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Pataki Says $700 Million in Aid Will Go to Downtown Businesses

By CHARLES V. BAGLI

Gov. George E. Pataki announced a plan yesterday to distribute $700 million, the first installment of federal aid meant specifically for economic development, to businesses in Lower Manhattan.

The funds are for small businesses and retailers crippled by the attack on the World Trade Center, as well as large corporations that the state and the city hope to keep in the downtown area. The money, in grants, loans and tax incentives, should begin flowing to downtown businesses in late January, after a two-week public review and approval of the plan by the Department of Housing and Urban Development.

State officials estimate that the attacks in Lower Manhattan disrupted more than 10,000 businesses and 377,000 workers, some of whom were were forced to relocate. The state has a grant program that provides $10,000 each to retailers and other small businesses whose work was disrupted by the attack; the federal money will let the state raise the individual cap on the program to $100,000. Companies that suffered property damage are eligible for up to $200,000.

Governor Pataki said the plan would "help bring these businesses back, keep New York's economy moving forward and help to revive our nation's economy." He added, "This marks a very significant step for New York's comeback."

The Bush administration initially promised to send $20 billion in aid to New York City, although New York lawmakers have been increasingly worried that the city may never get all of the money. Last week, the House and the Senate agreed to provide $8.2 billion toward that goal. The federal government has already reimbursed the city and the state for about $3 billion spent on rescue operations and the cleanup of the trade center site.

The attack has had a devastating effect on Lower Manhattan. Some investment banks and law firms have moved to Midtown or

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