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Nassau reduces tax benefit for company after job losses

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Designatronics Inc. of Jericho now has 190 employees, 66 fewer than it had three years ago when it sought tax incentives from the county's Industrial Development Agency for a building project in Hicksville, seen here on Duffy Avenue. Photo Credit: Google Maps

Nassau County has reduced by \$318,150 the property tax savings awarded to a local manufacturer over 14 years because it laid off workers, officials said this week.

Designatronics Inc. of Jericho now has 190 employees, 66 fewer than it had three years ago when it sought tax incentives from the county's Industrial Development Agency for a building project in Hicksville.

The manufacturer of small motion-control components used in aerospace, health care, manufacturing and other industries told the IDA that it couldn't keep the employment commitments made in return for the tax breaks. Designatronics had pledged to preserve its 2013 job count of 256 and to hire one more worker.

In addition, the IDA agreed this week to boost the sales-tax exemption for Designatronics because the value of its expansion project increased.

"The company has gotten more efficient, which is why they haven't met the job commitment," company attorney Daniel S. Dornfeld said, referring to the layoffs. "They also have become more competitive."

Designatronics, under amendments to its original deal, will now be required to add 40 jobs, bringing its total workforce to 230 — 26 positions below the 2013 level. The company will pay \$22,725 more in property taxes per year over 14 years than if the original deal hadn't been changed.

Designatronics is moving forward with plans to renovate 250 Duffy Ave. in Hicksville.

The cost to purchase and upgrade the 100,000-square-foot building has increased since 2013, from \$11.3 million to \$12.5 million. So the IDA has increased the sales-tax exemption for purchases of construction materials, fixtures and equipment by up to \$345,000. The exemption now totals up to \$517,500.

IDA executive director Joseph J. Kearney said the agency chose not to claw back the tax benefits already received because Designatronics voluntarily disclosed its failure to meet employment promises.

He also said the company had considered leaving the county for New Jersey in 2013.

“Prudence dictates that we try to accommodate a company that will grow and expand in Nassau County,” Kearney said Tuesday. “I don’t believe you penalize a company for becoming more competitive.”