

PE8 Action: Incentives for Green Businesses

4 Points

A. Why is this action important?

A common local government strategy to promote economic development is to develop incentives to attract businesses to locate within a community. For this Climate Smart Communities (CSC) action, the emphasis is on attracting green industries/businesses to further promote a green local economy. [See description of green industries and businesses in [PE8 Action: Green Economic Development Plans](#).] Local governments have several methods they can employ to support the development of their green economy, such as establishing green enterprise zones, providing local government property to be used as a business incubator, providing tax incentives for green business to locate in the community or designated zone, microloans for startups, or expedited permitting processes.

B. How to implement this action

Local governments should initiate this action by performing an assessment of the needs, available skills, and opportunities for green industry in their community. Then the community can develop a plan and the appropriate suite of incentives for attracting green industry. Local governments may elect to establish a green enterprise or green development zone, which would require revising local zoning and designating the types of businesses or industry that qualify and the types of incentives provided for siting the business in that zone. Such zones could include recycling market development zones (RMDZ) that emphasize incentives for businesses that are diverting waste from landfills and creating new markets for recycled or reused materials.

Local governments could consider establishing a business incubator for small start-up green businesses that could use free or affordable space to launch their business. Microloans are other financial incentives local governments can offer green businesses to encourage them to locate in the community.

Local governments could also consider offering incentives for businesses that participate in programs offered by organizations like those listed below in Section G, such as the [New York State Pollution Prevention Institute](#), the [New York Sustainable Business Council](#) and the [Green Business Partnership](#).

C. Time frame, project costs, and resource needs

The time frame for developing and implementing green business incentives varies with the type of incentive. The costs of the incentive also vary and, in some cases, will require startup costs or funding for a business incubator or microloan program. For tax incentives, local governments will forgo future tax revenue to encourage job growth.

D. Which local governments implement this action? Which departments within the local government are most likely to have responsibility for this?

This is applicable to any local government. It should involve planning staff, economic development staff, and in many cases, coordination with the local industrial development agency (IDA) or economic development corporation.

E. How to obtain points for this action

Points are earned for this action by establishing incentives for green businesses to locate within the community. Incentives could be financial, such as development-fee waivers, or non-financial, such as expedited permitting or density bonuses. This action may also take the form of collaboration to support a clean-tech or green-business incubator program. Local

governments must demonstrate the implementation of at least one green industry incentive.

F. What to submit

Documentation should be submitted on the incentives established, including any policies or ordinances adopted as well as the criteria used to determine applicability of such incentives. Incentives for green industry may have been established any time prior to the application date and must be actively in use.

All CSC action documentation is available for public viewing after an action is approved. Action submittals should not include any information or documents that are not intended to be viewed by the public.

G. Links to additional resources or best practices

- [Green Business Partnership](#) (GBP): The GBP is a green certification program that recognizes organizations that complete a rigorous process to reduce environmental impact. See this link for a list of members.
- [New York Sustainable Business Council](#)
- [New York State Pollution Prevention Institute](#)
- [Business Incubator Association of New York State](#)
- [Wilmington, OH Green Enterprise Zone](#)
- [Sacramento, CA, Clean Tech Enterprise Zone](#)
- [CalRecycle Recycling Market Development Zone](#)
- [NREL Jobs and Economic Development Impact Models](#)
- [Greening Your Business, New York State Dept. of Environmental Conservation](#)

H. Recertification requirements

The recertification requirements are the same as the initial certification requirements.