Silverstein is arguing that if Congress will bail him out, he will use his insurance money to rebuild. These efforts are meeting resistance.

According to Schumer's office, they are working on technical corrections to the airline bailout bill that will clarify that persons who opt to receive payment from the federal fund must waive all claims including claims against the City (but only the claims that arose on September 11). Apparently, this was the original intent of the bill and Senator Schumer made a statement on the record to this effect. (However, it will be difficult to amend the bailout law. Many members of Congress who voted for it are now having "buyers remorse.")

We have been advised that the City will need to convince Congress that it has a "compelling need" to be bailed out, something in the order of a likelihood of bankruptcy without federal protection. By advocating this we may be inviting litigation.

The City's potential liabilities are less immediate and much harder to quantify than the dangers articulated by the airlines, and may not persuade Congress of the need to provide us protection now. Of the various liability concerns, perhaps the one most worth pursuing in Washington is the demand of the contractors that the City indemnify them above the amounts that will be covered by insurance that we can purchase.

Harding, Robert

From: Lally, Patrick
Sent: Tuesday, October 16, 2001 2:55 PM
To: Goldstein, Michelle
Cc: Lhota, Joseph; Harding, Robert; Barsky, Adam; Barsky, Adam
Subject: New York's $$$s on Shaky Ground

Michelle:

In case the Blackberry didn't hold all the info...the rest of my message is below:

Continued...

Here's an overview of OMB's "suggestions" to the appropriators:
- New York would get $7 to $8 billion now;
- FEMA, $8 billion, with $600 million for supplying emergency equipment nationwide;
- $2 billion for chemical and biological safety measures;
- $2 billion for new "Emergency Grants" for states (mainly to assist with COBRA payments);
- $3 billion for national security, especially in aviation and national guard;
- $24.5 billion for defense.

I get the distinct impression that OMB and the White House are trying to dole out the funds to satisfy the greatest national needs across the spectrum in response to the escalating crises. I also think, however, that OMB believes it can shuffle around monies now - monies for New York - and fill in later after the President's Budget Request in January. OMB does not believe the City can spend more than $8 billion or so between now and the beginning of next year.

The Mayor should know this before he meets with Daniels this afternoon.

Pat

CWR

New York City
Economic Development
Corporation
110 William Street, 6th Floor
New York, New York 10038

FACSIMILE COVER SHEET

DATE: **October 23, 2001**

FROM: **Michael G. Carey, President**
(PHONE: 212-312-3500) (FAX: 212-312-3913)

TO:

NAME	PHONE	FAX
Robert M. Harding	(646) 328-7383	(212) 518-0234

COMMENTS: FOR YOUR INFORMATION.

NUMBER OF PAGES INCLUDING COVER: (2)

** TOTAL PAGE.02 **

10\23

DRAFT **FOR DISCUSSION PURPOSES ONLY**

New York Economic Recovery Tax Program

The goals of the New York Economic Recovery Program are to: 1) keep Manhattan businesses and residents committed to the city following the 9/11 terrorist attacks -- current loss in tax revenue to the city and state is estimated at $12 billion, and 2) rebuild lower Manhattan. Preliminary estimates place the number of jobs lost at over 100,000.

Lower Manhattan Economic Recovery Zone Tax Credit: ....$2.5 billion

$3,000 annual per employee Federal tax credit to encourage employers to locate or remain located in the Lower Manhattan Recovery Zone (Manhattan south of Canal Street), which would last for five years. Employers could claim this credit only for employees with annual salaries at or below $150,000.

Rebuild New York City Bonding Authority: .... $1.5 billion

Up to $15 billion in Federal tax-exempt bonding authority to enable the replacement of the 20+ million square feet of lost commercial and residential space in and around the Zone. The Federal government would guarantee all or a significant portion of the bonding authority to enable projects to secure more favorable terms. In addition, the bonding authority would not be subject to the qualified private activity bond caps that govern other issuances of municipal bonds in New York City.

Additional Advanced Refunding: .... $200 million

Allowing municipal issuers in New York State – including the Port Authority of New York and New Jersey, New York City Hospitals, and the Metropolitan Transportation Authority – to raise much needed capital by permitting one additional advanced refunding of municipal and 501(c)3 bonds over the next three years. This refunding authority would allow municipal issuers in New York to take advantage of current low interest rates to lower their debt service payments, which are increasingly burdensome as a result of revenue losses resulting directly from terrorist attacks.

Residential Tax Credit for Zone Taxpayers: .... $800 million

$3,000 annual Federal tax credit for each taxpayer who maintains a primary residence within the Zone (Manhattan South of Canal Street) for years 2002 and 2003.

Total Cost: **$5 billion**

e - commerce

LEVEL 1 - 1 OF 7 STORIES

The New York Times

October 9, 2001, Tuesday, Late Edition - Final

SECTION: Section A; Page 25; Column 1; Editorial Desk

LENGTH: 1014 words

HEADLINE: Fiscal Disaster the City Can't Face Alone

BYLINE: By Felix Rohatyn; Felix G. Rohatyn, ambassador to France from 1997 to 2000, was chairman of the Municipal Assistance Corporation from 1975 to 1993.

BODY:

"Anything it takes to help New York." That sentiment from George W. Bush, expressed on Sept. 13, is in obvious contrast to the feelings of an otherwise not-so-different president, Gerald Ford, as summarized in the famous 1975 Daily News headline: "Ford to City: Drop Dead." President Ford eventually did come to understand that the country couldn't afford to let its largest city, then in fiscal crisis, go bankrupt. Now, in a disaster for the city economy that has very different causes, President Bush's continuing support will be

crucial. New York does not have the resources to recover on its own.

The city is in greater economic jeopardy today than it was in the fiscal crisis of 1975, and Gov. George Pataki, Mayor Rudolph Giuliani and our Congressional delegation should propose a long-term federal program of assistance. New York has the country's sympathy and admiration: under the leadership of Mayor Giuliani and with the strong support of Governor Pataki, the city and its citizens have conducted themselves heroically after a murderous assault. President Bush immediately offered $20 billion in federal assistance, *and for the moment, Congress appears to be supportive. But the long-term* prospects are daunting.

Before Sept. 11 the city was already feeling the bite of a significant national downturn. This came on top of the stock market collapse of Internet and telecommunications companies, serious downward pressures on the financial services sector, and the increasing impact of these declines on city revenues. The additional emotional and economic shocks of Sept. 11 are only beginning to be perceived. They are already quite serious; their ultimate impact is impossible to predict.

The city has had 20 consecutive balanced budgets, in good times and in bad. The fiscal structure and controls created in 1975 -- the Municipal

Assistance Corporation and the Financial Control Board -- helped achieve this good record. But estimates of the city deficit in the next fiscal year are now put at $4 billion and are likely to rise to at least $6 billion. Estimates of the state's revenue losses in the same period are $2 billion to $6 billion.

For the last year or so, the weakness of our economy has been understated by economists looking for rosy scenarios and by securities salesmen on television trying to prop up the stock market. But to a very weak economy we have now added the shock to public confidence created by the terrorist attacks, as well as a huge national loss of jobs -- the airline industry alone expects to eliminate 100,000. The result is bound to be negative for the city and the state. Alan Hevesi, the city comptroller, has estimated the total economic loss to the city as a result of the attack on Manhattan at more than $100 billion, a truly staggering figure.

In this context the city and the state have to be treated as a single unit. Few remember today that in the winter and spring of 1976, the State of New York was shut out of the public markets and was unable to sell its bonds because of the fiscal weakness of the city.

It took five years, from 1975 to 1980, with enormous sacrifices on the part of all New Yorkers, with the strong support of the city's labor unions and the

banks, to close a gap of about $1.5 billion on a city budget of $15 billion. And this took place in a relatively benign economic environment, at a time when New Yorkers, by and large, were confident that we would prevail. Now we are facing a potential deficit of $4 billion to $6 billion on a $39 billion budget. Is it reasonable, under existing circumstances, to believe that the city and the state can close budget gaps of possibly $6 billion each in one fiscal year and maintain the city as a viable economic and social entity?

It would be impossible to do so as a practical matter, but it would also run counter to President Bush's stimulus program. New York will not be the only city with a large budget deficit next year, though it will have the biggest one, some of it due directly to the attacks on Sept. 11. Nor will ours be the only state in trouble. Layoffs throughout the declining economy, both reducing revenues and increasing costs for state and local governments, will undo many of the positive effects of any federal stimulus program proposed by President Bush.

It is urgent that our governor and mayor, with their counterparts in other parts of the country, develop with the Bush administration a plan of short-term assistance to states and cities, one that would prevent what is likely to be a hard national recession from turning into a real depression. Such a plan could include a temporary assumption by the federal government of certain state and local costs, coupled with incentives for local tax reductions, federal

guarantees to pension funds for the financing of infrastructure projects, and private-public partnerships for functions like school construction.

In 1975, after years of overspending and excessive borrowing camouflaged by accounting fictions, New York was widely viewed as the main culprit in its problems, deserving of a bankruptcy. Federal help in the form of loans and loan guarantees came only after President Valery Giscard d'Estaing of France and Chancellor Helmut Schmidt of Germany warned Mr. Ford that a New York bankruptcy would set off a crisis for the dollar and impair America's credit. Now New York has a good fiscal record as well as the nation's sympathy, and its importance to the national economy is well recognized.

As long as the international situation remains as cloudy as it is now, as long as Americans have to respond to calls on the one hand to live a normal life and on the other to be ready for more terrorist attacks, it is unrealistic to expect a strong economic recovery. We should be realistic about what this implies. We were able to deal with the last fiscal crisis mostly with our own resources. This is no longer possible for us or for many other cities and states. Until the national economy recovers and national confidence is restored, we cannot do this alone.

The New York Times, October 9, 2001

http://www.nytimes.com

GRAPHIC: Drawing (Mark Podwal)

LOAD-DATE: October 9, 2001

(F) WSR

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FOR RELEASE
xxxday, XXXXX XX, 2001

MAYOR GIULIANI AND GOVERNOR PATAKI ANNOUNCE $1 BILLION ASSISTANCE PLAN FOR COMPANIES AFFECTED BY WTC DISASTER

Plan Includes Loans, Relocation Assistance, Reconstruction Bonds And Tourism Promotion Assistance

Mayor Rudolph W. Giuliani and Governor George E. Pataki today announced details of the City/State Immediate Assistance Plan. The $1 billion comprehensive plan provides assistance for large, mid-sized and small businesses, potential developers and the tourism industry.

"The components of this plan will accelerate the reconstruction and rebirth of Lower Manhattan and breathe new life into the businesses and that were affected by the horrific events of September 11," said Mayor Giuliani. "The resistance and resilience of New Yorkers has been clearly demonstrated since that day, and it is incumbent on the City and State to reinforce their resilience with as comprehensive and meaningful benefits package as possible."

INSERT QUOTE FROM GOVERNOR PATAKI

Employee relocation assistance of up to $750 million is being made available for businesses that occupied space destroyed or rendered uninhabitable by the attack. Businesses that relocate within New York City may be eligible to receive grants of up to $10,000 per employee over three years. The program also provides up to $60 million in grants for businesses that suffered **uninsured physical damages**. These grants will cover the first $10,000 of uninsured losses and ten percent of losses above $10,000 up to $100,000 per firm

--more--

In addition, the City and State have requested authorization to issue up to $15 billion in **tax-exempt reconstruction bonds** on behalf of private developers to finance the reconstruction and renovation of the approximately 25 million square feet of lost or seriously damaged commercial office space. An anticipated federal guarantee combined with the reconstruction bonds will significantly lower interest rates.

"This bond program with its attractive reduced interest rates will do much to facilitate the reconstruction of Lower Manhattan," said Deputy Mayor for Economic Development and Finance Robert M. Harding. "We are pleased that we have been able to work with the State and Federal Governments expedite this comprehensive benefits package."

The City and State had previously announced the **WTC Disaster Recovery Loan Program** to accelerate financial assistance for small and medium-sized that apply for Small Business Administration Disaster Relief. The City and State are each providing $25 million to guarantee a pool of up to $250 million for bridge loans to be made by participating private lending institutions. Under the program, a business or not-for-profit entity applying for SBA assistance can receive up to $100,000 within two to three days to assist them in their recovery efforts while their SBA applications are being processed.

To address the special needs of the **tourism industry** that has been severely impacted by the attack on the World Trade Center, the City and State are also requesting $40 million in federal funds for market research and special promotional activities to assist in encouraging visitors to return to the City's many attractions, especially those located in Lower Manhattan and in the New York Harbor.

"Hospitality and tourism is one of the leading industries in New York City," said Michael G. Carey, President of the New York City Economic Development Corporation (EDC). "We are committed to returning New York City to its rightful position as one of the world's premier tourist destinations."

EDC is the City's primary vehicle for economic development services. Using its financial and real estate resources, EDC helps develop businesses and create jobs throughout the five boroughs.

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p:releases/grantprog

Snowy grip

Conversation w/ Daniels

Conversation w/ Dennis
Lawrence

FOR IMMEDIATE RELEASE:
October 9, 2001

GOVERNOR PATAKI PROPOSES "REBUILD NY-RENEW AMERICA" PLAN TO HELP NEW YORK RECOVER, REBUILD & REVITALIZE

Seeks Up to $54 Billion in Federal Assistance for New York's Disaster Relief, Economic Revitalization, Working Families & Security

Governor George E. Pataki today unveiled a comprehensive $54 billion plan to "Rebuild NY - Renew America" that calls on the Federal government to continue to assist New York's businesses and working families to rapidly recover from the devastating September 11 attacks on the World Trade Center in New York City.

"The attack on the World Trade Center was not just an attack on New York and New Yorkers, but an attack on all of America and on every American," Governor Pataki said. "This was not only an attack on our freedoms and the American way of life, but an evil attempt to cripple the American economy by striking our nation's financial capital New York City.

"During these last few difficult weeks, New Yorkers and millions of compassionate and caring Americans have come forward to offer unprecedented support and assistance to those most directly affected by these tragedies. Through their efforts -- for which we will always be grateful -- the spirit of New York and the spirit of America has been renewed.

"Now we must make restoring the strength of the New York economy one of our top priorities, and, to do that, we must rebuild our nation's financial capital. As we have seen throughout the entire history of our nation, when New York and its economy succeed, America and the American economy succeed.

"Since September 11, President Bush, with his extraordinary leadership, and Congress have been unwavering in their support for New York -- not only immediately meeting every request we had to respond to the immediate emergency, but also moving quickly to approve $20 billion in federal aid," Governor Pataki said. "This realistic and balanced package, developed in partnership with Mayor Giuliani, is a comprehensive proposal that will lift our economy, help working families and renew New York and America. I look forward to working with President Bush and our Congressional leaders to send a powerful message around the globe that our nation's economy is strong and the American way of life will never succumb to the forces of terror, hate and intolerance."

The Governor's Rebuild NY-Renew America plan, developed in partnership with Mayor Giuliani and with input from business, labor and elected officials, includes three key categories of Federal assistance that would dramatically help New York City and New York State recover, rebuild and revitalize, including:

Basic Rescue, Recovery, and Rebuilding Support for New York;
Economic Recovery & Revitalization Assistance for New York's Economy; and,
Support for New York's Homeland Security Efforts.

BASIC RESCUE, RECOVERY & REBUILDING SUPPORT $34 BILLION:

At Governor Pataki's request, the President approved 100 percent Federal reimbursement, through Federal Emergency Management Assistance (FEMA) Public Assistance Program, for costs related to emergency response, debris removal and public infrastructure repair and rebuilding efforts resulting from the WTC attacks. It is now estimated that these costs to both New York City and New York State will reach nearly $34 billion.

Federal assistance in this category would cover costs for basic rescue and response and for rebuilding and redevelopment efforts.

Basic Rescue & Response

Activities in this category include debris removal, rescue and recovery, restoration of services and evidence collection, as well as funding for the families, businesses, non-profit institutions and governments victimized by the attack. The following is an estimated cost breakdown:

$5 billion: NYC emergency construction costs such as demolition, debris removal, stabilization and remediation of WTC site;
$5 billion: NYC emergency protective measures;
$3 billion: New York State requests for Federal aid;
$900 million: Utility costs such as repairs to substations, utility lines and buildings:
$378 million: NYC victim assistance and support services; and
$323 million: Other NYC costs such as burial costs, reimbursement to the NYC Board of Education, and miscellaneous personal and non-personal service agency expenses.
Total: Approximately $15 billion

Rebuilding & Redevelopment Efforts

The magnitude of this effort is complicated by the population and development density in the area of the attack, by its complex highway, transit and utilities infrastructure, by ownership and insurance issues, and by the sheer volume of the debris to be removed. Rebuilding activities include supporting and retaining businesses that remain in the affected area, bringing back those that have temporarily relocated, and the reconstruction of buildings, roads, tunnels, subways and other components of the mass transit system.

Also, as a result of the destruction of the Port Authority (PA) and Metropolitan Transportation Authority (MTA) stations and tunnels, approximately 375,000 daily subway riders have been closed out of their regular stations. This represents nearly half of the daily riders in downtown Manhattan. The following is an estimate cost breakdown for this category:

$8.2 billion: World Trade Center and Hotel replacement;
$2.4 billion: WTC and Hotel replacement equipment and renovation costs:
$1.8 billion: MTA capital costs for safety, security an d system compatibility;
$1.7 billion: MTA direct infrastructure damage;
$1.3 billion: PA cost of security enhancements;
$1 billion: Private buildings -- cleaning, removal and remediation;
$850 million: PA PATH subway station reconstruction;

$250 Million: NYC road, water mains, sewers and road reconstruction; $245 million: MTA toll and fare revenue loss;
$163 million: MTA reduction of tax subsidies due to eco nomic disruption;
$159 million: PA revenue losses directly attributable t o disaster;
$150 million: PA replacement of computer systems, offic e equipment and vehicles;
$123 million: MTA disaster-related operating costs;
$100 million: PA ferry service restoration and commuter substation;
$90 million: PA replacement of authority-owned power fa cility;
$50 million: City University New York lost facilities; and
$30 million: PA replacement of EZPass and telecommunica tions equipment.
Total Cost: Approximately $19 billion

ECONOMIC RECOVERY & REVITALIZATION $20 BILLION:

In addition to these 100 percent Federally funded efforts to rebuild the lower Manhattan site of the Word Trade Center complex, we are seeking Federal Financial support for certain measures key to addressing the broader State and City economic impacts of the tragedy. These measures are fully compatible with the current Federal interest in stimulating the National economy.

Creation of Federal WTC "Liberty" Recovery Zone

This new zone would be created in Lower Manhattan with the goal of creating self-sustaining, long-term economic development in New York with special emphasis on the areas damaged or destroyed during the events of September 11. The Liberty Zone would establish special tax incentives and grants for qualified businesses, designed to stimulate private investment, return temporarily relocated jobs to the community and rebuild 25 million square feet of commercial office space that was destroyed.

The Liberty Zone would also create financial incentives to encourage businesses that are located within it to hire individuals who live and work nearby, as well as encourage investment in buildings, equipment and infrastructure within the zone through tax-exempt bond financing and favorable depreciation rules.

The program would also provide benefits to individuals who reside in the area and have uninsured losses and costly repair and replacement expenses. The plan provides tax incentives for individuals who choose to live or relocate to the zone. The Liberty Zone's goal is to provide lower Manhattan with the necessary tools to revitalize and return to economic self- sufficiency.

Under the Liberty Zone, tax relief would be available to businesses and residents that were temporarily or permanently displaced after the disaster, those that expand within the Liberty Zone, and those new to the area.

Specific examples of relief and other incentives that could be part of a Liberty Zone include:

Employee Retention Grants;
Federally Insured Triple Tax Exempt Reconstruction Bonds;
Federally Insured Taxable Reconstruction Bonds that could be purchased by public employee pension funds;
Deductibility of State and Local Sales Taxes;

Accelerated Depreciation, Expanded Business Expense Deduction and Shortened Amortization for Business Expenses;
Federally-Backed Sales Tax Exemption
Investment Tax Credits for Equipment, Security Systems and Smart Buildings Technology Enhancements and;
Resident Refundable Credit for Those Who Remain and Live in the Area.

Supporting Families and Dislocated Workers

The events of September 11th significantly exacerbated an economic slowdown that was already occurring nationwide. Tens of thousands of individuals are or soon will be unemployed, either as a direct result of the attacks or as an indirect result of its impact on the overall economy.

Nearly 377,000 workers in New York were impacted by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Almost 1,300 businesses were directly impacted. The President's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this problem.

Under the Governor's plan, New York is also seeking Federal assistance to address the immediate needs of these workers including:

100 percent reimbursement for COBRA premiums: These grants would be provided to affected workers to cover COBRA continuation health coverage premiums for workers displaced as a direct result of the attacks. This would be an important step in providing financial stability for individuals displaced from their jobs as a result of the attacks. Under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985), dislocated workers and their families can maintain their health coverage for a certain time period, but the cost is borne by the employee.

Support of the Unemployment Insurance Trust Fund: As a result of the terrorist attacks there are thousands more claims for unemployment insurance benefits than would normally be seen at this time of year. These claims are straining the Unemployment Insurance (UI) Trust Fund and, in turn, adding to the considerable after-shock the State's businesses are experiencing. The UI Trust Fund needs an immediate infusion of $260 million to cover the cost of unemployment insurance benefits that will be paid through December 31, to the thousands of workers who have lost their jobs due to the attack. Without Federal reimbursement of these changes, employers would be subject to unaffordable increases in UI costs. In addition, it is critical that the Federal Government act to provide extended Unemployment Insurance benefits beyond the 26 week period provided for under normal UI, and that it funds such benefits out of the Federal budget.

Workers' Compensation: A similar increase in workers compensation rates is also likely to be triggered due to payments made in relation to the terrorist attacks. New York State has made tremendous strides in lowering employer's workers compensation rates over the past several years, and the Federal Government should make special accommodations to prevent any increases in these rates due to the terrorist attacks. As the impact of the crisis ripples throughout the State, the amount of Federal funding will need to be increased to accommodate employers who provided services, products or otherwise relied on business activity generated in the immediate disaster area.

Disaster Unemployment Assistance Program: New York requests assurances that the Federal

Government will continue to allow workers ineligible for State UI benefits to apply for benefits under the Disaster Unemployment Assistance program, which provides benefits to self- employed individuals, spouses who have lost the major supporter for a household, and others.

Welfare-to-Work Funding: Efforts should be made to further streamline the Federal requirements governing individual recipient eligibility in the Welfare-to-Work Block Grant. In light of the events of September 11th, New York would like to access its share of this funding as a true block grant, by using the funds to provide employment services to whoever is in need of assistance, without regard to the eligibility restrictions that currently remain in the Federal law.

Enhancing New York's Transportation Infrastructure and Safety

New York's transportation infrastructure programs present an opportunity to immediately stimulate the economy, create good paying jobs and spur development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by immediately cycling this funding through the economy.

The Federal Highway Administration has indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects will also provide added long-term benefits by improving access to businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and the growth of jobs.

New York would use its share of the new Federal funding to advance projects that will fuel a new economic vitality, create jobs and build quality communities. Specifically, this could include the following initiatives:

Accelerate portions of the MTA 2000-2004 capital program, including track improvements, station rehabilitations, rolling stock acquisition, signal modernization and safety enhancements;

Fund a new multimodal Port Authority Trans Hudson (PATH) terminal to improve commuter access to lower Manhattan;

Fund completion of the final design and ready-to-go construction phases of the East Side Access project that will link the Long Island Rail Road to Grand Central Terminal in Manhattan and free up capacity in the existing Penn Station for Amtrak or other commuter services;

Accelerate preliminary engineering for the Second Avenue Subway that will relieve severe subway congestion on Manhattan's East Side and improve access to lower Manhattan;

Assist statewide transit operators with timely replacement of their bus fleets, providing buses to improve reliability, reduce maintenance costs and maintain ridership;

Accelerate the State's 5-year capital program, including paving, bridge rehabilitation, industrial access, and intelligent technology projects;

Accelerate rehabilitation and construction of highway bridges owned by local governments;

Modernize infrastructure and improve security for border crossings between the United States and

Canada to enhance international trade and improve international traffic flow;

Expedite implementation of high speed rail passenger service between Schenectady and New York City, including track upgrades and the remanufacture of high speed trains;

Make safety improvements to the passenger rail tunnels leading to New York's Penn Station as recommended by the USDOT Inspector General;

Finalize the necessary lease agreements with the United States Postal Service and secure funding for the redevelopment of the Farley Building in Manhattan. The project will conserve and improve the historic building to serve as a rail station, retail center and postal facility;

Make rail safety and capacity investments in stations, grade crossings , and signal upgrades throughout the State; and

Improve rail and highway connections to port facilities to enable transportation links between the ports and distribution, processing and packaging centers throughout the State.

Economic Restitution for New York City and State

The destruction in lower Manhattan disrupted or eliminated revenue sources that support the day-to-day functions of the City and the State. The financial services industry, which were most directly and profoundly impacted by the attacks, is by far the most important industry to the State and the City in terms of generating taxable incomes for both individuals and corporations, and is one of the primary engines for the national economy.

The City and the State could experience revenue losses of as much as $12 billion -- $3 billion for the City and $9 billion for the State -- during the next 18 months and both will require unrestricted Federal aid to maintain vital public services. A combination of unrestricted aid in conjunction with changes in Federal formula allocations that benefit the State, are options that should also be considered.

It is the intent of the City and the State to maintain the level of vital public services that existed prior to September 11th as required under State and City statutes, while also addressing the extraordinary needs in the wake of the terrorist attacks.

NYS HOMELAND SECURITY EFFORTS AT LEAST $100 MILLION:

As a result of the direct attacks on New York City and New York State, we must be fully vigilant in the protection of the State's important facilities and infrastructure. Additional resources will be required to protect New York's water supplies, sewers, transportation and communications structures, utilities and other sensitive locations.

New York State has already acted to protect its facilities in the wake of the attacks and is prepared to use the New York State Police, National Guard and Department of Correctional Services Staff to assist in these homeland security activities. This personnel would be used in conjunction with local security forces and would be deployed in both fixed posts and directed patrols. While a full "New York Homeland Security Plan" is currently under development, current cost estimates are expected to far exceed $100 million.

Please Note: Additional documents outlining the proposal are available on the internet at www.state.ny.us/dob

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Return to the Office of the Governor

Division of the Budget

George E. Pataki, Governor Carole E. Stone, Director of the Budget

New Yorkers and concerned Americans who wish to support the newly created World Trade Center emergency response and victim support effort can make a donation to the New York State World Trade Center Relief Fund. All those wishing to donate funds may call (800) 801-8092 or send donations to: New York State World Trade Center Relief Fund, P.O. Box 5028, Albany, New York 12205. Donate on-line at www.state.ny.us.

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New York's Federal Recovery Plan

While the attacks of September 11, 2001 have affected every American, they were particularly devastating for New Yorkers. The assault on the World Trade Center killed nearly 6,000 people, injured hundreds more and unalterably changed the lives of millions.

New Yorkers have responded to this loss. Charitable donations have exceeded all expectations and will help the thousands of families most directly affected by this tragedy. New Yorkers have also expressed their concern by donating blood, volunteering their services in the rescue effort and providing much needed moral support to the families experiencing loss and the emergency personnel working at "ground zero".

Millions of Americans around our nation have also responded, sending trained emergency personnel, financial resources and prayers.

The President and Congress have also been clear that they will do what is necessary to rebuild New York.

But, as we continue to mourn the loss of so many lives and take comfort in the way New Yorkers and Americans have pulled together, the tremendous economic toll on New York is only beginning to become clear.

Current estimates indicate the State and City of New York will require approximately $54 billion in Federal assistance in order to return New York to its economic status prior to the September 11th terrorist attacks on the United States. To this end, the State and City are asking the President and Congress to:

I. Provide the resources necessary to ensure that basic rescue, recovery, protective measures and rebuilding efforts can be successfully undertaken.

II. Help to stimulate the New York State and New York City economy through a comprehensive program that will encourage development and commercial activity in lower Manhattan, assist displaced businesses and employers and jump start the economy through targeted infrastructure redevelopment.

III. Finance the efforts necessary to protect the security of New Yorkers, including enhanced security measures for, among other things, transportation systems, water supplies and communications networks.

I. BASIC RESCUE, RECOVERY, AND REBUILDING NEEDS –$34 billion

New York acknowledges and appreciates the Federal Government's commitment to fully fund the initial costs of the clean-up and redevelopment effort in lower Manhattan. The Federal Government's agreement to provide 100 percent Federal reimbursement, through FEMA's Public Assistance Program, for costs related to emergency response, debris removal and for public infrastructure repair and rebuilding efforts are critical. This assistance will cover:

- Search and rescue efforts;
- Emergency care for victims and their families;
- The repair of transportation infrastructure, utilities, and other public facilities, including the uninsured costs for reconstruction of destroyed buildings in the affected area; and
- The cost of other temporary activities and facilities necessary to stabilize the community.

While these costs will continue to evolve as the recovery proceeds, the current estimate is $34 billion.

II. ECONOMIC STIMULUS, REDEVELOPMENT AND REGENERATION OF THE ECONOMY – $20 billion

➢ Establish a World Trade Center Recovery Zone or "Liberty Zone" ($2 billion)

The goal of the World Trade Center Recovery Zone, or "Liberty Zone", is to reestablish the self-sustaining, long-term economic growth, which existed in New York prior to the terrorist attacks of September 11, 2001. This would be accomplished by using public funds and tax incentives to restore private investments to these areas.

➢ Supporting Families and Dislocated Workers ($3 billion)

Families and dislocated workers will need special assistance to ensure adequate resources are available to deal with the impact of the terrorist attacks. President Bush's proposals to extend unemployment benefits, provide grants for health insurance coverage, income supplementation and job training, in addition to providing assistance in accessing existing job search and training services will significantly mitigate this severe problem.

In addition, the Federal government should recognize the extraordinary fiscal jolt a huge influx of unemployed, injured and dislocated workers will have on the State's Unemployment Insurance Trust fund, as well as its workers compensation programs.

➢ Providing Economic Restitution to Regenerate the State and City Economies ($12 billion)

The destruction in lower Manhattan disrupted or eliminated revenue streams that support the day-to-day functions of the City and the State. The City and the State could experience revenue losses of up to $12 billion over the next 18 months and both will require unrestricted Federal aid for an extended period to maintain vital public services. Unrestricted aid, perhaps in conjunction with changes in Federal formula allocations to the State, such as a temporary increase in the State's Federal Medical Assistance Percentage from 50 percent to 60 percent, are options which should be considered.

- Enhancing Public Transportation Infrastructure and Safety ($3 billion)

  New York's transportation infrastructure programs present a readily available opportunity to stimulate the economy, create good paying jobs and spur development. Any Federal economic stimulus package should include a sizable investment in transportation infrastructure and be balanced, so that urban, suburban and rural areas can all benefit in the ways that make the most sense locally.

III. HOMELAND SECURITY

Since the terrorist attack of September 11, New York State has made a significant commitment of security resources to assist New York City. The New York State Police have provided 500 State Troopers for security details and investigatory duties. In addition, more than 4,500 National Guard troops have been assigned to provide perimeter security and logistical support. Many of these assignments will continue into the future.

In addition to providing security at the site of the attack, additional State resources must be deployed in order to protect our infrastructure and other potential terrorist targets. Water supplies, sewer systems, bridges, tunnels, communications and transportation centers, utilities and other sensitive locations will require enhanced security measures for the duration of the current crisis.

We are prepared to use New York State Police, National Guard and Department of Correctional Services staff to assist in security activities. They will be used in conjunction with local forces (New York Police Department and others), and will be deployed in both fixed posts and directed patrols.

The total number of staff and the duration of the assignments are still under discussion, but this initiative will require significant resources and financial support if we are to adequately protect New York from additional terrorist threats.

The World Trade Center Attacks:

Current Estimated Cost

Prepared by
New York State Division of the Budget
October 9, 2001

Summary
Preliminary Cost Estimate
($ in millions)

Basic Rescue, Recovery and Rebuilding ($34 billion)

Immediate Response	$14,739
Redevelopment of lower Manhattan	$18,839

Economic Recovery and Revitalization ($20 billion)

World Trade Center Recovery Zone	$2,000
Supporting families and dislocated workers	3,000
Economic Restitution	12,000
Enhancing Public Infrastructure and Safety	3,000

Homeland Security ($100 million to date)

TOTAL: $54 billion

NOTE: Cost estimates are preliminary and do not include possible insurance offsets.

Basic Rescue, Recovery and Rebuilding

The Immediate Response

Activities in this category include debris removal, rescue and recovery, restoration of services and evidence collection, as well as funding for the families, businesses, non-profit institutions and governments victimized by the attack.

We have been relying on currently authorized Federal disaster assistance programs and, for the most part, these programs are working successfully. Two areas of key concern at this juncture remain bridge loans for small businesses and cash flow needs of the City and State.

Redevelopment of lower Manhattan

The magnitude of the redevelopment effort is complicated by the population and development density in the area of the attack, by its complex highway, transit and utilities infrastructure, by ownership and insurance issues, and by the sheer volume of the debris to be removed. Redevelopment activities include: a) supporting and retaining businesses that remain in the affected area; b) bringing back those that left; and c) the physical reconstruction of buildings, roads, tunnels, subways and other components of the mass transit system.

As a result of the destruction of the Port Authority and MTA stations and tunnels, approximately 375,000 daily subway riders have been closed out of their regular stations. This represents nearly half of the daily riders in downtown Manhattan. Additional Federal financial support will also be necessary to develop, implement and maintain the enhanced security measures required to keep the most extensive mass transportation system in the nation — which transports more than 1.4 billion passengers over 330 million miles annually — operating safely and efficiently.

The Immediate Response
Preliminary Cost Estimate
($ in millions)

Emergency Construction Costs	
Demolition, debris removal, stabilization and remediation of WTC site	$5,000
Source: 10/9/01 NYC Cost estimate	
NYC Emergency Protective Measures	$5,138
Source: 10/9/01 NYC Cost estimate	
Utility Infrastructure Costs	$900
Substation, utility lines and buildings	
Source: 9/24/01 NYC Cost estimate	
NYC Victim Assistance, Citywide support services	$378
Source: 9/24/01 NYC Cost estimate	
NYC Other Costs	$323
Other city costs include burial costs, reimbursement for roads and other infrastructure	
Source: 10/9/01 NYC Cost estimate	
NYS Requests for Federal Aid	$3,000
Includes requests as reported as of 10/1/01.	
Subtotal: Immediate Response	**$14,739**

Redevelopment of lower Manhattan
Preliminary Cost Estimate
($ in millions)

NEW YORK CITY INFRASTRUCTURE

NYC Roads and other infrastructure costs	$250
Water mains, sewers and road reconstruction	
City University New York (CUNY) (Replacement of lost facilities)	$50
Source: 9/24/01 NYC cost estimate	

New York State Department of Transportation

The Department of Transportation (DOT) is currently assessing the impacts of the disaster on DOT facilities and operations. While costs are as yet unknown, major reconstruction will be required on Route 9A in lower Manhattan. In addition, the Department will incur costs for shutdown and resumption of capital contracts in the New York City area, for provision of emergency equipment and staff, for supplementary transit services and for revenue loses at State-sponsored Republic airport.

NYS DOT costs	TBD

METROPOLITAN TRANSPORTATION AUTHORITY (MTA)

The MTA sustained significant direct damage in the attack, including collapse of 1,700 feet of subway tunnel serving the number 1 and 9 line; destruction of signal, communications and power equipment; loss or damage of four subway stations; and destruction of bus and other surface vehicles. While the MTA is still evaluating the extent of the damage, preliminary estimates for reconstruction and replacement total approximately $1.7 billion. This cost could increase significantly if damage on the nearby N and R tunnels is greater than preliminary assessments indicate.

Resumption of normal transit service and tunnel access to lower Manhattan will be a key component in the recovery process. The MTA estimates it will incur approximately $123 million in extraordinary operating costs through 2002 to fund disaster-related cleanup, security, traffic management, customer information and equipment support activities.

In addition to direct property damage, the MTA's capital program will require significant additions to accommodate essential safety and security projects, and measures to ensure system compatibility between the reconstructed portions and the rest of the transit network. The MTA estimates a $1.87 billion impact on its capital program, which extends through 2004.

The MTA's operating budget relies on subsidies from local mortgage and business related taxes, which will be significantly diminished by the economic impacts of the destruction in lower Manhattan. The MTA estimates that it will lose $163 million of its subsidy income through 2002 as the result of the disaster.

The dislocation of jobs in lower Manhattan, the loss of subway facilities, and closure of the Brooklyn Battery Tunnel will reduce ridership, associated fare and toll revenues and concession income that support essential MTA operations. The MTA estimates that it will lose $245 million in income through 2002 as a result of the disaster.

While the MTA has $1.5 billion of property damage and revenue loss insurance, which may be applied to a portion of these costs, it is clear that the total impact will exceed any available insurance coverage.

In summary, the MTA estimates preliminary reconstruction needs of $4.1 billion:

Direct infrastructure damage	$1,700
Disaster-related operating costs	$123
Capital costs for safety, security and system compatibility	$1,868
Reduction of tax subsidies due to economic disruption	$ 163
Toll and fare revenue loss	$ 245

PORT AUTHORITY OF NEW YORK AND NEW JERSEY

The Port Authority's World Trade Center complex was totally destroyed in the September 11 attacks. The cost for reconstruction of the facility will depend on the nature and scope of the redevelopment plans that will be developed. While insurance is available to cover some reconstruction costs, it is unknown at this time whether it will be adequate to fully pay for the rebuilding.

In addition to the World Trade Center buildings, the Port Authority incurred other significant facility damage and operational costs as the result of the disaster. The Port Authority Trans Hudson (PATH) subway station at the base of the World Trade Center was totally destroyed. The Authority estimates that replacement costs for the PATH station, tunnels and operating systems will total $850 million. The Port Authority lost office equipment, computer systems and vehicle fleets in the attack with an estimated replacement cost of $150 million. The Authority estimates it will incur $100 million in ferry capital and operating costs to replace ferry service disrupted by the destruction and to partially compensate for the loss of PATH commuter capacity to lower Manhattan. The destruction of EZPass systems and telecommunications equipment housed in the World Trade Center will cost an estimated $30 million to replace. Finally, an Authority-owned power substation was destroyed, with an estimated replacement cost of $90 million.

As a result of the attacks, the Port Authority must also take steps to ensure public safety and protect commerce by elevating the level of security at its airports, port facilities, tunnels, bridges and terminals. The Authority estimates that these necessary enhancements will cost more than $1.3 billion.

In addition to physical damage, the operations and revenue streams of the Port Authority have been materially affected by the disaster. Income from the Authority's airports, including LaGuardia, Kennedy and Newark airports, is estimated to be off by at least $35 million. A one-week closure of the Authority's shipping ports and the Port Authority Bus Terminal lowered revenues by $10 million and $9 million, respectively. Closure of toll facilities such as the Holland Tunnel and a significant drop in traffic on the Authority's other bridges and tunnels will cost the Port Authority $35 million. Destruction of the PATH subway station will reduce fare revenues by $70 million.

In summary, the Port Authority estimates a preliminary impact of $2.7 billion. However, this estimate may need to be increased if the cost of World Trade Center rebuilding exceeds the availability of insurance.

($ in millions)	
PATH subway station reconstruction	$850
Replacement of computer systems, office equipment and vehicle fleets	$150
Ferry service restoration and commuter substitution	$100
Replacement of Authority-owned power facility	$90
Replacement of EZPass and telecommunications equipment	$30
Cost of security enhancements	$1,325
Revenue losses directly attributable to disaster	$159

While the Port Authority has $1.5 billion of property damage and revenue loss insurance per occurrence, which may be applied to a portion of these costs, it is clear that the total impact will exceed any available insurance coverage.

REPLACING OFFICE AND HOTEL CAPACITY

($ in millions)	
World Trade Center Office and Hotel Space Replacement	$8,256
Source: 9/24/01 NYC cost estimate	
Equipment/Renovation	$2,400
Source: 9/24/01 NYC cost estimate	
Private Buildings: Cleaning Haz Mat Removal and Structure Remediation	$1,080
Source: 9/24/01 NYC cost estimate	

While some of these costs could be covered under insurance policies held by public and private entities, it is unknown whether coverage will be adequate to fund all reconstruction costs.

Subtotal: Redevelopment of lower Manhattan: $18,839

Economic Recovery and Revitalization

New York strongly supports congressional action to further stimulate the economy and looks forward to working with the President and Congress in identifying some of the most critical economic needs facing the entire nation, *especially those regions of the country and sectors of the national economy most* directly impacted by the terrorist attacks of September 11th.

The following proposals should be included in any national economic recovery plan. The tax incentive proposals, in particular, are illustrative of the wide array of options that could potentially achieve the same or similar goals.

Economic Recovery and Revitalization
Preliminary Cost Estimate
($ in millions)

World Trade Center Recovery Zone $2,000

I. Incentives to Retain and Expand Employment in Lower Manhattan

- Employee Retention Grants

II. Incentives to Rebuild in New York

- Triple Tax Exempt Reconstruction Bonds
- *Taxable Reconstruction Bonds*
- Additional Private Activity Bond Authority
- Deductibility of State and Local Sales Taxes
- Accelerated Depreciation, Expanded Business Expense Deduction and Shortened Amortization Benefits for Business Expenses

III. Incentives for Relocation or Expansion in Lower Manhattan

- Federally-Backed Sales Tax Exemption for Parcels within the Recovery Zone
- Investment Tax Credits for Investment in Equipment, Security Systems and Smart Buildings Technology Enhancements

IV. Incentives to Retain a Residential Community in Lower Manhattan

- Resident Refundable Credit

Support Families and Dislocated Workers $3,000

- 100 percent reimbursement for COBRA premiums.
- Unemployment Insurance trust fund and workers compensation
- Welfare-to-Work Funding

Economic Restitution 12,000

Direct and indirect revenue losses to NYS and NYC resulting from the attacks

Enhancing Public Infrastructure and Safety 3,000

I. Transit Program

- Accelerate the MTA 2000-2004 capital program
- Fund a new multi-modal PATH terminal in lower Manhattan
- Fund completion of the final design and ready-to-go construction phases of the East Side Access project
- Accelerate preliminary engineering for the Second Avenue Subway
- Assist statewide transit operators with timely replacement of their bus fleet

II. Highway and Bridge Investment Program

- Accelerate the State's 5-year capital program
- Accelerate rehabilitation and construction of highway bridges owned by local governments
- Modernize infrastructure and improve security for border crossings

III. Rail Investment Program

- Expedite implementation of high speed rail passenger service
- Make safety improvements to the passenger rail tunnels
- Finalize lease agreements with the U.S. Postal Service and secure funding for the redevelopment of the Farley Building.
- Make rail safety and capacity investments
- Improve rail and highway connections to port facilities

Homeland Security

Since the terrorist attack of September 11, New York State has made a significant commitment of security resources to assist New York City. The New York State Police have provided 500 State Troopers for security details and investigatory duties. In addition, more than 4,500 National Guard troops have been assigned to provide perimeter security and logistical support. Many of these assignments will continue into the future. At least $100 million in Federal support is needed for this purpose.

New York State Economic Recovery Plan Summary

The nation's economy has been weakening steadily over the past 15 months and prior to the events of September 11th, was on the brink of recession. The nation's governors had taken steps over this period to prepare for the slowing economy. New York State has made record contributions to its rainy day fund, built up significant reserves and sought to control overall spending. New York City was also prepared to deal with the economic slowdown.

However, nobody was prepared to deal with the financial impact of the terrorist attacks, which have scarred our nation deeply and pushed the economy into further decline. To ensure that this economic setback is limited in its depth and duration, Congress and the President have already enacted two major funding packages -- a $40 billion emergency funding package to address the immediate response, rescue and security needs related to the terrorist attacks and a second, $15 billion package to assist the nation's airline industry. Congress has also agreed that a third major funding initiative of up to $75 billion in Federal fiscal year 2002 is necessary to further stimulate the national economy.

The first $40 billion emergency package was designed to address two primary needs: 1) to bolster the national defense, enhance national security and bring to justice the evil networks which planned and carried out the attacks; and 2) at least half of these emergency funds are specifically intended to provide for disaster recovery activities and assistance, including a down payment on costs related to redeveloping and rebuilding damaged and destroyed property and infrastructure in New York, Virginia and Pennsylvania. So far, the Federal government has released about $7 billion of the emergency funds, with just over two-thirds of the funds flowing to defense and national security functions. New York looks forward to working with Congress and the President to determine how the remaining emergency funds can be used in the most effective manner.

New York acknowledges and appreciates the Federal Government's efforts to date to fully fund the initial costs of this unprecedented attack on the nation. For the first time in history, the Federal government will provide 100 percent Federal reimbursement, through FEMA's Public Assistance Program, for costs related to emergency response, debris removal and for public infrastructure repair and rebuilding efforts. This assistance will cover search and rescue efforts, emergency care for victims and their families and the cost of other temporary activities and facilities necessary to stabilize the community. The program will fully fund repair to transportation infrastructure, utilities, and other public facilities, and the uninsured costs for reconstruction of destroyed buildings in the affected area.

In addition, the State has also requested additional assistance from various Federal agencies to waive certain administrative requirements. Approval would enhance the State's ability to respond to the attacks, as well as address the immediate unmet needs of many small businesses that are desperately trying to survive economically due to severe fiscal pressures created by the terrorist attacks.

New York strongly supports congressional action to further stimulate the economy and looks forward to working with the President and Congress in identifying some of the most critical economic needs facing the entire nation, especially those regions of the country and sectors of the national economy most directly impacted by the events of September 11th.

Today, the State and the City of New York are highlighting the major elements which are essential to include in any national economic recovery plan, while recognizing the special needs of those most directly impacted. New York also recognizes that the scope of the devastation and economic disruption is not fully calculable at this time and will continue to address specific needs as they arise. To this end, the State and the City request Congress and the President to strongly consider the following points when drafting their economic stimulus package.

Establish a World Trade Center Recovery Zone or "Liberty Zone"

Ensuring that lower Manhattan continues as the center of world finance, as a vibrant, growing and diverse commercial and residential neighborhood, and as one of the City's key transportation hubs is an immensely complex task from logistical, economic and policy standpoints. Of primary importance is the replacement of public infrastructure and related buildings in the affected area.

The goal of the World Trade Center Recovery Zone, or "Liberty Zone", is to reestablish the self-sustaining, long-term economic growth which existed in New York prior to the terrorist attacks of September 11, 2001. This would be accomplished by using public funds and tax incentives to restore private investment to these areas. In addition, it is imperative that the Federal government address the emerging nationwide issue of the insurance industry's inability to underwrite future insurance policies to fully cover terrorist acts.

The Liberty Zone would establish special tax relief and other incentives for qualified businesses to stimulate private investment and create jobs within the community. The Liberty Zone incentives would also encourage businesses to hire individuals who live and work there, as well as encourage investment in Liberty Zone businesses through tax-exempt bond financing and increased depreciation deductions.

The program would also provide benefits to individuals who reside in the area and have uninsured losses and costly repair and replacement expenses. The Liberty Zone's goal is to provide the area of lower Manhattan that was damaged by the terrorist attacks with the necessary tools to reestablish the economic vitality of the community, restore economic self-sufficiency and ensure that the New York economy does not suffer disproportionately from the events of September 11.

The proposals included in the attached documents provide illustrative examples of how the Federal government can help the State and the City recover from the attacks, recognizing that further discussions will be required.

Supporting Families and Dislocated Workers

The terrorist attacks significantly exacerbated an ongoing nationwide economic slowdown. Tens of thousands of individuals are or soon will be unemployed, either as a direct result of the attacks or as an indirect result of overall economic uncertainty. New York's workforce, however, has unquestionably experienced the most severe blow. Nearly 377,000 workers were impacted by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Nearly 1,300 businesses were directly impacted. President Bush's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this severe problem.

In addition, the Federal government should recognize the extraordinary fiscal jolt that a huge influx of unemployed, injured and dislocated workers will have on the State's Unemployment Insurance Trust Fund and workers compensation programs. Every effort should be made by the Federal government to ensure that the employers in states most directly impacted by the terrorist attacks are not subject to unnecessary increases in unemployment taxes or hikes in workers compensation rates due to the claims paid as a result of the terrorist attacks.

Providing Economic Restitution and Regenerating the State and City Economies

The destruction in lower Manhattan disrupted or eliminated revenue streams that support the day-to-day functions of the City and the State. The City and the State could experience combined revenue losses of as much as $12 billion over the next 18 months and both will require some form of unrestricted Federal aid to maintain vital public services. A combination of unrestricted aid in conjunction with changes in Federal formula allocations to the State, such as a temporary increase in the State's Federal Medical Assistance Percentage (FMAP) from 50 percent to 60 percent, are among the approaches which we ask the President and Congress to consider.

It is the intent of the City and the State to maintain the level of vital public services that existed prior to September 11th as required under State and City statutes, while also addressing the extraordinary needs in the wake of the terrorist attacks. The State believes that tax increases or providing further stress on the unemployment insurance system through worker layoffs is counterproductive at this point in time.

The financial services industry, which was most directly and profoundly affected by the attacks, is by far the most significant industry to the State and the City in terms of generating taxable incomes for both individuals and corporations, and is one of the primary engines which drives the national economy. In fact, although the State of New York comprises less than 7 percent of the national population, it generates over 11 percent of total corporate taxes nationally, much of that contributed by financial services companies located in New York City.

This tax contribution imbalance has been highlighted in former Senator Moynihan's annual reports, The Federal Budget and the States. In fact, over the past decade New York taxpayers have sent approximately $16 billion more each year to the Federal treasury than the State receives back in Federal services and payments. Over the last 16 years, New York has run a total balance of payments deficit with the Federal government in excess of $250 billion. In light of the horrifying terrorist attacks of September 11th, it is time that some of these Federal overpayments be returned to New York taxpayers, especially in the near term, to address the critical needs facing the citizens of this great State.

Enhancing Public Transportation Infrastructure and Safety

New York's transportation infrastructure programs present an opportunity to immediately stimulate the economy, create good paying jobs and spur further development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by immediately cycling this funding through the economy. The Federal Highway Administration has indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects would also have added long-term benefits by improving access to businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and growth of jobs.

Any Federal economic stimulus package should include a sizable investment in transportation infrastructure, and be balanced so that urban, suburban and rural areas can all benefit in the ways that make the most sense locally. A portion of the program could target mass transportation, with funds for the transit and commuter systems that are essential to transport the workforce and connect communities. Recognizing the important role that the intercity rail system played in keeping the economy moving while the airline network was shut down, funds could be included to improve and expand rail service. In addition, resources could be provided for highway projects that will ensure that roads and bridges are ready to serve a recovering economy.

New York State
4-Point Economic Recovery Plan

New York strongly supports congressional action to further stimulate the economy and looks forward to working with the President and Congress in identifying some of the most critical economic needs facing the entire nation, especially those regions of the country and sectors of the national economy most directly impacted by the terrorist attacks of September 11th.

The following proposals should be included in any national economic recovery plan. The tax incentive proposals, in particular, are illustrative of the wide array of options that could potentially achieve the same or similar goals.

WORLD TRADE CENTER RECOVERY ZONE

The goal of the new World Trade Center Recovery Zone or "Liberty Zone" is to create self-sustaining, long-term economic development in New York with special emphasis on the areas damaged or destroyed during the events of September 11, 2001. The Liberty Zone would establish special tax incentives for qualified businesses, designed to stimulate private investment and return jobs to the community. The Liberty Zone would also create financial incentives to encourage businesses that are located within it to hire individuals who live and work nearby, as well as encourage investment in buildings, equipment and infrastructure within the zone through tax-exempt bond financing and favorable depreciation rules. The program would also provide benefits to individuals who reside in the area and have uninsured losses and costly repair and replacement expenses. The plan provides tax incentives for individuals who choose to live or relocate to the zone. The Liberty Zone's goal is to provide lower Manhattan with the necessary tools to revitalize and return to economic self-sufficiency.

The proposals described in this section are among the options that could achieve our goals, and are designed to rebuild New York and to assure that the New York economy recovers from the events of September 11. While the national economy has suffered from the World Trade Center disaster, the economic losses in New York have been much more severe in terms of billions of dollars of damaged or destroyed private capital and public infrastructure; thousands of dislocated workers; millions of dollars of lost sales due to business interruption; and significant disruption to the financial services industry which is the capital of the global securities and banking markets. To that end, our focus is both on stimulating the entire New York economy and revitalizing lower Manhattan.

To assist businesses that were displaced or otherwise damaged by the World Trade Center disaster, the State has already submitted a $1 billion proposal to the White House. This proposal would address the immediate financial needs of individual companies and stimulate broader economic activities. For example, funding would be available for: interim financing for businesses awaiting Federal Small Business Administration loans; uninsured damages as a result of the disaster; and relocation assistance for displaced businesses.

Under the proposals contained herein, tax relief and other incentives would be available to businesses and residents that were temporarily or permanently displaced after the disaster, those that expand within the Liberty Zone, and those new to the area. The incentives would include: tax credits against state and local taxes such as the sales tax; tax benefits for employees willing to work or live in the Liberty Zone; increased depreciation deductions for eligible businesses who build in New York; tax credits for investment in buildings, machinery and equipment replacement; and tax-exempt bond financing.

I. Incentives to Retain and Expand Employment in Lower Manhattan

- **Employee Retention Grants**

  Proposal: Provide grants to companies on a sliding scale in the following priority order : 1) companies that were displaced by the World Trade Center disaster but agree to return to lower Manhattan; 2) companies that agree to locate in lower Manhattan as new tenants; and 3) companies that were tenants in lower Manhattan prior to September 11 who were not displaced but agree to long-term leases to remain in the area. Should the full number of displaced jobs not return to lower Manhattan, the remaining funding may be offered to companies elsewhere in New York City. These grants could be used to supplement the wages of employees.

  Reasons for Change: A significant number of major financial services firms have either temporarily or permanently moved operations outside of Manhattan. These include both back office operations and corporate offices. These grants would encourage companies and workers to return to the area. Retaining employees would help stabilize the tax base and would stimulate other sectors of the economy, such as the retail and business services sectors.

II. Incentives to Rebuild in New York

The following proposals provide incentives for businesses to remain in New York State and ultimately rebuild in lower Manhattan.

- **Triple Tax Exempt Reconstruction Bonds.** Legislation should be enacted authorizing a new category of federally insured triple tax exempt bonds, which would be issued to support the reconstruction of the 25 million square feet of commercial office space destroyed or severely damaged in the World Trade Center disaster. Although it is expected that the construction and reconstruction projects supported by such bonds would be predominantly in lower Manhattan, waivers could be granted for projects in other areas of New York City targeted for redevelopment. However, the overall amount of office space financed with these bonds would not exceed 25 million square feet.

- **Taxable Reconstruction Bonds.** Establish new category of taxable federally-insured reconstruction bonds, which could be purchased by public employee pension funds.

- **Additional Private Activity Bond Authority.** Private activity bond volume cap enables tax-exempt bonds to be issued for specific private purposes, which would otherwise be taxable. Depending on market conditions, a grant of volume cap can reduce borrowing costs by between two and three percentage points. Examples of currently authorized purposes include:

- Small issue manufacturing;
- Single family housing;
- Multi-family residential rental;
- Water, sewer, solid and hazardous waste disposal facilities; and
- Electric, gas, heating and cooling.

The State supports the National Governor's Association proposal to lift all states' private activity bond volume caps as a way to stimulate the national economy. In addition, New York proposes expanding the eligible purposes for which private activity bonds may be issued. If the NGA proposal is not fully implemented, then, at a minimum, the following actions should be taken:

- Double the New York State private activity volume bond cap to $2.8 billion.

- Create a new eligible private activity bond purpose for telecommunications infrastructure.

➢ **Deductibility of State and Local Sales Taxes**

Proposal: State and local sales taxes would be deductible from Federal income and corporate taxes when incurred in the acquisition of certain property used in a trade or business. This special tax treatment would be limited to rehabilitation or construction related to rebuilding the 25 million square feet of destroyed or severely damaged office space. However, waivers could be granted to apply this benefit in other areas of New York City targeted for redevelopment. These taxes are currently capitalized into the basis of the acquired property.

Reasons for Change: This proposal would lower the effective cost of construction for affected businesses, making the rehabilitation of the impacted area more attractive and stimulating investment in buildings throughout New York City.

➢ **Accelerated Depreciation, Expanded Business Expense Deduction and Shortened Amortization for Business Expenses**

<u>Accelerated Depreciation</u>

- Change the current depreciation treatment for new structures (nonresidential real property) from 39 to 20 years. [IRC§ 168(c).]

- Accelerate all tenant leasehold improvements from 39 to 10 years. Repairing the buildings surrounding the World Trade Center will require a tremendous amount of new leasehold improvement expenditures. This proposal would affect all tenant leasehold improvements. [IRC§ 168(i) 8.]

- Accelerate the depreciation of building improvements, such as roofs, HVAC, elevators, and escalators to 20 years. These items are currently treated the same as 39-year MACRS nonresidential real property . [IRC§ 168 (i) (6).]

- Shorten the depreciation of electric or gas transmission and distribution property from 15 to seven years. [IRC§ 168(e)(1) + (3), IRC§ 168 (i)(10).]

Expanded Business Expense Deduction

- Taxpayers could deduct as a business expense costs related to new buildings or other property in New York City. Also allowed would be costs to repair, remove, replace or improve property at the disaster site. This deductibility would be a limited exception to the capitalization requirements of Internal Revenue Code sections 263 and 280B. Costs to purchase replacement property would be fully deductible without regard to the basis limitation rules of section 1033. Generally, costs must be incurred after September 11, 2001, and no later than December 31, 2006.

Shortened Amortization for Business Expenses

- Certain expenses such as planning costs, land use approval costs, design and architectural fees, local fees charged to building owners (utility hookups, roads and sewers) and other pre-construction costs would be amortized over a short period of, for example, five years for Federal tax purposes.

Reasons for Change: Accelerated depreciation, enhanced deductibility of business expenses, and shorter amortization periods would provide significant incentives to replace and upgrade buildings damaged or destroyed in the vicinity of the World Trade Center. The benefits would assist businesses in a number of ways. This tax relief will spur investment in infrastructure and buildings because accelerated depreciation provides for faster recovery of cost. Deductibility of business expenses benefits taxpayers because such expenses are subtracted directly from gross income. Shorter amortization periods are advantageous because it increases corporate income. In addition, for small businesses, these tax changes would also provide access to much needed capital. Shortening the depreciation life of utility property would also benefit consumers through lower utility bills as utilities experience a reduced cost of replacing damaged or destroyed infrastructure.

III. Incentives for Relocation or Expansion in Lower Manhattan

➢ **Federally-Backed Sales Tax Exemption**

Proposal: Provide a refundable credit against federal income and corporate taxes for the purchase of replacement goods by residents and businesses who can document uninsured losses. This would apply to parcels within the lower Manhattan impacted area. The replacement goods and services would be free of State and local sales taxes, and the Federal Government would reimburse the State and localities for tax receipts lost.

Reasons for Change: This proposal would encourage businesses in the impacted area to remain and retool and would also allow affected businesses to upgrade to the latest equipment available at lower cost. The proposal would primarily benefit small businesses that lack disruption of business insurance and are under-insured for property losses. It would increase GDP through both business investment and consumer spending.

➢ **Investment Tax Credits for Equipment, Security Systems and Smart Buildings Technology Enhancements**

Proposal: This proposal consists of two components. The first component would be an investment tax credit of 10 percent on the purchase price of tangible property (broadly defined) within the zone. Property would include, for example, computers, office equipment, and business vehicles. Taxpayers would also be allowed an investment tax credit or deduction for costs related to increasing or replacing security devices, such as surveillance equipment, and security stations.

The second component would create Smart Buildings Technology Enhancement Credits to be used against Federal income and corporate taxes. It would create the SMART Whole Building Credit Component, the SMART Base Building Credit Component, and the SMART Tenant Space Credit Component. The credit amounts would be 15 percent for the SMART Whole Building, 10 percent for the SMART Base Building, and 10 percent for the SMART Tenant Space. Credits would increase 5 percent for each component if a newly constructed building was located in the area below 14th Street in Manhattan. It would apply the same square footage cost caps at $150 per square foot for base building and $75 per square foot for tenant space. Allowable costs would include, for example, enhanced fiber optics or digital cable, high-speed Internet connections, and special computer rooms. The credit would apply to property placed in service on or after September 11, 2001, and before December 31, 2006.

Reasons for Change: Investment tax credits have been critical in encouraging capital investment. This proposal would provide an added incentive to replace damaged or destroyed property in a timely manner. In addition, taxpayers would have an incentive to invest in security system upgrades. It would reduce taxpayers' liability, while improving infrastructure and spurring investment and improving security. The Smart Buildings Technology Enhancement Credits would encourage high technology businesses, such as computer companies, financial services firms and other companies to locate or expand in lower Manhattan. State-of-the-art wiring and computer networking systems are essential components of nearly all businesses, especially the financial services industry. This would provide tax incentives to encourage building developers to rehabilitate and construct buildings to include these building improvements.

IV. Incentives to Retain a Residential Community in Lower Manhattan

- **Resident Refundable Credit**

Proposal. Provide a refundable credit against Federal income tax for individuals who live in lower Manhattan below Canal Street. The credit would be based on a sliding scale and would be indexed.

Reasons for Change: This proposal provides an incentive for residents in lower Manhattan to stay and will stimulate others to move to the area.

SUPPORTING FAMILIES AND DISLOCATED WORKERS

The events of September 11 significantly exacerbated an ongoing national economic slowdown. Tens of thousands of individuals are or soon will be unemployed, either directly or indirectly due to overall economic uncertainty created by the terrorists attacks. New York's workforce has unquestionably experienced the most severe blow. Nearly 377,000 workers were impacted by the attacks, a number roughly equivalent to the population of the entire City of Atlanta. Nearly 1,300 businesses were directly impacted. President Bush's proposals to extend unemployment benefits nationwide, provide grants for health insurance coverage, income supplementation and job training, and to provide assistance in accessing existing job search and training services will significantly mitigate this severe problem. New York is also seeking Federal assistance to address the immediate needs of these workers as follows:

- **100 percent reimbursement for COBRA premiums.** Emergency grants to cover Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation health coverage premiums for workers displaced as a direct result of the attacks is an important step in providing financial stability for individuals so brutally displaced from their jobs.

- **Unemployment Insurance Trust Fund and workers' compensation.** As a result of the terrorist attack against New York City, there are thousands more claims for unemployment insurance benefits than would normally be seen at this time of year. These claims are straining the Unemeployment Insurance (UI) Trust Fund and, in turn, adding to the considerable after-shock the State's businesses are experiencing.

  The UI Trust Fund needs an immediate infusion of $260 million to cover the cost of unemployment insurance benefits that will be paid through December 31 to the thousands of workers who have lost their jobs due to the attack. Without Federal reimbursement of these charges, employers would suffer an unaffordable increase in UI taxes of $160 million.

  A similar increase in workers compensation rates is also likely to be triggered due to payments made in relation to the terrorist attacks. New York State has made tremendous strides in lowering employer's workers compensation rates over the past several years, and the Federal Government should make special accommodations to prevent any increases in these rates due to the terrorist attacks.

  As the impact of the crisis ripples throughout the State's employers, the amount of Federal funding almost certainly will need to be increased to accommodate those employers who provided services, products or otherwise relied on business activity generated in the immediate disaster area.

The State must have assurances that the Federal Government will continue to allow workers ineligible for State UI benefits to apply for benefits under the Disaster Unemployment Assistance program, which provides benefits to self-employed individuals, spouses who have lost the major breadwinner for a household, and others.

In addition, it is critical that the Federal Government act to provide extended UI benefits beyond the 26 week period provided for under normal UI, and that it fund such benefits out of the Federal budget.

- **Welfare-to-Work Funding**. Efforts should be made to further streamline the Federal requirements governing individual recipient eligibility in the Welfare-to-Work Block Grant. This program was intended to target hard-to-serve welfare recipients with multiple barriers to employment. Over the last two years, Congress has removed some of the restrictions on the use of the money because many states have been unable to spend the funding due to the narrow parameters originally established in the program.

  New York has received approximately $187 million in Federal Welfare-to-Work funds over the two-year grant period. However, due to restrictive spending requirements, nearly $125 million in job training and workforce development funding remains unused. In light of the events of September 11th, New York would like to access its share of this funding as a true block grant, by using the funds to provide employment services to whoever is in need of assistance, without regard to the eligibility restrictions that currently remain in the Federal law.

ECONOMIC RESTITUTION

The destruction in lower Manhattan disrupted or eliminated revenue streams that support the day-to-day functions of the City and the State. Our current analysis demonstrates that New York State could experience revenue losses of as much as $9 billion over the next 18 months and New York City forecasts a loss of up to $3 billion. (See attached Analysis of Revenue Loss). Unrestricted Federal aid to the State and City are essential if government is:

- to maintain the level of vital public services that existed prior to September 11th as required under State and City statutes, while also addressing the extraordinary needs in the wake of the terrorist attacks.
- avoid tax increases or untenable program cuts which in addition to other economic impacts would further stress the unemployment insurance system, actions which would work at cross purposes with Federal Economic Stimulus Initiatives.
- To manage the consequences of the attack on the financial services industry, which is by far the most significant industry to the State and the City in terms of generating taxable incomes for both individuals and corporations, and is one of the primary engines which drives the national economy.

While unrestricted financial aid will provide the most direct and flexible assistance in meeting these challenges, alternative options include increased Federal financial participation in programs such as Medicaid.

ENHANCING PUBLIC INFRASTRUCTURE AND SAFETY

New York's transportation infrastructure programs present a readily available opportunity to stimulate the economy, create good paying jobs and spur development. The State's transportation agencies, such as the Department of Transportation, the Metropolitan Transportation Authority and the Thruway Authority are positioned to begin additional projects quickly, thus maximizing the use of Federal assistance by immediately cycling this funding through the economy. The Federal Highway Administration has indicated that each $1 billion of transportation investment creates 42,000 jobs. These projects will also provide added long-term benefits by improving access for businesses and industrial facilities. Major transportation projects have, historically, laid the foundation for expanding residential and commercial development and the growth of jobs.

Any Federal economic stimulus package should include a sizable investment in transportation infrastructure and should be balanced so that urban, suburban and rural areas can all benefit in the ways that make the most sense locally. A portion of the program should target mass transportation, with funds for the transit and commuter systems that are essential to transport our workforce and connect our communities. Recognizing the important role that the intercity rail system played in keeping our economy moving while the airline network was shut down, funds should be included to improve and expand rail service. In addition, resources should be provided for highway projects that will ensure that our roads and bridges are ready to serve a recovering economy.

New York would use its share of the new Federal funding to advance projects that will fuel a new economic vitality, create jobs, and build quality communities. Specifically, this could include the following initiatives:

I. Transit Program

- Accelerate the MTA 2000-2004 capital program, including track improvements, station rehabilitations, rolling stock acquisition, signal modernization and safety enhancements.
- Fund a new multimodal Port Authority Trans Hudson (PATH) terminal to improve commuter access to lower Manhattan.
- Fund completion of the final design and ready-to-go construction phases of the East Side Access project that will link the Long Island Rail Road to Grand Central Terminal in Manhattan, and free up capacity in the existing Penn Station for Amtrak or other commuter services.
- Accelerate preliminary engineering for the Second Avenue Subway that will relieve severe subway congestion on Manhattan's East Side and improve access to lower Manhattan.

- Assist statewide transit operators with timely replacement of their bus fleets, providing buses to improve reliability, reduce maintenance costs and maintain ridership.

II. Highway and Bridge Investment Program

- Accelerate the State's 5-year capital program, including paving, bridge rehabilitation, industrial access, and intelligent technology projects.

- Accelerate rehabilitation and construction of highway bridges owned by local governments.

- Modernize infrastructure and improve security for border crossings between the United States and Canada to enhance international trade and improve international traffic flow.

III. Rail Investment Program

- Expedite implementation of high speed rail passenger service between Schenectady and New York City, including track upgrades and remanufacture of high speed trains.

- Make safety improvements to the passenger rail tunnels leading to New York's Penn Station as recommended by the USDOT Inspector General.

- Finalize the necessary lease agreements with the United States Postal Service and secure funding for the redevelopment of the Farley Building in Manhattan. The project will conserve and improve the historic building to serve as a rail station, retail center and postal facility.

- Make rail safety and capacity investments in stations, grade crossings, and signal upgrades throughout the State.

- Improve rail and highway connections to port facilities to enable transportation links between the ports and distribution, processing and packaging centers throughout the State.

IV. Federal Statutory, Administrative and Regulatory Actions

In order to expedite the projects and accelerate the infusion of cash into the economy, regulatory and administrative processes will need to be streamlined to the maximum extent possible. In some cases, Federal legislation will be required to allow disaster recovery and economic stimulus initiatives to proceed effectively. For example, we would need to:

- Obtain relief from Section 125 (d) of the Federal Highway Law limiting Emergency Relief expenditures from "a single catastrophic failure in a State" to $100 million. Costs from the attack will dramatically exceed this limit.

- Streamline the Federal Transit Administration grant award process to ensure that obligation authority for transit grants be available to transit agencies within 30 days of passage of the Federal stimulus package.

- Secure a full funding grant agreement for the Long Island Rail Road East Side Access Project.

- Obtain a waiver from the Clean Air Act conformity requirements and the Metropolitan Planning requirements of TEA-21 through September 2005 for the New York Metropolitan Transportation Council, the Metropolitan Planning Organization for the New York City area.

- Obtain language to enable transfer of existing funds from the TEA-21 border crossing program to the General Services Administration to permit needed border crossing improvements on New York's Canadian border.

City of New York

Rudolph W. Giuliani
Mayor

Estimated Costs of September 11, 2001 Terrorist Attack For Public Safety Agencies & Office of Emergency Management

Compiled by New York City
Office of Management & Budget - 9/25/01

Summary
New York City - Public Safety Agencies and OEM
Preliminary Estimate of Costs by Component

($ in millions)

City Budget Costs

Personal Services	
Uniform and Civilian Employee Costs	
New York City Police Department Overtime	$ 1,680
New York City Fire Department Overtime	103
Department of Sanitation Overtime	183
Department of Correction Overtime	24
Office of Emergency Management	8
Subtotal Personal Services	**$ 1,998**
Other Than Personal Services	
New York City Police Department	868
New York City Fire Department	272
Department of Sanitation	276
Office of Emergency Management	146
Subtotal Other Than Personal Services	**$ 1,562**
Total Costs for Public Safety Agencies and OEM	***$ 3,560***

New York City Police Department

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Overtime		
	Approximately 30,000 uniformed personnel on 12 Hour Shifts for first 2 days. Reduction in uniformed resources to 7,500 after first 2 days earning daily overtime rate of $4.5 million. Mandatory overtime through August 2002.	$ 1,623	$ 1,623
	Civilian Overtime		
	Deployment of approximately 9,300 civilian personnel on 4 hours of mandatory overtime through the month of September. Thereafter, 2,300 civilian personnel on mandatory overtime through August 2002.	57	57
	PS Subtotal:		**$ 1,680**
Equipment			
	Harbor Unit Equipment (Patrol launches, Scuba gear, repairs)	$ 50	
	Aviation Unit Equipment (including helicopters)	50	
	Photo imaging display, Flack Jackets, etc.	25	
	Biological / Chemical Warfare (NBC suits, garments, helmets)	40	
	Other (Citywide precinct security, bollards, CCTV)	75	**$ 240**
Vehicles			
	Replacement of Radio Motor Patrol Vehicles	$ 40	
	Replacement of large vehicles (Cranes,HazMat,Tractors)	35	
	Prisoner Transport vehicles, THV's, Suburbans, etc.	25	
	Repairs / parts replacement / other	100	**$ 200**
Communications			
	E911 Equipment Replacements	$ 25	
	Headquarters Communication System and Security	25	
	Mobile Digital Terminals Replacement	35	
	AVL / GPS System (includes base station and hardware)	20	
	Other (PBX, Portable Radios, T-1 Lines, Handheld Devices)	100	**$ 205**
Miscellaneous / Other			
	Fuel	$ 25	
	Air Filtration System Replacement	18	
	Anti-terrorist Supplies and Materials (40,000 @ $1,000)	40	
	Uniform Replacements (40,000 @ $1,000 each)	40	
	Other (citywide precinct security, bullet resistant glass)	100	**$ 223**
	OTPS Subtotal		**$ 868**
	Totals		**$ 2,548**

Fire Department

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	2,000 uniformed personnel in September 2001, and 400 posts from October through December 2001. The Department was operating on 24-hour shifts for the first two weeks of the attack, and currently is on 10-hour shifts.	$ 103	$ 103
	PS Total		$ 103
Emergency Protective Measures			
	5 Communication Offices	$ 45	
	Automatic Vehicle Locator System	25	
	Emergency Response Systems	33	
	Computer Aided Dispatch (CAD)	35	
	Wide Area Network	21	
	CAD Back-up	15	
	Medical Emergency Response Vehicle	1	
	HazMat	1	
	Command/Communications Trailers	4	$ 180
Vehicles			
	Fire Apparatus/Ambulances	58	
	Support Services - Large Vehicles	2	
	Support Services - Small Vehicles	1	$61
Communications			
	Radio Antennae	1	
	Telecommunications	6	$7
Miscellaneous / Other			
	Facility Rehabilitation	2	
	Death Benefits	16	
	Miscellaneous Supplies	6	$24
	OTPS Total		$ 272
	GRAND TOTAL:		$ 375

Department of Sanitation

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Costs	$ 144	$ 144
	The workload for the first 10 days of the attack was 500 uniform personnel posts per day. Currently, the Department is operating with over 300 overtime posts including coverage for the Fresh Kills landfill, the World Trade Center, and barge loading and unloading facilities.		
	Civilian Costs	39	$ 39
	Over 100 civilians are on overtime. Costs are primarily from support operations, including auto mechanics, crane engineers, tractor operators, and administrative		
	PS Total		$ 183
Emergency Protective Measures			
	Automatic Vehicle Locator System (3,500 vehicles)	$ 35	
	Back-up Voice Communication System	3	
	X-Ray and Metal Detectors at 80 Facilities	2	
	Consultant Contracts for Emergency Work	2	$ 42
Equipment			
	Barges (84 at $1 million each)	84	$ 84
Vehicles			
	Dump Trucks (94 at $120,000 each)	11	
	Front End loaders (90 at $120,000 each)	11	
	Payhaulers	8	
	Fuel Trucks, Backhoes, Flatbeds, Car Carriers, etc	3	
	Salt Spreaders (25 at $160,000 each)	4	
	Superloaders	3	
	Cranes - Large and Small	12	
	Light Duty Vehicles	3	
	Flushers (8 at $200,000 each)	2	
	Bulldozers (3 at $500,000 each)	2	$59
Communications			
	Wireless Capabilities for LAN System	5	$5
Miscellaneous / Other			
	Barge Contract	18	
	Garner Contract (Debris Sorting and Sifting)	39	
	Landfill Cover Contract	14	
	Equipment and Supplies (shovels, masks, rain gear, etc)	15	$86
	OTPS Total		$ 276
	GRAND TOTAL:		$ 459

Department of Correction

Estimated Costs

($ in millions)

Category	Item	Estimate	Subtotal
Personal Services			
	Uniform Overtime		
	Deployment of approximately 730 full time equivalents in September with a gradual scale back to 123 by February 2002. Mandatory overtime through August 2003.	$ 22	$ 22
	Civilian Overtime		
	Deployment of approximately 165 civilian personnel in September with a gradual scale back to 40 by January 2002. No additional overtime costs associated with World Trade Center incident are assumed beyond January.	2	2
	Total Overtime		$ 24

Office of Emergency Management

Estimated Costs

($ in millions)

The Office of Emergency Management provides the City with emergency preparedness and centralized coordination services in order to respond to emergency situations. Costs to support OEM during the current response effort include the relocation and build out of the temporary command center and backup site, citywide staffing of agencies' desks at the center, various general other-than personal services costs, and vehicle replacements.

OEM's command center was located in 7 World Trade Center and was destroyed. The City has relocated the command center to Pier 92. The temporary command center is providing centralized coordination, support, and communication functions for government, private, and non-for-profit entities. The temporary command center is supporting 70 posts and over 200 people working twenty-four hours a day, seven days a week since the terrorist attack on the World Trade Center. A long-term replacement site will also be necessary.

Category	Item	Estimate	Subtotal
Personal Services			
	Citywide Staffing of the Command Center	8	
	(3 Staff at 50 desks, 24/7, 12wks)		$ 8
Emergency Protective Measures			
	Citywide Infrastructure for Emergency Radio Network	60	
	OEM Command Center Replacement	54	
	(includes all costs)		$ 114
Vehicles			
	Replacement Vehicles & Other Equipment	1	
			$ 1
Communications			
	Temporary Command Center	10	
	Back-up Command Center	1	
			$ 11
Other than Personal Services			
	Temporary Site - General Construction Build out (includes all consultant services, GIS support, Office Equipment, Furniture, Computer Systems, etc.)	10	
	Back-up Temporary Site (Estimate includes all costs)	10	
			$ 20
		Total:	**$ 154**

Attachment

New York Police Department Equipment Needs

NYPD
EQUIPMENT NEEDS

Rudolph W. Giuliani
Mayor

Bernard B. Kerik
Police Commissioner

Joseph P. Dunne
First Deputy Commissioner

Updated September 21, 2001

Index

Executive Summary

Executive Summary

As a result of the World Trade Center incident the New York City Police Department is exhausting all its resources to ensure that the victims are safely recovered, deceased individuals are removed from the scene in a decent manner, emergency workers are equipped with proper safety gear, and the citizens of this city are protected from any future terrorist acts.

To ensure that the New York City Police Department meets these goals a list of Equipment Needs was compiled and is attached. The list of equipment is broken down into two (2) categories: (i) Replacement Equipment Needs as a result of the WTC incident, (ii) New Equipment Needs as a result of the WTC incident, and to prepare for any future incidents.

It should be noted that the attached equipment list is not all-inclusive. There is a number of expenditure categories not included in this preliminary report, such as service contracts, training, clothing, sundry items, and personal services (salaries and overtime). The Police Department is in the process of developing a more comprehensive expenditure report that will be submitted for consideration of Federal reimbursement.

The total cost for all the equipment listed is $868 million dollars. This list is broken down by replacement equipment - totaling $102 million dollars, and New Needs equipment - totaling $766 million dollars.

Some highlights of the requested equipment are:

➢ Communications Upgrades	$222 million
➢ Facility Security Upgrades	$207 million
➢ Capital Project	$150 million
➢ Emergency Response Vehicles	$ 80 million
➢ Hazardous Material Equipment Upgrades	$ 76 million
➢ Air / Sea Rescue	$ 42 million
➢ Rescue Equipment	$ 30 million
➢ Improved Intelligence Gathering Systems	$ 25 million
➢ Water Rescue Equipment	$ 16 million
➢ Mobile Command Post Vehicles	$ 6 million
➢ Medical / Safety Equipment	$ 6 million

Communications Upgrades *$222 million*

- 25,000 Additional Portable Radios
- 4,000 Mobile Digital Terminals
- 30,000 Handheld Computer Devices
- 40,000 Two Way Alphanumeric Pagers
- 6,000 AVL/GPS Automatic Vehicle Locators
- 243 Computer Precinct Routers and Switches
- 3,000 Computers (Standalone & Laptop) / Printers / Scanners
- 2 Public Branch Exchanges (PBX)
- 3,000 Cellular Telephones

Facility Security upgrades *$207 million*

- Patrol Facilities Security Upgrade
- Outdoor Range Security Upgrade
- Engineer / Design / Construct NYPD Headquarter Two Stage Air Filtration System
- NYPD Headquarters Security System Upgrade
- Security Upgrade / Armory & Ammunition Storage Buildings
- Special Operations Division / Emergency Services Upgrade
- Under Vehicle Inspection Systems
- Retinal Identification Systems
- Portable Metal Detectors

Capital Project *$150 million*

- Emergency Heavy Duty Vehicle & Truck Repair Facility

Emergency Response Vehicles *$80 million*

- 2 Tactical Bradley Tanks
- 15 Emergency Service Rescue Trucks
- 4 Construction Accident Response Vehicles
- 100 Replacement Radio Motor Patrol Vehicles
- 500 Additional Radio Motor Patrol Vehicles
- 15 Armored Excursions
- 5 Mobile Laboratory Vehicles
- 6 Construction Vehicles
- 10 Armored Personnel Carriers
- 8 Mobile Light Generator Trucks

Hazardous Material Equipment *$76 million*

- 50,000 Gas Masks, Bags and Filters
- 40,000 Biological & Chemical Warfare Garments
- 1,000 Spitfire Chemical Detection Strips
- 40,000 NBC Suits with boots and gloves
- 50,000 Saranex Tyvek Suits
- 12 Decontamination Vehicles
- 310 Scott Air Packs
- 10 Large Biological Chemical Warfare Detector Units in Trailers / HMMV'S
- 60,000 Mark-One Kits
- 5,000 Hammer / Saratoga Suits
- 5 Zurmro Shelter 216 Kits
- 1 HAZMAT Shower Truck
- 200 HAZMAT Sheds

Air / Sea Rescue *$42 million*

- 4 Bell 412 Air / Sea Rescue Bell Helicopters
- 10 Forward Looking Imaging Systems
- 12 Aircraft Ballistic Panels
- 1 Aircraft Rescue and Firefighting Truck
- 12 GPS for Aircraft
- 12 Night Vision Binoculars

Rescue Equipment *$30 million*

- 50,000 Rescue Helmets
- 2,000 Flack Jackets
- 40 Battery Operated Rabbit Tools
- 300 Body Armor including Helmets and Bunkers
- 75 Thermal Imaging Cameras
- 40 Battery Operated Hurst Tools
- 500 Rappel Safety Equipment Systems

Improved Intelligence gathering systems *$25 million*

- Computerized Property Tracking System
- Automated Palm Print Identification System
- Photo Imaging Display Equipment
- Closed Circuit Television Cameras and Monitors
- 22 Portable Livescan Fingerprinting Machines
- 50 Face Recognition Software and Cameras
- 150 GEOFILE Mapping Software for Underground Infrastructures

Water Rescue Equipment *$16 million*

- 6 – 13 Foot Boston Whaler Outboard
- 4 – 27 Foot RHIB Rigid Hull Inflatable
- 4 – 36 Foot Patrol Launches
- 4 – 55 Foot Patrol Launches
- 300 Full Scott SCUBA System
- 200 Ballistic Bullet Floatation Vests
- 2 Side Scan Sonars

Mobile Command Post Vehicles *$6 million*

- 12 Mobile Command Post Vehicles to be Deployed throughout the City
- 10 Small Task Force Command Posts
- 1 Mobile Command Post Supply Vehicle

Medical *$6 million*

- 1,500 Defibrillators / First Aid Kits
- 2,000 Medical Gear Bags
- 25 Launch Medical Kits
- 500 First Aid Kits
- 1,000 Cervical Collars
- 200 Surgical Kits
- Police Laboratory Supplies

Replacement Equipment Needs

ITEM	*QUANTITY*	*COST*	*TOTAL*
ABDOMINAL DRESSINGS	10000	3	$30,000.00
AGA DIVIATOR MKII FULL FACE MASK, LOW PRESSURE HOSE	100	700	$70,000.00
AIR BAGS	1	$64,735.00	$64,735.00
AIR SOURCE CARTS	20	4500	$90,000.00
AUTOMATED PALMPRINT ID SYSTEM	1	$6,000,000	$6,000,000.00
BACKBOARDS	30	50	$1,500.00
BALLISTIC BUNKER WITH CARRY CASE	40	2000	$80,000.00
BANDAID (PKG)	5000	5	$25,000.00
BARRIER TAPE	1140	$8.00	$9,120.00
BATTERY #A76	1	$97.00	$97.00
BATTERY OPERATED HURST TOOLS	40	10000	$400,000.00
BATTERY OPERATED RABBIT TOOLS	40	40000	$1,600,000.00
BATTERY, SABER	5000	$18.48	$92,400.00
BINOCULARS (NIGHT VISION & STANDARD)	250	500	$125,000.00
BIOHAZARD BAGS (LARGE)	10	$114.95	$1,149.50
BIOHAZARD BAGS (MEDIUM)	25	$73.20	$1,830.00
BIOHAZARD BAGS (SMALL)	9	$41.14	$370.26
BIOHAZARD BAGS (X-LARGE)	10	$199.35	$1,993.50
BIO-HAZARD RED BAGS	25000	$0.38	$9,500.00
BODY ARMOR INCLUDING HELMETS AND BUNKERS	300	4000	$1,200,000.00
BODY BUNKER W/ LIGHTS	12	$5,000.00	$60,000.00
BOMB SUITS	15	$15,000.00	$225,000.00
BOOTS	4000	75	$300,000.00
BOTTLE JACKS - 55 TON AIR ASSIST	15	4000	$60,000.00
BOTTLES (SCUBA)	600	1100	$660,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
CAMELBAK HYDRATION SYSTEM RESERVOIR	1000	$54.50	$54,500.00
CAMERA - 35 MM CAMERA W/ TELESCOPIC & ZOOM LENSES	36	$300.00	$10,800.00
CAMERA - DIGITAL VIDEO CAMERAS W/ NITE VISION	7	$1,375.00	$9,625.00
CAMERA -DIGITAL	500	$675.00	$337,500.00
CAMERA MISC EQUIPMENT	1	$7,472.80	$7,472.80
CAMERAS - POLE	20	8000	$160,000.00
CANINE - TRAINING EQUIPMENT FOR K-9'S	1	5000	$5,000.00
CARGO BAGS	80	$52.00	$4,160.00
CARTRIDGE,MULTI-GAS	200	$13.19	$2,638.00
CARTRIDGES FOR CHEMICAL RESPIRATOR	100	$41.01	$4,101.00
CARTRIDGES FOR FACE RESPIRATOR	95	$161.18	$15,312.10
CAT BATTERY ANALYZER	1	$1,439.00	$1,439.00
CELLULAR PHONES (W/1 YRS USAGE)	3000	$1,000	$3,000,000.00
CERVICAL COLLAR	1000	20	$20,000.00
CHEM BIO FILTERS	2000	30	$60,000.00
CHEMICAL AGENT DETECTION - ACADA	1	4000	$4,000.00
CHEMICAL LIGHT STICK	10000	1	$10,000.00
CHEMICALS - HP-1MS/HP-5MS	1	$2,938.27	$2,938.27
CLEAN/REMOVE DEBRIS FROM DEPT VEHICLES	1	$5,000.00	$5,000.00
CLEAN/REMOVE DEBRIS FROM ESU TRUCKS	1	$2,500.00	$2,500.00
COMPRESSOR	8	$450	$3,600.00
COMPRESSOR (HEAVY DUTY)	1	$11,514.00	$11,514.00
CON SPACE COMMUNICATIONS SYSTEM	11	2000	$22,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
CONES, TRAFFIC	11000	$5.20	$57,200.00
CONTAMINANTS DRUM FOR VACUUM - 55 GALLON	1	$181.48	$181.48
COTS	10000	50	$500,000.00
COVERALLS	2000	$30.00	$60,000.00
DB - DUAL INITIATOR FOR BOMB SQUAD	5	$344.83	$1,724.15
DUCT TAPE	10000	$7.80	$78,000.00
DUST/MIST RESPIRATORS, DISPOSABLE	20000	$20.00	$400,000.00
ELBOW PADS WITH HARD SHELL (TACTICAL)	1000	$9.99	$9,990.00
ELBOW/KNEE PADS	23	$10.50	$241.50
ELECTICAL ELEVATOR EMERGENCY KITS	25	600	$15,000.00
ELECTRONIC SCANNING MICROSCOPE	1	$350,000.00	$350,000.00
ELECTRONICS SECTION, REPLACEMENT PARTS	1	$2,225,000.00	$2,225,000.00
EMERGENCY BLANKET, DISPOSABLE	2000	$7.00	$14,000.00
EMERGENCY FLARES	700	$31.77	$22,239.00
EMERGENCY LIGHT PACK	500	$100	$50,000.00
EMT EQUIPMENT	200	350	$70,000.00
EMT SHEARS	10000	10	$100,000.00
ENGINE - 250HP YAMAHA OUTBOARD POWER HEADS	6	8000	$48,000.00
ENGINE - 3126 CATERPILLAR ENGINES	8	35000	$280,000.00
EQUIPMENT REPLACEMENT - HOME DEPOT	1	$55,000	$55,000.00
ESU CARGO PANT'S ASSORTED SIZES	1000	30	$30,000.00
ESU TOOLS	1	$25,000.00	$25,000.00
EXTENSION CORD	50	$25	$1,250.00
EXTENSION CORDS 100 FOOT (HEAVY DUTY)	50	40	$2,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
FIRST AID KIT	500	$120	$60,000.00
FIRST AID KIT EYE DRESSING	1000	5	$5,000.00
FLAGS - AMERICAN	4000	$1.00	$4,000.00
FLARES, EMERGENCY	3000	$31.77	$95,310.00
FLASHLIGHT - 2 CELL MAG	100	$17	$1,700.00
FLASHLIGHTS FOR EXPLOSIVE ENVIRONMENTS	5000	100	$500,000.00
FLIGHT LINE LIGHTING & LZ EQUIPMENT	2	10000	$20,000.00
FUEL	1	$1,500,000	$1,500,000.00
GARAGE DOORS - TK'S 1,2,4,7,10	5	20000	$100,000.00
GARDEN SPRAYERS	100	20	$2,000.00
GAS CANS - 5 GAL.	10	10	$100.00
GAS POWERED AIR COMPRESSOR	15	5000	$75,000.00
GAS POWERED PUMP	8	$300	$2,400.00
GASES - DIHYDROGEN HEXACHLOROPLATINATE	4	$533.00	$2,132.00
GEAR BAGS	5000	50	$250,000.00
GENERATOR	6	$850	$5,100.00
GENERATOR - 25KW KOHLER -- GENERATOR WITH TRAILER	1	25000	$25,000.00
GENERATOR - 600 KW GENERATOR SET W/TRACTOR & TRAILER	1	$235,000	$235,000.00
GENERATOR - 8KW KOHLER DIESEL MARINE GENERATORS	6	14000	$84,000.00
GENERATOR MALT 2	1	450000	$450,000.00
GENERATOR TRUCK/TRAILER	10	50,000	$500,000.00
GENERATORS	15	4000	$60,000.00
GENERATORS - 20KW KOHLER DIESEL MARINE	6	18000	$108,000.00
GENERATORS (PORTABLES)	15	1000	$15,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
GENERATORS / 125 XQ CAT	5	$80,000	$400,000.00
GENERATORS / 350SQ CAT	2	$225,000	$450,000.00
GLOVES - LATEX	50000	$5.00	$250,000.00
GLOVES - WORK	50000	10	$500,000.00
GLOVES RAPPEL	500	20	$10,000.00
GOGGLES, DUST/CHEMICAL RESISTANT	50000	$1.29	$64,500.00
GOOSENECK ADAPTER	20	$140.00	$2,800.00
GRANGER	1	$13,010	$13,010.00
GRINDERS 7"	1	$230	$230.00
GRINDERS 9"	6	$270	$1,620.00
H.O. PENN LIGHTING	1	$40,100	$40,100.00
HAMMER SUITS / SARATOGA SUITS (BLUE)	5000	300	$1,500,000.00
HARD HAT	20000	$8	$160,000.00
HEADQUARTERS - ENGINEER/DESIGN/CONSTRUCT HEADQUARTERS 2-STAGE AIR FILTRATION SYSTEM	1	$5,000,000	$5,000,000.00
HELMET - BULLARD RESCUE	1000	80	$80,000.00
HIGH ANGLE ROPE RESCUE KIT.	15	500	$7,500.00
HIGH AUDIO TAPE RECORDERS	600	$500.00	$300,000.00
HURST EXTRACTOR #5	20	4000	$80,000.00
HURST RESCUE TOOL GAS POWERED UNIT	20	4500	$90,000.00
HURST RESCUE TOOL MODEL RAM 60	20	2500	$50,000.00
HURST SPREADERS	20	4000	$80,000.00
HYDRAULIC ENTRY TOOLS, LOCK BREAKERS, HALIGAN	100	3000	$300,000.00
HYDRAULIC RAMS	47	1000	$47,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
IBUPROFEN TABLETS	10000	0.2	$2,000.00
ICE PACK	10000	2	$20,000.00
ID TAGS, DEAD ON ARRIVAL	50000	$0.11	$5,500.00
INFECTIOUS WASTE DISPOSAL	50	$25.90	$1,295.00
INFLATABLE MATTRESSES	1000	20	$20,000.00
INGERSOLL RAND EQUIPMENT	1	$12,150	$12,150.00
INTERNAL RING CLI 24X24	1000	$30.25	$30,250.00
IV CATHETER	1000	5	$5,000.00
IV FLUID PACK	1000	5	$5,000.00
IV INFUSION SET	1000	5	$5,000.00
KERLIX ROLLED GAUZE	40000	1	$40,000.00
KNEE PADS	100	$14	$1,400.00
KNEE PADS (FULL SIZE)	100	$25	$2,500.00
K-SAW	8	$1,000	$8,000.00
LANTERN, 6 VOLT	2500	$10.00	$25,000.00
LAUNCH MEDICAL KITS	25	5000	$125,000.00
LEAD SEALS	200000	$0.11	$22,000.00
LIFELINE/WORKLINE	1	$5,000.00	$5,000.00
LIGHT TOWER	100	$12,000	$1,200,000.00
LIGHT TRUCKS / BARS	20	500	$10,000.00
LINE TRANSFER SYSTEM	30	400	$12,000.00
LITTERS	1000	20	$20,000.00
MASK - DUST DISPOSABLE	50000	$1	$50,000.00
MASK - FILTER MASKS ASBESTOS RATED	20000	60	$1,200,000.00
MASK - HALF MASK FACEPIECE	20000	$17.00	$340,000.00
MAXI BEAM SYSTEM	20	2000	$40,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
MED. EQUIP AND GEAR BAGS	1000	30	$30,000.00
MEDICAL - BETADINE SMALL BOTTLES	50000	2	$100,000.00
MEDICAL - BURN DRESSINGS	50000	1	$50,000.00
MEDICAL -BETADINE SWABS	50000	0.2	$10,000.00
MEDICAL GEAR BAGS	2000	500	$1,000,000.00
MILITARY FIELD DRESSINGS	40000	2	$80,000.00
MISCELLANEOUS PARTS FOR ESU GENERATOR	1	$2,500.00	$2,500.00
MSA FILTER CARTRIDGE	46	$70.55	$3,245.30
NFPA RACKS (FOR RAPPELLING)	40	100	$4,000.00
NITROGEN LIQUID	2	$125.00	$250.00
NOMEX JUMPSUITS	2000	150	$300,000.00
NOMEX/LEATHER GLOVES	2000	30	$60,000.00
NOVEC ENGINEERED FLUID	6	$1,036.20	$6,217.20
OXYGEN REGULATORS	100	200	$20,000.00
OXYGEN/ACCET.	12	$84	$1,008.00
PASSPORT 5 STAR METERS	50	2500	$125,000.00
PELICAN HELMET LIGHTS	500	40	$20,000.00
PELICAN SUPER SABER LITE PROFESSIONAL FLASHLIGHT	200	75	$15,000.00
PETROGEN CUTTING TORCHES	30	1400	$42,000.00
PNEUMATIC SPLINTS	1000	20	$20,000.00
POLE NOOSE ANIMAL CONTROL SYSTEM	100	200	$20,000.00
POLICE LAB SUPPLIES	1	$754.00	$754.00
PORTABLE FAXES (WIRELESS)	6	1000	$6,000.00
PORTABLE PRINTERS	20	$500	$10,000.00
PORTABLE PUBLIC ADDRESS SYSTEMS	10	$2,000.00	$20,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
PORTABLE WELDING TOOL	15	5000	$75,000.00
PULLEYS 4" SINGLES (80) & 4" DOUBLES (40)	120	200	$24,000.00
RADIO 2 WAY	50	$300	$15,000.00
RAIN COATS	3000	$9.60	$28,800.00
RAPPEL SAFETY EQUIPMENT (ROCO)	500	500	$250,000.00
RE-BAR CUTTER	1	$1,600	$1,600.00
RECHARGEABLE DRILLS, SAWZALLS 24 VOLT	40	500	$20,000.00
REPAIR EMISSIONS TESTING EQUIPMENT	1	$10,000.00	$10,000.00
REPAIR OF PROPELLERS	1	$3,981.00	$3,981.00
REP'S WITH KING CAB	15	80000	$1,200,000.00
RESCUE ELBOW PADS	1000	$13.70	$13,700.00
RESCUE EQUIPMENT	1	$83,615.29	$83,615.29
RESCUE KNEE PADS	1000	$25.00	$25,000.00
RESPIRATOR (IDC CORP)	3000	$15.95	$47,850.00
RESPIRATOR FILTER #96NHC	17000	$5.75	$97,750.00
RESPIRATOR R95, DISPOSABLE	245	$98.00	$24,010.00
RESPIRATOR, FULL FACE	100	$79.60	$7,960.00
RESPIRATOR, PARTICULATE FILTER	100	$9.75	$975.00
RESPIRATORS	19	$31.11	$591.09
RESPIRATORS (HEAVY DUTY)	80	$98.00	$7,840.00
RESPIRATORY SUPPLIES & MATERIALS	1	$25,000.00	$25,000.00
RIGGING PLATES	10	5	$50.00
ROPE STORAGE BAGS WITH SHOULDER STRAP	100	50	$5,000.00
SAFETY VEST	35	$13	$455.00

ITEM	QUANTITY	COST	TOTAL
SALINE VIALS (1 USE)	20000	1	$20,000.00
SAM SPLINT	10000	12	$120,000.00
SAR ESCAPE PACKS	100	1500	$150,000.00
SARANEX TYVEK SUITS - WHITE	50000	90	$4,500,000.00
SCOTT AIR PACKS	310	3600	$1,116,000.00
SCOTT AV - 2000 CARTRIDGE ADAPTER	2000	75	$150,000.00
SCOTT AV - 2000 MASKS	1000	250	$250,000.00
SCOTT AV - 2000 VOICE EMITTER	50	250	$12,500.00
SCOTT HEPPA FILTERS	2000	55	$110,000.00
SEAL CRIMPERS	80	$50	$4,000.00
SECURITY ENVELOPES	1000000	$5	$5,000,000.00
SHEET, BURN TRAUMA	2000	20	$40,000.00
SHOVELS	500	20	$10,000.00
SIDE SCAN SONAR	2	200000	$400,000.00
SKED LITTER	1000	50	$50,000.00
SLEEPING BAGS	1000	50	$50,000.00
SMALL BOLT CUTTERS	500	50	$25,000.00
SNAKE EYE HAND REMOTE SYSTEM	20	$1,695.00	$33,900.00
SOCKS	2000	2	$4,000.00
SOUND LISTENING DEVICES	50	2,000	$100,000.00
SPACE BLANKET	10000	5	$50,000.00
SPITFIRE CHEM DETECTION STRIPS	1000	10000	$10,000,000.00
SPOTTING SCOPES	20	80	$1,600.00
STAINLESS STEEL GIBBS	20	50	$1,000.00
STANLEY TOOLS	10	30000	$300,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
STAPLEX COMPANY - AIR SAMPLER (BIO/RAD)	1	5000	$5,000.00
STEERING/BRAKE/HOSES AUTO PARTS	1	$1,000	$1,000.00
STERI-STRIPS (PKG)	1000	10	$10,000.00
STOKES BASKETS JUNKIN WIRE BASKETS	50	700	$35,000.00
SUCTION UNIT V/VAC	200	100	$20,000.00
SURGICAL KIT	200	50	$10,000.00
SURGICAL TAPE	10000	2	$20,000.00
TABLE RATIONS (T-RATS)	10000	10	$100,000.00
TACTICAL BRADLEY TANKS	2	12000000	$24,000,000.00
TARP 25X25	100	$300	$30,000.00
TELESCOPING WAND	20	$350.00	$7,000.00
THERMAL IMAGING UNITS	50	5,000	$250,000.00
TNT HYDRAULIC SYSTEM - SPREADERS, CUTTERS, ASSORTED RAMS, POWER UNITS	20	10000	$200,000.00
TOXIC DOSE RESPIRATOR	25000	$0.75	$18,750.00
TYLENOL TABLETS	10000	0.2	$2,000.00
TYVEK COVERALL SUITS	150	$94.76	$14,214.00
TYVEK SUITS	2500	$5.65	$14,125.00
TYVEK SUITS (F HAZMAT)	2500	$50.00	$125,000.00
UNIFORM CLOTHING / EQUIPMENT	1	$52,000.00	$52,000.00
UTILITY STRAPS 6' ADJUSTABLE	80	100	$8,000.00
VEH. REPAIR PARTS	1	$5,000,000	$5,000,000.00
VEHICLE - CONSTRUCTION ACCIDENT RESPONSE VEHICLE	4	400000	$1,600,000.00
VEHICLE - CUSTOM CRANES	2	$150,000	$300,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
VEHICLE - ESU TRUCKS (RESCUE TRUCK)	7	450000	$3,150,000.00
VEHICLE - LOCKS & KEYS	1	$2,500.00	$2,500.00
VEHICLE - MLG'S (LIGHT TRUCK)	2	150000	$300,000.00
VEHICLE INVOICES	100000	0.08	$8,000.00
VEHICLES - RADIO MOTOR PATROL	100	$26,700	$2,670,000.00
VESTS - REFLECTIVE	2500	$6.00	$15,000.00
VESTS - TACTICAL	1000	1200	$1,200,000.00
VIKING DRY SUIT PRO SERIES	200	1100	$220,000.00
VIKING NRR 29 HEADSET	100	$14.90	$1,490.00
VIKING PRO HOOD	100	50	$5,000.00
VIKING PRO NECK SEAL	100	20	$2,000.00
VIKING PRO WAIST CUFF	100	30	$3,000.00
VIKING REPAIR GLUE HARDENER	25	10	$250.00
VIKING REPAIR GLUE PINT CAN	25	10	$250.00
VIKING SUIT RELIEF ZIPPER - 12"	50	75	$3,750.00
VIKING SUIT ZIPPER - 33" PRO SUIT	50	75	$3,750.00
WATER RESCUE EQUIP	20	500	$10,000.00
WELDING & OXYGEN SUPPLIES	1	$12,000.00	$12,000.00
WELDING MACHINE	2	$2,500	$5,000.00
WELDING MACHINE (GAS PORTABLE)	8	$1,000	$8,000.00
WELDING TORCH	12	$200	$2,400.00
YOKE ADAPTERS WITH FITTINGS	100	30	$3,000.00
YOKE ASSEMBLIES	500	200	$100,000.00
ZURMRO SHELTER 216 KITS	5	100000	$500,000.00

REPLACEMENT COST: $102,449,849.44

New Equipment Needs

ITEM	*QUANTITY*	*COST*	*TOTAL*
AID KIT W/ 2 WATT TRANSMITTERS	100	$700.00	$70,000.00
AIRCRAFT BALLISTIC PANELS	12	75000	$900,000.00
AIRCRAFT RESCUE AND FIREFIGHTING TRUCK	1	400000	$400,000.00
AP2C, [RPENGIN]	2	30000	$60,000.00
APD 2000 WITH GAMMA	25	3000	$75,000.00
ARMORED EXCURSIONS	15	150000	$2,250,000.00
ARMORED PERSONNEL CARRIER	10	100,000	$1,000,000.00
ARREST PROCESSING BUS	4	500,000	$2,000,000.00
AUDIO VIDEO ENHANCEMENT SYSTEM	1	$38,000.00	$38,000.00
AVIATION PORTABLE TRANCEIVERS	12	2000	$24,000.00
AVL/GPS - AUTOMATIC VEHICLE LOCATOR	6000	$1,800.00	$10,800,000.00
BALLISTIC BULLET FLOATATION VEST	200	3000	$600,000.00
BARRELS	1600	$7	$11,200.00
BASIC DRESS UNIFORM	2000	50	$100,000.00
BELL 412 HELICOPTERS	4	9500000	$38,000,000.00
BINOCULARS	500	$100.00	$50,000.00
BINOCULARS NIGHT VISION (AVIATION)	12	5000	$60,000.00
BIO CHEM WARFARE DETECTOR KIT SMALL	1000	40	$40,000.00
BIO HAZ SYSTEM	1	26000	$26,000.00
BIO-DETECTION EQUIPMENT & READERS	25	4000	$100,000.00
BIOLOGICAL & CHEMICAL WARFARE GARMENT	40000	250	$10,000,000.00
BOAT - 13 FT. BOSTON WHALER OUTBOARD	6	14000	$84,000.00
BOAT - 25 FT PATROL LAUNCHES	4	110000	$440,000.00
BOAT - 55 FT PATROL LAUNCHES	4	1500000	$6,000,000.00

ITEM	QUANTITY	COST	TOTAL
BOAT - HP MOTOR 300	1	$17,000.00	$17,000.00
BOAT - HP MOTOR 435	2	$25,000.00	$50,000.00
BOAT - YAMAHA 1200 XL PERSONAL WATERCRAFT	18	12000	$216,000.00
BOAT - ZODIAC BOAT WITH 40 HP MOTOR ENGIENE / TRAILER	10	20000	$200,000.00
BOAT - ZODIAC BOAT WITH 50 HP MOTOR	1	21000	$21,000.00
BOAT 27 FT RHIB RIGID HULL INFLATABLE	4	175000	$700,000.00
BOAT 36 FT PATROL LAUNCHES	4	650000	$2,600,000.00
BOAT 40' SEA CONTAINER	1	$6,000	$6,000.00
BOAT TRAILER - HYDRAULIC	1	25000	$25,000.00
BOATS - DECK HARDWARE 25 BOATS	1	15000	$15,000.00
BOMB SNIFFING DOG	10	5000	$50,000.00
BOOTS - COLD WEATHER GEAR	2000	300	$600,000.00
BULL HORNS	500	65	$32,500.00
BUSES 40 SEAT	2	$110,220.00	$220,440.00
CAMERA - ZOOM SCOPE - FOR 35MM	6	$125.00	$750.00
CAMERAS - THERMAL IMAGING. CAMERA'S (MSA & DRAGER	75	9200	$690,000.00
CAMERAS - UNDERWATER CAMERAS	4	40000	$160,000.00
CANINE DOGS	20	3000	$60,000.00
CCTV CAMERAS/MONITORS	31	50000	$1,550,000.00
CIPRO ANTIBIOTIC TABLETS	100000	10	$1,000,000.00
COBRA SOFTWARE PACKAGE E.G. RESPONSE BOOKS, NFPA, CHEM-BIO	2	4000	$8,000.00
COMMUNICATION EQUIPMENT	6	$3,000.00	$18,000.00
COMMUNICATION SYSTEMS	1	$3,620,000	$3,620,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
COMPUTER - COLOR COMPUTER PRINTER	150	$1,250.00	$187,500.00
COMPUTER - FIT TESTING ADAPTOR	15	$3,000.00	$45,000.00
COMPUTER - LAPTOP COMPUTERS	3000	$2,500.00	$7,500,000.00
COMPUTER - PRECINCT ROUTERS AND SWITCHES	243	$37,448.00	$9,099,864.00
COMPUTER - PRECINCT SERVERS	200	$12,500.00	$2,500,000.00
COMPUTERIZED PROPERTY TRACKING SYSTEM	1	$7,500,000.00	$7,500,000.00
COMPUTERS/PRINTERS /SCANNERS	3000	$2,500.00	$7,500,000.00
COPIER FOR PRINTING SECTION	1	$500,000	$500,000.00
CRASH RESCUE FIREFIGHTING SUITS	8	5000	$40,000.00
CRASH RESCUE TOOLS	12	12000	$144,000.00
DATA ACQUISITION STATION WITH MATCH POINT TERM, IBIS/GUN SITE	1	$375,000.00	$375,000.00
DAVIS WEATHER STATION	1	600	$600.00
DECONTAMINATION STRETCHERS	100	1,000	$100,000.00
DECONTAMINATION VEHICLES	12	100,000	$1,200,000.00
DEFIBRILATORS / FIRST AID KITS	1500	2500	$3,750,000.00
DEPARTMENT BASE RADIO	1	$600.00	$600.00
DETECTORS O-2 & CO ALARMS	1000	$300.00	$300,000.00
DIGITAL VIDEO ALARM SYSTEMS	40	$30,000	$1,200,000.00
DIVE COMPUTERS	36	300	$10,800.00
DIVER HAND HELD SONAR UNIT NON MAGNETIC	6	30000	$180,000.00
DIVER PROPOLSION VEHICLES	6	5000	$30,000.00
DRASH TENTS	20	2000	$40,000.00
DUFFEL BAGS (HAZMAT)	100	25	$2,500.00
EDP RESTRAIN DEVICES (MESH)	200	450	$90,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
E-MAP GPS	100	1000	$100,000.00
EMERGENCY HEAVY DUTY VEHICLE & TRUCK REPAIR FACILITY	1	$150,000,000.00	$150,000,000.00
ENGINE - 250HP YAMAHA OUTBOARD LOWER UNITS	6	4000	$24,000.00
ENGINE - 25HP YAMAHA OUTBOARD	12	7000	$84,000.00
ENGINE - 3126B CATERPILLAR DIESEL ENGINES	8	40000	$320,000.00
ENGINES - 200HP YAMAHA OUTBOARD	12	16000	$192,000.00
ENGINES - 250HP YAMAHA OUTBOARD	12	18000	$216,000.00
EQUIPMENT STORAGE SHEDS 20 X 40	4	15000	$60,000.00
EXPEDIENT MEDICAL FACILITY TENT WITH POSITIVE PRESSURE SYSTEM	10	5,000	$50,000.00
EXPLOSIVE DETECTION EQUIPMENT	10	5,000	$50,000.00
FACE RECOGNITION SOFTWARE AND CAMERAS	50	10,000	$500,000.00
FAX MACHINES	250	$1,000	$250,000.00
FIELD PACK W/FRAME (LARGE)	200	30	$6,000.00
FINS	100	50	$5,000.00
FIREARMS SAFETY STATIONS	15	$2,400	$36,000.00
FLACK JACKETS	2000	1,000	$2,000,000.00
FLIR 7500 WITH GYRO-STABILIZED CAMERA	8	1500	$12,000.00
FORK LIFTS	5	$50,000	$250,000.00
FORK LIFTS - HI LO	6	$80,000	$480,000.00
FORWARD LOOKING INFARED FIXED MOUNTED	10	15000	$150,000.00
FORWARD LOOKING INFARED HAND HELD	10	50000	$500,000.00
FUEL TRUCKS 4000 GALLONS STAINLESS	2	175000	$350,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
FULL SCOTT SCBA SYSTEM	300	3600	$1,080,000.00
FULL SCUBA RESCUE/RECOVERY DIVER GEAR	36	6000	$216,000.00
FURUNO 24 MI. CLOSED DOME RADAR UNITS	10	5500	$55,000.00
FURUNO 48 MI. OPEN RAY RADAR UNITS	10	6000	$60,000.00
FURUNO 582 COLOR DEPTH RECORDERS	20	1500	$30,000.00
GAS MASKS	50000	250	$12,500,000.00
GAS MASKS - ESCAPE (EVAC-U8)	10000	55	$550,000.00
GAS MASKS (BAGS)	50000	50	$2,500,000.00
GAS MASKS (FILTERS)	100000	30	$3,000,000.00
GC MASS SPEC	5	2000	$10,000.00
GEOFILE MAPPING SOFTWARE FOR UNDERGROUND INFRASTRUCTURE	150	$2,700.00	$405,000.00
GLOBAL POSITIONING SATELLITE SYSTEMS	40	1000	$40,000.00
GLOBAL POSITIONING SYS. "BIRD DOG"	4	$38,000.00	$152,000.00
GPS FOR AIRCRAFT	12	15000	$180,000.00
GRAPHIC ADVANTAGE LETTERING SYSTEM UTILIZED FOR COVERT OPERATIONS	1	25000	$25,000.00
GUN - 50 CAL BOLT ACTION RIFLE	20	6000	$120,000.00
GUN - BARRETT SEMI-AUTO 50 CALIBER RIFLES WITH HARDCASE	3	6000	$18,000.00
GUN - COLT M-4 RIFLES WITH SLING, SUREFIRE LIGHTS & HARDCASE	120	1500	$180,000.00
GUN - H&K MP-5 SUBMACHINEGUN	1000	1,500	$1,500,000.00
GUN - M-16 RIFLE	2000	1000	$2,000,000.00
GUN - M2 50 CAL MACHINE GUN	5	35000	$175,000.00
GUN - M-24 RIFLE	30	6,000	$180,000.00
GUN - M60 CAL MACHINE GUN	25	15000	$375,000.00

ITEM	QUANTITY	COST	TOTAL
GUN - REMINGTON 40X .308 CAL LONG RANGE RIFLE W/LOOPPOLD MARK 4	40	2500	$100,000.00
GUN - RUGER MINI 14 S/S RIFLE	25	750	$18,750.00
GUNS - 45 CALIBER HANDGUNS H&K USP TACTICAL & HOISTERS	500	800	$400,000.00
HALOGEN LIGHTS WITH STANDS	10	$400	$4,000.00
HAND HELD ASSAY TICKETS JPO = BIO TICKETS	1	1000	$1,000.00
HANDHELD BARCODE TERMINALS	40	$6,000	$240,000.00
HANDHELD COMPUTER DEVICES	30000	$1,500.00	$45,000,000.00
HAZMAT DQE DECON POOLS	30	200	$6,000.00
HAZMAT DQE DECON SHOWERS	15	650	$9,750.00
HAZMAT KITS	4	6500	$26,000.00
HAZMAT SHEDS	200	700	$140,000.00
HEAD HARNESS FOR AGA MKII	200	700	$140,000.00
HEADQUARTERS - SECURITY 4 CHECKPOINTS	1	600,000	$600,000.00
HEADQUARTERS - SECURITY BOOTHS (NATO RATED) W/ VIDEO SURVEILLANCE	1	240,000	$240,000.00
HEADQUARTERS - SECURITY BULLET RESISTANT GLASS	1	10,000,000	$10,000,000.00
HEADQUARTERS - SECURITY CRASH GATES INTO GARAGE	1	250,000	$250,000.00
HEADQUARTERS - SECURITY EMERGENCY INTERIOR LIGHTING	1	300,000	$300,000.00
HEADQUARTERS - SECURITY EXPLOSIVE DETECTION UNITS	1	100,000	$100,000.00
HEADQUARTERS - SECURITY EXTERIOR DOORS	1	2,500,000	$2,500,000.00
HEADQUARTERS - SECURITY GARAGE DOORS (4)	1	150000	$150,000.00
HEADQUARTERS - SECURITY INTERIOR SECURITY (ACCESS CARD) DOORS	1	1,200,000	$1,200,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
HEADQUARTERS - SECURITY MICROWAVE TRANSMISSION CAPABILITY (C&C)	1	425,000	$425,000.00
HEADQUARTERS - SECURITY RIOT LIGHTS	1	125,000	$125,000.00
HEADQUARTERS - SECURITY UPGRADE EXTERIOR RECEPTION AREA	1	2,000,000	$2,000,000.00
HEADQUARTERS - SECURITY VIPER TYPE SURVEILLANCE SYSTEM	1	3,000,000	$3,000,000.00
HELICOPTER EMERGENCY EGRESS DIVICE	120	650	$78,000.00
HELICOPTER ENGINE SPARE PRATT & WHITNEY	2	500000	$1,000,000.00
HELICOPTER SPARE ENGINE (SMALLER)	2	400000	$800,000.00
HELMETS (HELICOPTER FLIGHT CREW)	70	1500	$105,000.00
HELMETS DEPARTMENT ISSUED	50000	100	$5,000,000.00
HOSE BLOCK FOR AGA MKII	50	700	$35,000.00
HP GCMS WITH HEAD SPACE SAMPLER	1	2000	$2,000.00
IMPLEMENTATION OF WIRELESS ANI/ALI*	1	$1,600,000.00	$1,600,000.00
INFRA RED VISION SYSTEM TO LOCATE TRAPS	20	5000	$100,000.00
KEL AND OTHER COVERT TRANSMITTING DEVICES (ESPECIALLY PHONES)	150	1000	$150,000.00
LARGE BIO CHEM WARFARE DETECTOR UNITS IN TRAILERS/HMMV'S	10	100,000	$1,000,000.00
LESS LETHAL GRENADES	2500	$35.00	$87,500.00
LIVE-SCAN WORKSTATION	1	$60,000	$60,000.00
LONG PRISONER TRANSPORT CHAINS	300	200	$60,000.00
LOWER 200 HP UNIT	1	$3,898.00	$3,898.00
LOWER 250 HP UNIT	2	$2,122.70	$4,245.40
LUDLUM DETECTORS	50	2000	$100,000.00
MARINE GEN SET	1	$13,473.00	$13,473.00

ITEM	QUANTITY	COST	TOTAL
MARK-ONE KITS	60000	200	$12,000,000.00
METAL DETECTORS BUILDING UNITS	25	3000	$75,000.00
METAL DETECTORS HANDHELD UNITS	25	300	$7,500.00
METAL TINS	200	$75	$15,000.00
MISD SPARE PARTS INVENTORY	1	$250,000.00	$250,000.00
MOBILE BREATHING AIR FILLING STATION FOR SCBA	1	45000	$45,000.00
MOBILE DIGITAL TERMINALS	4000	$9,000.00	$36,000,000.00
MOVING MAP DISPLAY (AERO)	12	50000	$600,000.00
MRE'S	10000	10	$100,000.00
MSA PID PASSPORT (PHOTOIONIZATION ONLY)	20	5000	$100,000.00
MULTI RAE 4GUS + PID (10.6 V)	30	4000	$120,000.00
MULTI RAE 4GUS + PID (11.7 V)	30	4000	$120,000.00
MUSLIN BANDAGE	40000	1	$40,000.00
NBC MED. KIT W/AUTOINJECTORS	40000	10	$400,000.00
NBC SUITS W/BOOTS AND GLOVES	40000	200	$8,000,000.00
NEW EAGLE COMMUNICATIONS SETS (SNIPER SET)	20	700	$14,000.00
NEWPAC CR 91 GARMENTS	1000	1000	$1,000,000.00
NIGHT VISION EQUIPMENT	100	3,000	$300,000.00
NON DESCRIPT EMERG. RESP. PACK	50	$300.00	$15,000.00
OUTBOARD MOTOR PROPPELLERS	24	700	$16,800.00
OUTDOOR RANGE - AMMUNITION STORAGE FACILITY	1	$4,000,000.00	$4,000,000.00
OUTDOOR RANGE - BOMB PIT RENOVATION	1	$10,000,000.00	$10,000,000.00
OUTDOOR RANGE - DELTA BARRIERS AND BOOTHS	2	$100,000.00	$200,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
OUTDOOR RANGE - IN-GROUND PRESSURE SENSORS	1	$1,500,000.00	$1,500,000.00
OUTDOOR RANGE - JERSEY BARRIERS	1	$60,000.00	$60,000.00
OUTDOOR RANGE - LIGHTING - SECURITY	1	$150,000.00	$150,000.00
OUTDOOR RANGE - SECURITY CAMERAS	1	$300,000.00	$300,000.00
OUTDOOR RANGE - SECURITY FENCING	1	$750,000.00	$750,000.00
PAGER - ALPHANUMERIC	40000	300	$12,000,000.00
PALLET JACK	5	$10,000.00	$50,000.00
PARATECH AIR GUNS	30	5000	$150,000.00
PARATECH STRUTS	10	20000	$200,000.00
PATROL FACILITIES SECURITY UPGRADE - EXTERIOR DOOR REPLACEMENT	1	6,750,000	$6,750,000.00
PATROL FACILITIES SECURITY UPGRADE - BULLET RESISTANT GLASS	1	75,000,000	$75,000,000.00
PATROL FACILITIES SECURITY UPGRADE - CIVIL DEFENSE LIGHTING	1	12,500,000	$12,500,000.00
PATROL FACILITIES SECURITY UPGRADE - HEPA AIR FILTRATION SYSTEM	1	37,500,000	$37,500,000.00
PATROL FACILITIES SECURITY UPGRADE - IMPROVED SECURITY CAMERAS	1	11,250,000	$11,250,000.00
PATROL FACILITIES SECURITY UPGRADES - BOLLARDS	1	$11,500,000.00	$11,500,000.00
PEAKS PALM PILOTS - CHEMICAL DATABASE	10	10000	$100,000.00
PEDDLER SEALS	108000	$0.18	$19,440.00
PELICAN CASES FOR MP5'S	75	200	$15,000.00
PEPPERBALL - 40 MM FOAM ROUNDS	2000	$35.00	$70,000.00
PEPPERBALL - 40 MM LAUNCHES	50	$600.00	$30,000.00
PEPPERBALL - 40 MM LAUNCHING CUPS	50	$85.00	$4,250.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
PEPPERBALL - 40 MM LAUNCHING ROUNDS	2000	$30.00	$60,000.00
PEPPERBALL LAUNCHES	50	$400.00	$20,000.00
PEPPERBALL ROUNDS	25000	$1.00	$25,000.00
PERSONAL FLOTATION VESTS (AVIATION)	75	300	$22,500.00
PH PAPER	1000	20	$20,000.00
PHOTO IMAGING DISPLAY EQUIPMENT	200	$15,000.00	$3,000,000.00
PORTABLE GPS RECEIVERS	6	1500	$9,000.00
PORTABLE LANDING ZONE EQUIPMENT	2	10000	$20,000.00
PORTABLE LIVESCAN FINGERPRINTING MACHINES	22	$50,000.00	$1,100,000.00
PORTABLE METAL DETECTORS	100	350	$35,000.00
PORTABLE SCANNERS	20	$400	$8,000.00
POSEIDON 1ST STAGE REGULATOR WITH TANK YOKE	100	50	$5,000.00
POSEIDON JETSTREAM 2ND STAGE REGULATORS	50	50	$2,500.00
PPB RAY SINGLE SENSOR METER	1	4000	$4,000.00
PREFAB AIRCRAFT HANGAR	1	75000	$75,000.00
PROPPELLERS 30 FT LAUNCH	20	2000	$40,000.00
PROPPELLERS 36 FT LAUNCH	20	2300	$46,000.00
PROPPELLERS 55 FT LAUNCH	30	2800	$84,000.00
PROVISION 3RD 911 TANDEM*	1	$4,000,000.00	$4,000,000.00
PUBLIC BRANCH EXCHANGE (PBX)	2	$4,000,000.00	$8,000,000.00
PUMP - BELLOWS, POLYPROPYLENE, TEFLON SEALS	2	500	$1,000.00
RADIATION DETECTION PAGERS WITH BATTERIES	400	300	$120,000.00
RADIO - DUAL WULSBERG RADIO SYSTEM	12	25000	$300,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
RADIOS - PORTABLE	25000	$2,600.00	$65,000,000.00
RAE AREA DRY DECON SYSTEM	20	5000	$100,000.00
RESUSCITATOR, HAND-POWERED	200	30	$6,000.00
RETINAL ID SYSTEM	25	$17,000	$425,000.00
RIFLE RAIN COVERS	100	20	$2,000.00
SATELITE PHONES	300	3500	$1,050,000.00
SCANNER - DESKTOP FNGRPRNT CARD SCANNERS	12	$50,000	$600,000.00
SCOOTERS - 3 WHEEL	300	18000	$5,400,000.00
SCOOTERS 2 WHEEL	150	5000	$750,000.00
SCUBA TANK DIN VALVE	50	125	$6,250.00
SCUBA TANK K-VALVE	50	150	$7,500.00
SECURITY SYSTEM FOR PROPERTY CLERK	1	$200,000	$200,000.00
SECURITY UPGRADES / ARMORY & AMMUNITION BUILDING	1	$4,000,000.00	$4,000,000.00
SENSOR FOR PPB SINGLE SENSOR METER	1	4000	$4,000.00
SHOOTING MATS	200	25	$5,000.00
SNOW PLOW 5' PACKAGE	2	$1,200	$2,400.00
SOD HQ - DELTA BARRIERS AND BOOTHS	2	$100,000.00	$200,000.00
SOD HQ - IN-GROUND PRESSURE SENSORS	1	$1,500,000.00	$1,500,000.00
SOD HQ - JERSEY BARRIERS	1	$60,000.00	$60,000.00
SOD HQ - LIGHTING - SECURITY	1	$150,000.00	$150,000.00
SOD HQ - SECURITY CAMERAS	1	$300,000.00	$300,000.00
SOD HQ - SECURITY FENCING	1	$750,000.00	$750,000.00
SPEAKER MICROPHONES	20300	$150.00	$3,045,000.00
TENT, USMC, 6-8 PERSON	100	2,000	$200,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
TIM'S SENORS (PASSPORT CALIBRATION SYSTEM)	2	14000	$28,000.00
TOURNIQUET	20000	1	$20,000.00
TYPEWRITTERS	240	$250.00	$60,000.00
UNDERVEHICLE INSPECTION SYSTEM	20	$40,000.00	$800,000.00
UNDERWATER IMAGING/SONAR	5	10,000	$50,000.00
UNITERRUPTIBLE POWER SUPPLIES	850	$350.00	$297,500.00
VEHICLE - 4X4 SUV	2	$35,000.00	$70,000.00
VEHICLE - ALL TERRAIN VEHICLES (YAMAHA MULES)	30	7000	$210,000.00
VEHICLE - BOBCAT MODEL 863	1	$35,000	$35,000.00
VEHICLE - CAT (ESCORT TRUCK)	2	125000	$250,000.00
VEHICLE - COMMAND POST	12	$375,000.00	$4,500,000.00
VEHICLE - COMMAND POST (SMALL - TASK FORCE)	10	$85,000.00	$850,000.00
VEHICLE - FITR VEHICLE	4	200000	$800,000.00
VEHICLE - FORD SUPER DUTY PICKUP TRUCK WITH EXTENDED CAB 4X4 DIESEL	15	30000	$450,000.00
VEHICLE - GOLF CART	10	$8,000.00	$80,000.00
VEHICLE - HAZ MAT RESPONSE	1	500000	$500,000.00
VEHICLE - MLG'S (LIGHT TRUCK)	8	150000	$1,200,000.00
VEHICLE - MOBILE COMMAND POST - SUPPLY COORDINATION	1	375,000	$375,000.00
VEHICLE - OIL TRUCK	2	$130,000	$260,000.00
VEHICLE - PORTABLE GENERATOR TRUCK	2	$300,000	$600,000.00
VEHICLE - PRISONER TRANSPORT. BUS	1	$150,000	$150,000.00
VEHICLE - REMOTE CONTROLLED VEHICLE W/AERIAL CAMERA	2	50,000	$100,000.00
VEHICLE - REMOTE UNDERWATER VEHICLE WITH CAMERA	2	200000	$400,000.00

ITEM	*QUANTITY*	*COST*	*TOTAL*
VEHICLE - SUBURBANS (HELP LIGHTS)	15	55000	$825,000.00
VEHICLE - TAHOES	25	$40,000.00	$1,000,000.00
VEHICLE -HAZMAT SHOWER TRUCK	1	500000	$500,000.00
VEHICLES - CARGO VANS	20	25000	$500,000.00
VEHICLES - CONSTRUCTION VEHICLES	6	$175,000	$1,050,000.00
VEHICLES - DEPARTMENT VANS	100	30000	$3,000,000.00
VEHICLES - JEEPS	10	35,000	$350,000.00
VEHICLES - JOHN DEERE ATV TRACTORS	10	8000	$80,000.00
VEHICLES - MOBILE LABORATORY VEHICLES	5	$350,000.00	$1,750,000.00
VEHICLES - RADIO MOTOR PATROL	484	$26,700	$12,922,800.00
VEHICLES - TOW TRUCKS	5	$225,000	$1,125,000.00
VESTS - HEAVY VESTS	1500	$600.00	$900,000.00
VESTS - K-9 VESTS	200	600	$120,000.00
VHS TAPE DUPLICATOR	120	$200.00	$24,000.00
V-RAY SENSOR METER	1	3000	$3,000.00
YELLOW CHEM BIO AIR SAMPLER	1	1000	$1,000.00

NEW NEEDS COST: $765,757,810.40

TOTAL EQUIPMENT COST: $868,207,659.84