

1 BEFORE THE NEW YORK STATE SENATE
2 STANDING COMMITTEE ON COMMERCE,
3 ECONOMIC DEVELOPMENT AND SMALL BUSINESS

4 PUBLIC HEARING:

5 DISCUSSION REGARDING INDUSTRIAL DEVELOPMENT AGENCIES
6 -----

7 Mason O. Damon (Central Library) Auditorium
8 Buffalo and Erie County Public Library
9 1 Lafayette Square
10 Buffalo, New York 14203

11 September 26, 2012
12 2:00 p.m. to 4:00 p.m.

13 PRESIDING:

14 Senator Patrick M. Gallivan
15 Chair

16 SENATE MEMBERS PRESENT:

17 Senator Mark J. Grisanti
18

19 ALSO PRESENT:

20 Assemblyman Michael P. Kearns

21 Representative of
22 Office of Senator Michael H. Ranzenhofer
23
24
25

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1 SENATOR GALLIVAN: Good afternoon, everybody.

2 I would like that thank everybody for being
3 here.

4 I'm Senator Patrick Gallivan.

5 I'm joined by Senator Mark Grisanti, and, we
6 have a representative from Senator Ranzenhofer's
7 staff is with us as well.

8 I have recently been named Chair -- appointed
9 Chair of the Standing -- Senate Standing Committee
10 on Commerce, Economic Development, and
11 Small Business.

12 We have seen much discussion of late, both
13 nationally and within our own community, about
14 growing the private-sector economy and the role of
15 government and the taxpayer should play in it.

16 In Erie County, this has naturally manifested
17 itself in the ongoing conversation regarding
18 industrial development agencies, their structure,
19 their purpose, and their future.

20 To its credit, the local media has done its
21 part recently, to shine light on the issue, bring
22 this important topic into the public discourse.

23 We have seen a number of reform proposals
24 that have emerged over the years. Some have been
25 proposed most recently, and I'm sure, knowing the

1 speakers that we have today, a number of them will
2 be discussed today.

3 We've seen the recent increase in the
4 dialogue regarding IDAs, and when we combine it
5 with the State's new regionally based approach to
6 economic development, and we also look at
7 Governor Cuomo's announcement last year of the
8 billion-dollar promise to Buffalo and the
9 surrounding area, I think this is all combined to
10 create an environment that demands our collective
11 attention.

12 As many of you know, any change to the
13 fundamental structure and function of IDAs,
14 whether it's in Erie County or throughout the state,
15 will likely need to be legislated in Albany.

16 And, as the new Chair of this Committee, also
17 with a district that covers 16 towns in
18 Erie County to which currently have their own
19 IDAs, I hope today will serve as a clearinghouse
20 of ideas as to what, if any, changes should be
21 made to help ensure that IDAs are best serving the
22 economic needs of Erie County, Western New York, its
23 communities, and, of course, its taxpayers.

24 We're using this as an information-gathering
25 process, and we would hope -- ultimately hope that

1 this, the outcome of today, the information that is
2 presented, whether it's in written or in oral
3 testimony, will ultimately guide what we do as far
4 as the Senate version of the Legislature.

5 We, of course, work with our colleagues.

6 We know that Assemblyman Sean Ryan will be
7 providing testimony today. He's introduced
8 legislation.

9 Assemblyman Dennis Gabryszak is also
10 scheduled to speak.

11 I'm not sure if there are other members
12 here. I can't -- I apologize, I can't quite see out
13 in the audience, but we are appreciative of the
14 other members of the Legislature, of
15 County Executive Mark Poloncarz. We do have some
16 County Legislators that were scheduled to be here
17 today. And then, of course, the numerous elected
18 officials from the various towns and local
19 governments throughout the county. And, the
20 people who have concerns, whether they're
21 representing a group or you're simply a citizen here
22 with concerns today.

23 We did not intend this to be a debate today,
24 but more of an opportunity for people to present
25 testimony on their particular interests, their

1 particular thoughts, and their particular
2 recommendations and insight into the role of IDAs in
3 Erie County.

4 The people who have been asked to submit
5 testimony will certainly -- are certainly given the
6 opportunity to do so.

7 At the door, if there was anybody who was not
8 scheduled to speak, there's an opportunity for you
9 to sign up, and, speak throughout this particular
10 forum.

11 We will be going until 4:00 today. We have
12 asked all of the speakers to try to limit their
13 comments to no more than five minutes. We will
14 try to hold to that, and that will be both the
15 scheduled speakers and anybody else who has signed
16 up to speak.

17 If you are interested and you didn't catch
18 it, just outside the door, in the foyer, there is a
19 place that you can sign up.

20 We have also sent notice out that we'll be
21 accepting written testimony. So, if you have
22 thoughts that come up after today, and you wish to
23 submit something to us, you can do so at our office.
24 Our contact information is outside. We will be
25 taking that through the end of next week.

1 And, if I looked at the calendar correctly,
2 that's the end of October 5th.

3 All of today's testimony and comments is
4 being recorded. It will be transcribed in physical
5 and electronic formats.

6 If you have interest in the transcribed copy,
7 we can send it to you. Please make that known
8 outside in the foyer, again, at the desk.

9 A full transcription will also be made
10 available on our website. It's -- in my case, it's
11 Gallivan.NYsenate.gov. Or, simply, if you go
12 NYsenate.gov, you'll be able to access that as soon
13 as it's available.

14 We have tried to have -- the speakers,
15 we've tried to have some kind of order, where we're
16 looking at state, county, then the affected towns,
17 and other organizations.

18 So, that's the reason that the order of
19 speakers is the way that it is. And then, of
20 course, we will move on to others who had an
21 interest.

22 We will likely ask each of the speakers some
23 follow-up questions, and then we'll try to move
24 through it.

25 Before we do get going, and we'll move right

1 into it, I'd ask Senator Grisanti if he would like
2 to say a few words.

3 SENATOR GRISANTI: Yes, good afternoon,
4 everybody. How are you?

5 You know, I want to thank Senator Gallivan,
6 as Chair of Senate Committee on Commerce, Economic
7 Development, and Small Business, you know, for
8 taking this step, in being newly appointed to that
9 Chair position, and recognizing that there's a
10 situation that has come up with the IDAs. It's a
11 situation that's been around for years, prior to
12 myself or Senator Gallivan actually coming into the
13 Senate.

14 And I think it's important that we, you know,
15 have hearings such as this, to gather information,
16 to see what sort of compromise is, to make sure that
17 we move forward in a productive manner.

18 I think that there's not a single person in
19 this room that does not want to see economic
20 development and progress, especially in the
21 Western New York region. And I say that with a bit
22 of faith that that's absolutely true.

23 We want to see businesses come here, we want
24 to see businesses succeed. We want to see
25 businesses move here from other regions for

1 economic development and for jobs, which is
2 critical, to not only establishing our tax base, but
3 is critical in conjunction with how many people
4 we've lost in the latest census.

5 And I know that everybody has a different
6 opinion as to how certain IDAs, whether it's in
7 Erie County or whether it's in the suburbs, on how
8 they should operate.

9 So, it's with great pleasure for me, that I'm
10 here to learn from you in the audience and for --
11 from the speakers as to what the various positions
12 are, so we can come to a position of compromise and
13 a position that's going to strengthen this region in
14 moving forward.

15 And it's important that we, basically, just
16 listen to everybody, listen to what everybody has to
17 say. Everybody has a difference of opinion, but the
18 main point is, is if we agree to disagree on certain
19 issues, the main goal is, is moving forward with
20 development for this region.

21 And that's something I know that
22 Senator Gallivan, as Chair of the new Committee,
23 takes to heart, and it's something that I know we
24 take to heart in the Senate, and for our
25 Western New York delegation that continues to fight

1 for this region, and getting all the resources we
2 could possibly have.

3 So with that said, I will -- and he's got a
4 stopwatch up here. I just want you guys to know
5 this.

6 I'll have Pat start off.

7 I have a list as well, but we can go from
8 there.

9 SENATOR GALLIVAN: I would also like to
10 acknowledge Assemblyman Dennis Gabryszak who just
11 joined us, Assemblywoman Jane Corwin, and
12 Assemblyman Mickey Kearns.

13 Welcome.

14 Our first presenter will be
15 Assemblyman Sean Ryan.

16 ASSEMBLYMAN SEAN RYAN: Good afternoon,
17 Senator Gallivan and Senator Grisanti. Thank you so
18 much for putting this together.

19 And, Senator Gallivan, congratulations on
20 being appointed to the Chairman of that Committee.

21 I think that will reap many, many positive
22 benefits for Western New York.

23 Thank you for inviting me here today to
24 discuss how we need to reform the industrial
25 development agencies in Erie County to improve our

1 economic future.

2 In the past two years, we have seen
3 Governor Andrew Cuomo lead a new way forward to
4 develop economic development in New York State.

5 The regional economic development councils
6 are showing a new, smart way of growing our economy,
7 and creating jobs for our economy.

8 The regional economic development councils
9 are focusing on projects like the Center for
10 Innovation and Medicine at the Buffalo Niagara
11 Medical Campus, the Ceramic Technology Partners
12 [sic] in Clarence, and the University of
13 Buffalo-Alfred University partnership in Advanced
14 Materials Manufacturer and Training Center.

15 All these projects focus on the core idea
16 that we should be investing in industries and ideas
17 that either create high-paying jobs, or, will
18 improve our overall regional economy for the future.

19 The Center for Innovation and Medicine at the
20 Buffalo Niagara Medical Campus will not only create
21 high-paying jobs that our economy needs, but it will
22 continue to allow Western New York to grow its
23 reputation as a hub for medical research and
24 training.

25 The Ceramic Technology Partners is working to

1 grow a business that will manufacture advanced
2 ceramics to be used in a wide variety of purposes,
3 at the same time, creating good, high-paying,
4 quality jobs.

5 The University of Buffalo-Alfred Advancement
6 Manufacturing Materials Training Center will be
7 hugely beneficial to Western New York.

8 The center will allow businesses like
9 Corning, General Electric, Praxair, Dresser-Rand,
10 and others to have access to a place that could
11 help them with the development of new materials
12 which will assist them in their product development.
13 This means stronger companies locally, and it
14 means more high-quality jobs for our region.

15 All of this work stands in stark contrast to
16 what the IDAs in Erie County have been focusing on
17 in recent years. Our economy of today and the
18 economy of the future is not going to prosper when
19 we focus on using our scarce economic-development
20 dollars to subsidize retail establishments,
21 restaurants, liquor stores, and doughnut
22 shops. Those are the sector of the economy that
23 the IDAs have been focusing on, and it's exactly
24 why we need to reform how they operate in
25 Erie County.

1 Our IDAs may be fixated on creating
2 low-wage jobs, but our economy needs high-paying
3 quality jobs, the kind of jobs that you can raise
4 a family on.

5 Lately, we have seen the IDAs come together
6 and come to life, to try to fight back at all
7 attempts to reign in their reckless behavior, but
8 the solutions they propose will do nothing to fix
9 the problems they have created.

10 First, the IDAs come up with an idea that
11 could be characterized as one of the worst ideas
12 that I have ever heard of. And their bold
13 initiative on that was to change the names, from
14 industrial development agencies, to economic
15 development agencies.

16 It would be funny if it wasn't so ridiculous.

17 Their solution to the problem of not
18 investing in smart-growth industries, was to change
19 their name. And it's not a solution, it's simply a
20 PR stunt.

21 At the same time as they proposed their name
22 change, they came up with another idea to reform
23 their ways. Sadly, this idea is equally as
24 ineffective.

25 The five town IDAs in Erie County proposed

1 allowing each IDA to act as a regional IDA. While
2 they may eliminate some of the jobs theft that
3 we've seen in the past, it will do nothing to
4 prevent bad projects from getting rubber-stamped by
5 the IDAs.

6 I have been outspoken about my criticism of
7 our industrial-development-agency system in
8 Erie County, and rather than just talk about it, I
9 have worked with County Executive Mark Poloncarz to
10 put forth a proposal to reform our IDAs.

11 My legislation would allow the town IDAs to
12 bring their proposals to a countywide IDA where
13 the merits of the projects will actually be
14 discussed. This would stop bad projects like
15 liquor stores and doughnut shops from being
16 approved, because those types of projects do not
17 improve our regional economy. They do not create
18 high-paying jobs.

19 The IDAs could improve the work that they
20 do by bringing forth smart projects which benefit
21 both their towns and the overall regional economy.

22 I'm going to keep pushing my legislation
23 because it is a positive solution, and it will bring
24 real reform to the countywide IDA system.

25 I'll leave with you this, Senators:

1 Recently, the Clarence IDA approved their
2 yearly budget, in which they included \$99,500 in
3 revenue from administrative fees.

4 That's how the IDAs work. They charge
5 administrative fees on the projects they
6 approve; therefore, they need to keep approving
7 projects, no matter how awful the project is,
8 simply to keep existing.

9 So what did the Clarence IDA consultant say
10 to the media after the budget was approved regarding
11 next year's administrative fees?

12 He said, "I can tell you this, next year is
13 looking pretty good."

14 Well, things may be looking good for the next
15 doughnut shop or liquor store, or for the next
16 consultant looking for a fee, but things are
17 certainly not looking good for the taxpayers of
18 Erie County, so as long as we've an IDA system that
19 continues on their misguided path.

20 Thank you, Senators.

21 SENATOR GALLIVAN: A few questions, if I may,
22 Assemblyman.

23 ASSEMBLYMAN SEAN RYAN: Sure.

24 SENATOR GALLIVAN: The legislation -- I'm
25 familiar with the legislation that you had proposed.

1 I don't have all of it committed to memory.

2 From the time that we had met with it -- or,
3 regarding it, has any of that changed --

4 ASSEMBLYMAN SEAN RYAN: There's been --

5 SENATOR GALLIVAN: -- or is it still the
6 same?

7 ASSEMBLYMAN SEAN RYAN: -- yeah, very small
8 changes.

9 The concept of it, Senator, would be to allow
10 the town IDAs to continue to exist, and they would
11 vet projects through their town system, but they
12 would have to bring those -- that project to an
13 ECIDA, which would be made up of board members from
14 the entire county. And then they -- that would be
15 the final governing body that would take a look at
16 that, and say, whether or not that program actually
17 has an economic-development impact, or if it's
18 simply just economic activity that has no true
19 impact.

20 The towns would still be free to waive any
21 of their taxes that would be collected from that
22 business, but if they want to waive any of the taxes
23 that are supposed to be going into our regional
24 kitty, that they would have to go to the -- before a
25 regional board before they do that.

1 And just remember, Senator Gallivan, that the
2 incentives that the IDAs are giving away are
3 incentives that are not just to benefit from that
4 town. So if we do a sales-tax waiver, that sales
5 tax that's been waived is supposed to be split
6 amongst every town in Erie County, amongst every
7 school district in Erie County.

8 So, when the waivers that are being made by
9 the individual IDAs, in some ways, those
10 waivers, they don't come out of that town's hide.
11 They come out of the hide of the entire County.

12 So, it just created a system that it's a bit
13 upside down. You're waiving taxes that, first of
14 all, were only going to come to you in a small
15 portion, and then you've got this perverse incentive
16 of the administrative fees.

17 Most people, I think, have the perception
18 that the IDAs are funded by their towns.

19 And, you know, bully to Amherst, they've done
20 a great job bringing all that business out there.
21 And, I always perceived that was Amherst using their
22 taxpayer dollars to get that done. But it turns
23 out that the town of Amherst has no play in that.

24 The IDA's an authority. They stand on their
25 lone -- alone, but they could waive tax dollars that

1 are supposed to go the entire region, but we have no
2 check on them. They could waive tax dollars that
3 are supposed to go to Marilla, that are supposed to
4 go to Elma, that are supposed to go to Lancaster,
5 but no one from Marilla, Elma, or Lancaster can vote
6 on the IDAs from another town that are giving away
7 their tax dollars.

8 So, the Governor showed us, with the regional
9 economic development council, that there is a new,
10 more strategic way to do economic developments.
11 And my hope is, that through the reform efforts,
12 we can bring the IDAs into line with that.

13 And I'll just give you a quick number to end
14 my long answer to your short question, and that is,
15 we were all very, very happy when we received the
16 award last year for the best economic-development
17 project in the state. So, we get about \$120 million
18 in economic-development money for that.

19 And, you know, the community was doing
20 backflips over it. Great plan, great five
21 counties came together to make this up.

22 But, during a five-year period, the IDAs from
23 those five counties, they give away in excess of
24 \$120 million of economic-development money.

25 So, while we had this big bang from the 120,

1 there's a slow trickle going out that's draining the
2 economy at the same time.

3 So until we get all of our
4 economic-development forces pulling in the same
5 direction, we are going to continue to
6 misappropriate our scarce economic-development
7 dollars into projects that don't yield high-paying
8 jobs to our community.

9 SENATOR GALLIVAN: As far as the proposed
10 legislation, is there any changes that would --
11 are there any changes to the structure and the rules
12 that ECIDA has to live by --

13 ASSEMBLYMAN SEAN RYAN: No, the ECIDA --

14 SENATOR GALLIVAN: -- or the cardboard
15 structure?

16 ASSEMBLYMAN SEAN RYAN: -- yeah, those
17 rules will still be the same that -- once again,
18 the ECIDA is made up of representatives from the
19 entire county, and they can come together and make
20 their rules.

21 Make no mistake: I don't think the ECIDA is a
22 perfect vehicle. But what's more imperfect is
23 having six IDAs in one county, each doing their
24 own thing.

25 So if we're able to come up with a common

1 policy that all vets through the ECIDA, in many
2 ways, we will all have a voice in that.

3 You know, the Town of Brant will have a voice
4 in that. But right now, the Town of Brant does not
5 get a seat on any of the other IDAs.

6 And that's what we're trying to remedy.

7 So, we all need to come together to back one
8 IDA.

9 SENATOR GALLIVAN: Well, under your proposed
10 legislation, who makes the decision regarding the
11 decisions on the New York State portion of the sales
12 tax?

13 ASSEMBLYMAN SEAN RYAN: Just as it is now,
14 the IDAs make that -- would make that decision.

15 So, if a town thinks it's --

16 SENATOR GALLIVAN: The town IDA or the
17 County IDA?

18 ASSEMBLYMAN SEAN RYAN: County.

19 SENATOR GALLIVAN: Okay. And how about --
20 you made reference to administrative fees, and
21 specifically, Clarence's IDA.

22 Is that, essentially, the same with all
23 IDAs, including the ECIDA?

24 ASSEMBLYMAN SEAN RYAN: Yes, the model is the
25 same as -- they were very similar to, sort of an

1 investment bank, where, if do you a deal, you get a
2 percentage of the commission back.

3 So, there's slight variations, but they're
4 almost all based on a fee relationship.

5 And, you know, and perhaps an amendment to
6 that could be that there is no fee relationship.
7 That, if a town or a county believes that this is
8 important for them, they should perhaps invest
9 taxpayer dollars into that to sustain it.

10 SENATOR GALLIVAN: Thank you.

11 Senator Grisanti.

12 SENATOR GRISANTI: Yes, Assemblyman, thanks
13 for coming. I appreciate it.

14 ASSEMBLYMAN SEAN RYAN: You're welcome.

15 PROFESSOR SURRATT: Basically, in a nutshell,
16 what you're saying is, that the towns that do not
17 have IDAs are penalized by the tax breaks and
18 incentives that are given. Is that correct?

19 ASSEMBLYMAN SEAN RYAN: That's part of it,
20 Senator.

21 SENATOR GRISANTI: And that the -- under your
22 proposal, your legislation, you would want, you
23 know, the towns that do have IDAs that still stay
24 in existence, to still try to create economic
25 growth, but not be the final decision-maker as to

1 what sort of tax breaks are given. That final
2 decision would go to the Erie County board members
3 for the Erie County IDA. Correct?

4 ASSEMBLYMAN SEAN RYAN: That's correct.

5 SENATOR GRISANTI: Okay.

6 ASSEMBLYMAN SEAN RYAN: If they're waiving
7 sales tax -- or, waiving tax dollars that are beyond
8 their town, that they have to go to the -- a larger
9 board to make that determination.

10 SENATOR GRISANTI: Okay. Is it in the
11 legislation, or in the talks, that, let's say, if
12 that legislation were to go forward, that the --
13 that there would be a change in the membership on
14 the Erie County IDA Board?

15 In other words, to either have towns that
16 don't have IDAs or towns that do have IDAs, to then
17 be a part of that board, or is the board already in
18 place? And, if so, who appoints the board?

19 ASSEMBLYMAN SEAN RYAN: That's not in the
20 legislation, but, we've proposed to the ECIDA, and
21 they agreed to change their bylaws to allow a more
22 representative board.

23 So, one of the issues that came up is,
24 there's no allocated Southern Tier, or Southtown,
25 members to that. And that's one of the proposals

1 that we've come up with, is that, the ECIDA's
2 membership would be expanded to include a
3 Southtown's representative.

4 SENATOR GRISANTII: And that would have to be
5 a change in the bylaws; it's just something done
6 in -- by the county?

7 ASSEMBLYMAN SEAN RYAN: That's right.

8 And if, in fact, they don't do it, then we
9 could resort to legislation.

10 SENATOR GRISANTII: Okay, I appreciate it.
11 Thanks a lot.

12 ASSEMBLYMAN SEAN RYAN: Okay, thank you very
13 much.

14 SENATOR GALLIVAN: Thanks, Assemblyman.

15 ASSEMBLYMAN SEAN RYAN: Thank you.

16 SENATOR GALLIVAN: Assemblyman
17 Dennis Gabryszak.

18 ASSEMBLYMAN DENNIS GABRYSZAK: Thank you,
19 Senator Gallivan and Senator Grisanti, for the
20 opportunity to be here this afternoon to talk about
21 an issue that has been in the forefront of the
22 Erie County area, the Western New York area, for a
23 while.

24 And let me state that, in a past life, that I
25 served as a member -- a board member of the ECIDA.

1 I think it's a very important issue and a
2 very important topic that we're talking about, as it
3 affects business in the area, it affects
4 business in the Western New York area, and we
5 certainly need to do everything that we can to
6 encourage more business.

7 I have watched the debate on IDA reform in
8 Erie County escalate over the course of the last
9 year. We are one of a few areas in the state where
10 residents have taken issue with some of the IDA
11 inducements that have been awarded.

12 And without legislation policy in place,
13 IDAs have been able to chart their own course,
14 with some awarding incentives that may violate the
15 spirit of an industrial development agency, and what
16 it should actually be striving for.

17 I believe that government leaders in our
18 community need to work in a collaborative way to
19 identify solutions that work for all parties.

20 Some have gone on record stating that the
21 Erie County should be working toward one IDA.

22 And the 143rd Assembly District, which I
23 represent, two communities are there: town of
24 Cheektowaga and the town of Lancaster.

25 One has its own IDA.

1 One community doesn't; it operates under
2 ECIDA.

3 I see firsthand that Lancaster IDA has more
4 flexibility to undertake projects than Cheektowaga
5 who relies on ECIDA for that service. ECIDA seems
6 to be more reluctant to take on some projects that
7 Lancaster IDA would.

8 What we're talking about, really, is adaptive
9 reuse.

10 I believe that IDAs should be inducing
11 projects that produce jobs at businesses that will
12 export products out of our area, while also
13 producing projects that will bring in tourists
14 from outside.

15 With that in mind, I believe that the
16 six IDAs should be working together to identify
17 one set of policies, and then stick to them.

18 The town IDAs should not be in fear of
19 people trying to neuter them in pursuit of one IDA.
20 This violates the integrity of the "home rule"
21 standard that was put in place when these additional
22 IDAs were formed.

23 I do need to voice that I am opposed to
24 having IDA incentives that look like
25 community-development projects.

1 There is no denying that some of the areas
2 of our community could really use adaptive-reuse
3 policies to bring them up to date.

4 With this in mind, I would like to suggest
5 that legislation possibly be looked at and crafted
6 that would create non-historic rehabilitation tax
7 credits. There are a number of underutilized
8 shopping plazas within Cheektowaga that could
9 benefit from such a program.

10 The specifics would have to be flushed out,
11 but having the tool like that in the toolbox could
12 prevent IDAs from taking on community-development
13 projects.

14 There are other community-development tools
15 that municipalities can implement as well.

16 We need to encourage municipalities to opt
17 into a 485-b assessment-reduction program.

18 In addition, states need to promote the
19 fact that school districts can now opt into
20 "TIFPs," tax incremental financing packages.

21 Now that counties, local municipalities, and
22 school districts can opt into TIFP inducements,
23 this would give developers another option to bring
24 existing development back to life.

25 Some have indicated that there is an interest

1 in changing the boundaries of town IDAs in
2 Erie County to make them more regional in scope.

3 An example would be:

4 To have Lancaster IDA work with, for example,
5 the towns of Cheektowaga, and maybe West Seneca;

6 You have town of Amherst maybe working with
7 town of Tonawanda and Clarence on a regional basis;

8 You have, Hamburg IDA could handle projects
9 for the Southtown's area.

10 Because I think what you see is, in each one
11 of these areas, you have different economies.

12 The Southtown, what Hamburg may induce, could
13 be projects different in scope that what may be
14 happening in the city of Buffalo or in Lancaster or
15 Amherst.

16 So, I think there's some logic to wanting to
17 do that; to craft regional IDAs rather than going
18 to one IDA.

19 Many have expressed concern that IDA -- that
20 ECIDA thinks of the city of Buffalo. Thinks -- at
21 least of thinking of projects for the city of
22 Buffalo first.

23 There is no denying that the city is in most
24 need of renovation and revitalization, but at the
25 same time, not every business wants to locate in

1 the city of Buffalo.

2 ECIDA represents the cities of Buffalo,
3 Lancaster, and Tonawanda, while other municipalities
4 in Erie County would be representative, like I said,
5 by those regional IDAs.

6 And, finally, I would like to offer my
7 support for reconstituting the board of ECIDA.

8 Many organizations with seats on the IDA are
9 no longer in existence, and we talked about the
10 possibility of expanding.

11 I propose, rather than expanding, making a
12 more board bigger, that we may look at what other
13 counties have done, and size of their ECIDAs --
14 or, their IDAs, rather, than in terms of size,
15 being seven-, eight-, nine-member boards. Smaller
16 boards, without town representation, but
17 professionals, so those projects can come in and
18 be reviewed by professionals, and make those
19 independent decisions.

20 I believe that it's important that we
21 recognize the fact that there are projects that
22 should not be induced. I agree that pizzerias and
23 doughnut shops, things like that, should not be
24 going through IDAs, but there may be a need within
25 that community. And each community should decide if

1 there's a niche, and give some tools, other than
2 an IDA inducement, to get that done.

3 And when you talk about limiting the benefit
4 to that community, we also have to look at the other
5 side. When that business, for example, is induced,
6 it still creates sales-tax revenue that is shared
7 with all communities. It hires people that come
8 from other communities. It's not limited to the
9 community that may be restricted for the inducement.

10 So there's a benefit, countywide, for -- for
11 all communities.

12 It's not a perfect system, but I think with
13 the attention and the information that you will be
14 gathering here today, I am hopeful that we can get a
15 much better system put in place, and work in a
16 cooperative manner.

17 SENATOR GALLIVAN: Thank you.

18 Let me ask: The idea of a reconstituted
19 ECIDA board, that your suggestion is, is that it
20 should be smaller.

21 Have you given any thought to what you would
22 recommend, if that was the case, how the members
23 would be appointed or identified?

24 ASSEMBLYMAN DENNIS GABRYSZAK: That's
25 something I think you can review what they do in

1 other counties.

2 I know, in Monroe County, for example, I
3 believe the IDA board is only seven members.

4 And what we need to do is, rather than put
5 additional steps in on businesses, where, if an
6 IDA -- suburban IDA wants to induce something,
7 then they have to go -- if they want greater
8 benefit, go to ECIDA, that's additional time, that's
9 additional steps.

10 Businesses are looking to be able to work
11 cooperatively with whatever agency, to get whatever
12 needs to be done, and get their project moving,
13 rather than put additional steps in, to delay
14 projects, and not knowing whether or not you're
15 going to be able to get other inducements.

16 SENATOR GALLIVAN: Do you have any -- are you
17 contemplating any legislation, or have you sponsored
18 any legislation?

19 ASSEMBLYMAN DENNIS GABRYSZAK: I have not
20 sponsored any legislation as of yet. It is
21 something that we are continuing to look at.

22 Like I said, I know Monroe County, COMIDA, I
23 believe is seven members.

24 We need to take a look at, you know,
25 throughout the state, and see how smaller

1 constituted boards, how they operate, and, in terms
2 of what the benefit is, in other counties, and other
3 IDAs, how successful they've been with smaller
4 boards as opposed to ECIDA.

5 SENATOR GALLIVAN: Thank you.

6 SENATOR GRISANTII: So, Assemblyman Gabryszak,
7 are you saying that -- and if I get it wrong, then
8 just let me know -- but -- so what you're saying is,
9 is that the IDAs that are in existence now, and
10 let's just take out Erie County, but those in the
11 suburban areas, and let's say Lancaster has its
12 own, you're saying combine them with, what, towns
13 or villages that don't have an IDA, and that would
14 be one regional center. And then, if you have
15 Hamburg, you can combine with it Orchard Park, other
16 areas, and that would be another regional center.

17 That's --

18 ASSEMBLYMAN DENNIS GABRYSZAK: That's
19 correct.

20 SENATOR GRISANTII: -- is -- that's what
21 you're saying?

22 ASSEMBLYMAN DENNIS GABRYSZAK: Yes.

23 SENATOR GRISANTII: Okay. And then, rather
24 than having it go then to an Erie County IDA board,
25 you have a different seven-member board that's made

1 up of not anybody affiliated with those regional
2 areas, and just seven professionals from -- from
3 what realm?

4 ASSEMBLYMAN DENNIS GABRYSZAK: Well, you
5 could have people from the business community,
6 executives from other -- either government
7 agencies or development companies. Things like
8 that.

9 But what you need to do is, get to the
10 professionals.

11 And, listen, when I was town supervisor, I
12 know when I was on ECIDA board, you know, you try to
13 objectively look at, you know, the projects that
14 come before you, and you can vote on a project based
15 on the good for the area.

16 What we're looking at is the effectiveness of
17 other IDAs throughout the region, of how they
18 operate.

19 Now, suburban IDAs, I believe are
20 constituted differently than what you see ECIDA.

21 I believe that ECIDA board members right now
22 is probably somewhere between, maybe, 19 and
23 21 members, something like that. You have the
24 supervisors from the town of Amherst, Tonawanda, and
25 Cheektowaga on there. You have other towns that are

1 not represented there.

2 So what I think you need to do is, rather
3 than expand boards and maybe put more political
4 people on the boards, I think what we may be
5 better off doing, is looking at shrinking the board
6 and putting professionals on there.

7 SENATOR GRISANTII: Okay. So -- and not to
8 put words in your mouth, but what came to mind: So,
9 it sounds like you feel there may be a biased of
10 maybe some of these towns or some of these
11 villages not being represented, wherein, if a
12 project comes along, there could be: Well, why
13 aren't you put the project over here rather than in
14 this area over here?

15 In other words, a business wants to, let's
16 say, move in Area A. There could be a bias on the
17 board saying: Well, you know what? It would be
18 better if you moved to Area B, and if you did, we'll
19 give that you incentive.

20 ASSEMBLYMAN DENNIS GABRYSZAK: Right.

21 SENATOR GRISANTII: So you're -- I mean, I
22 don't know if that's happened. I haven't really
23 followed, you know, the IDAs. I mean, I've had
24 conversations about it.

25 But that's your -- that would be a concern,

1 as to why have a different board make-up?

2 ASSEMBLYMAN DENNIS GABRYSZAK: Well, that's a
3 concern.

4 And like I said, I think what it does is, is
5 it removes, you know, the political influence.

6 Now, I know, for example, in the town Of
7 Cheektowaga, represented by ECIDA, there may be a --
8 like, enhancement zones that's designated by the
9 town of Cheektowaga.

10 Just like they have in the town of Lancaster,
11 they have enhancement zones that have been defined
12 and voted on by the town board. Areas that they
13 know that people -- that representatives in that
14 area know, maybe, an area of distress, or, area of
15 high vacancy, that buildings that have been vacant
16 for a while, this would give them the opportunity to
17 define that area.

18 And, then, you get all the IDAs to work
19 under the same model, in terms of what type of
20 inducement may be there.

21 Maybe you limit -- in an enhancement area,
22 maybe you limit the tax benefit just to that
23 municipality, as opposed to everyone else in the
24 county.

25 But, that can happen in the town of

1 Lancaster. Doesn't happen in the town of
2 Cheektowaga, because ECIDA won't go down that road,
3 so that you have a discrepancy between what some
4 municipalities and communities do, and what some
5 other IDAs won't do.

6 And I think what you need to do is really
7 level that playing field, and help those communities
8 that defined an area of either high vacancy or
9 distress that needs some extra attention.

10 SENATOR GRISANTI: I appreciate it. Thank
11 you.

12 Thanks for answering that.

13 SENATOR GALLIVAN: Thanks, Assemblyman.

14 ASSEMBLYMAN DENNIS GABRYSZAK: Thank you.

15 SENATOR GALLIVAN: Assemblywoman Jane Corwin.

16 ASSEMBLYWOMAN JANE CORWIN: Good afternoon.
17 Thank you so much for having this forum. I
18 appreciate it.

19 I am here to defend, essentially, the
20 existence of the local IDAs, and I'm going to
21 start out with an example of a situation we had in
22 Clarence, where I reside, and where I represent.

23 A few year ago we had Dash's supermarket
24 come in, and they came into what was an empty
25 building that had been empty for several years.

1 It was in decrepit shape, and there was crime that
2 was starting to happen in that area. There was a
3 knifing in the parking lot in an attempted rape.

4 And when the IDA induced Dash's supermarket
5 to come in, now we have this beautiful supermarket,
6 plus the fact that we didn't have a supermarket
7 within the boundaries of the town of Clarence prior
8 to that.

9 Now, this is -- I mean, if you ask any
10 resident in Clarence, at least the ones I've talked
11 to, they're thrilled to have Dash's there. They've
12 been a great corporate neighbor, they keep up their
13 properties. There's a lot of commerce going on in
14 the street around there. Because they came in, we
15 have a SPoT Coffee there now.

16 So, it led to an improved situation on
17 Main Street in Clarence.

18 Now, someone from the city of Buffalo might
19 look at that and think, you know, it's not worth it.
20 You know, but for the people in the town of
21 Clarence, I think they'd say that it was very much
22 worth it.

23 And I think that's where part of the problem
24 is that we have with the way that the statute is
25 written involving IDAs, is that the IDA statute

1 does not give complete control to a local
2 municipality to make these decisions.

3 The way the language is written in state law
4 right now, an IDA is in existence until their debt
5 obligations are met and their lease obligations are
6 met. Once that happens, the IDA goes out of
7 existence automatically.

8 So, some people criticize the IDAs, as
9 saying: Well, they're gonna keep doing deals to
10 keep generating the revenue to keep themselves in
11 existence.

12 So what I've done is, I've written a bill,
13 and it's sponsored by Senator Ranzenhofer on the
14 Senate side, which would change the language, that
15 would allow for an IDA to only go out of existence
16 when it meets its debt obligations, it meets its
17 lease obligations, and the local municipality, by
18 resolution, decides to put it out of existence.

19 And in that way, if a town like a Clarence
20 wants to keep an IDA, they can have an IDA without
21 having to keep doing deals to keep generating
22 income, so that they can pick and choose the deals
23 that they want to have that are most beneficial,
24 without risking that they go out of business because
25 they don't have a steady stream of revenue.

1 So that was one proposal.

2 I have to counter some comments that were
3 made by my colleague from Buffalo earlier.

4 My experience with the IDAs, when I came on
5 as the Assembly member for this area -- and I'll,
6 full disclosure, my husband was vice chairman of the
7 Erie County IDA at the time -- I spent a lot of time
8 meeting with the Erie County IDA members, as well
9 as the leadership council members. Those are the
10 leaders from each of the local IDAs who get
11 together on a regular basis to coordinate their
12 efforts.

13 And I was meeting with them pretty regularly
14 up until about 2010. And I'll tell you, these
15 IDAs are not reckless.

16 I resent the term "reckless" that is used.

17 These are people who are out there trying to
18 do good things for their community. There's nobody
19 out there trying to stick it to the taxpayers, at
20 least not that I had any experience with. And like
21 I said, I've spent quite a bit of time with many of
22 the members of those two boards.

23 And they're not fixating either.

24 What they are trying to do is, they're trying
25 to help their community and develop their economy,

1 and they're working with what they've got.

2 So when you're in a town like a Clarence, or
3 someplace else, if a Google comes in, I guarantee
4 you, that local IDA will be there to incent that
5 company to come in and do the right thing.

6 The problem is, we don't have Google coming
7 into the town of Clarence.

8 We don't have a Google coming into Tonawanda.

9 Okay?

10 And that's the problem. It's part of a much
11 bigger issue we have with Western New York.

12 So to sit here and say, Oh, they're fixating
13 on bringing in doughnut shops, that's not the case
14 at all. They would love to bring in a Google, but
15 Google's just not there yet.

16 And I know this, because of what my northern
17 part of my district, I represent the town of
18 Lockport. And two years ago we had Yahoo! come
19 into the town of Lockport.

20 And let me tell you, one of the biggest
21 reasons they were able to get that Yahoo! plant
22 put in there, was because of the incentives
23 provided by the town of Lockport IDA.

24 They have a county IDA. The county IDA got
25 involved, the town planning boards got involved.

1 Everyone in there got involved, but the town of
2 Lockport IDA helped to make that deal happen.

3 My concern is, if we go along with the
4 legislation that's proposed, that, where we would
5 make a second level of approval, where a long IDA
6 would approve a project, but then it would have to
7 get signed off on by the Erie County IDA, what we're
8 doing is, we're creating two levels of
9 bureaucracy, where right now we've got one.

10 And to a project like a Yahoo!, big companies
11 don't tolerate bureaucracy. They don't want to come
12 in and have to go through multiple levels of
13 approvals in order to get a deal done.

14 So I think that doing it that way would
15 create a tremendous disincentive to big companies
16 coming into our area and trying to get a deal done.

17 When Yahoo! came in, they came in, and they
18 wanted to have a decision made within weeks. Not
19 months, and certainly not years.

20 And when you have to go through multiple
21 levels of approvals, that's what happens: you
22 end up delaying the process.

23 Another concern I have, which was raised by
24 my colleague from Cheektowaga as well, is, the
25 Erie County IDA right now has 19 board members.

1 If you look at IDAs around the state, that
2 is the -- outside of New York City, that is the
3 biggest board that's out there.

4 Most IDAs, of course most communities are
5 smaller, they'll have three or four people on their
6 IDA board.

7 So now we have a situation where we have
8 19 people there, and I don't think it's necessarily
9 a horrible thing, because we do have representation
10 from labor, from school districts, from major
11 towns in the county. There's a lot of
12 representation from different constituent groups.
13 And I don't think that's a bad thing. I think
14 that's a good thing.

15 But my concern is, if we start bringing more
16 people in from more towns into that board, it's
17 going to become much more difficult to get deals
18 through the process.

19 And I don't think it's necessary to do that
20 either, because, right now, the local IDAs have
21 what's called a "leadership council," where the
22 leaders of the local IDAs, for example, Clarence,
23 they get together on a regular basis, and they
24 coordinate their efforts, or talk to each other, to
25 make sure that a Dash's supermarket isn't playing

1 one town off of another.

2 So they can come in, if they're trying to
3 negotiate a deal with Clarence, Clarence is talking
4 to Amherst, and so they'll know if Dash's is trying
5 to come in and, you know, play them off of Amherst.

6 So, they're already taking those efforts to
7 coordinate their efforts.

8 So I believe that the system we have right
9 now can work. I think, like I said, if we can get
10 some legislation passed that disincentivizes the local
11 IDAs from trying to keep themselves in business and
12 keep generating those revenues, that we would end up
13 getting maybe a more selective process. You know,
14 maybe they wouldn't take every deal that comes
15 along, maybe they'd be a little more picky about it.

16 But, generally, beyond that, I think the
17 system is good, and I think it's doing the best that
18 it can given the situation it's got.

19 When Goggle comes in, or any other big
20 company, I am confident that those local IDAs and
21 the Erie County IDA will do the right thing, and get
22 those companies to come in.

23 So, that's it.
24
25

1 SENATOR GALLIVAN: Thank you.

2 Do have you have a reference number on the
3 legislation you were --

4 ASSEMBLYWOMAN JANE CORWIN: Yes, I do.

5 It's, let's see, Assembly 9753. And on the
6 Senate side, it's 6953.

7 And it was just introduced in April, so...

8 SENATOR GRISANTII: Just a couple of
9 questions.

10 ASSEMBLYWOMAN JANE CORWIN: Sure.

11 SENATOR GRISANTII: And, Assemblywoman Corwin,
12 thanks for coming. I appreciate it.

13 In some of the conversations that I've had
14 recently, and I don't know if this is the case, and
15 you touched upon a little bit, where you have town
16 IDAs having conversations together. Like, let's
17 say, Amherst and Clarence, you said were, you know,
18 talking together.

19 Something that's, and I don't know if this is
20 true or not, where you have, and is it the reason
21 why they're talking together, because you have a
22 business, let's say, a drugstore that will jump from
23 one side of Transit Road to another side of
24 Transit Road, then, therefore, going from Amherst,
25 because the breaks are up, and then jumping over to

1 Clarence because, then, they could get the breaks
2 kicking back in again?

3 I mean, does that -- is that why they talk
4 now, together, I mean, because it has happened in
5 the past?

6 ASSEMBLYWOMAN JANE CORWIN: Absolutely. And
7 it was a chronic problem, and it has been a problem
8 especially in other parts of the state.

9 Down in Hudson Valley and Long Island, that
10 was becoming kind of the way of doing business, is
11 that they'd stay in one place for 5 years, or
12 10 years, as long as the incentive was there. And
13 then as soon as it was winding down, they'd start
14 going to the different towns and saying: Well,
15 what are you going to give me? Well, what are you
16 going to give me?

17 And they'd jump across the street.

18 There's a statewide organization called the
19 "New York Economic Development Council," and they
20 are an association of development agencies. And
21 what they've done is, they've developed, since that
22 problem really came to light four years ago,
23 they've created a best-practices policy. And that
24 best-practices policy has been distributed to all
25 of the IDAs.

1 And I know a lot of the IDAs, the vast
2 majority of them across state, are utilizing those
3 now.

4 And I think the leadership council was a
5 result of those best-practices policies that were
6 introduced. I would say, it was probably in
7 2009/2010.

8 SENATOR GRISANTI: Have you seen where, let's
9 say, and it's not that I know it, but I'll just,
10 where one drugstore is on one side, and let's say
11 they want to do that, and they realize, that because
12 there's kind of this watchdog, this best-practice
13 policy, that it's not going to happen, do you then
14 see them just shutting down?

15 Do you -- have you seen that happen like in
16 your area?

17 Let's say, you know, a Rite-Aid is here, and,
18 well, we want to go here. And then, Well, we're out
19 of tax breaks. And then they just say, You know
20 what? We're just going to close up shop.

21 Do you see that happening as well?

22 ASSEMBLYWOMAN JANE CORWIN: I personally have
23 not seen that.

24 SENATOR GRISANTI: Okay.

25 ASSEMBLYWOMAN JANE CORWIN: I -- my

1 understanding is that problem was largely downstate,
2 like I said, Hudson Valley, Long Island, area.

3 And in the last two years, I haven't heard
4 of any of that happening, but I'm not going to say
5 it's not happening. I'm just not aware of that.

6 SENATOR GRISANTII: All right.

7 And then, you know, you mentioned that it
8 seems to be a theme -- or, with your legislation
9 that you're talking about, is the concern that not
10 enough attention is being paid to towns who want
11 to focus on small businesses coming there, because
12 that is what is needed, let's say, in a particular
13 region or a particular area, like a Dash's that may
14 have wanted to move in, and then, from Dash's, it
15 expands, and somebody else comes in?

16 Are you saying that that -- that on a higher
17 level, with the Erie County IDA, that it's not being
18 recognized that that is needed in that particular
19 area, because a Google or a Yahoo! is not coming
20 there, and we need the small business to expand in
21 these regions; and, therefore, we're not being
22 paid much attention to, which is why we have, and
23 still want, our individual IDAs?

24 Is that the basic premise?

25 ASSEMBLYWOMAN JANE CORWIN: I think that's my

1 concern.

2 Like I said, the Erie County board has
3 19 members on it, and some of them are from the
4 large towns. A lot of them come from constituent
5 groups, like I said, from, you know, Buffalo City
6 Schools, labor council, NAACP.

7 I don't believe -- like I said, I have faith
8 that they are all doing the right thing. But when
9 you're talking about a grocery store on Main Street
10 in Clarence, I just don't think a board of that
11 composition will necessarily see the value in having
12 a supermarket or a small business induced in one of
13 the more smaller, more outlying towns.

14 And that's where I think the local IDAs
15 serve a purpose.

16 SENATOR GRISANTII: Okay.

17 ASSEMBLYWOMAN JANE CORWIN: Like I said, at
18 the end of the day, if Google comes in, I am sure
19 those organizations would work together, through the
20 leadership council, and through their boards, to be
21 able to make sure you can get a big company in
22 there.

23 But, the local ones, the small ones, I'm
24 concerned would kind of get left to the wayside.

25 SENATOR GRISANTII: Okay, I appreciate the

1 economic-development system, unfortunately, the
2 chief one in Erie County is the current
3 dysfunctional industrial-development-agency system
4 that ignores its own rules and appears to be more
5 concerned with self-perpetuation and, truthfully,
6 fostering real long-term economic growth.

7 We have a system, where, instead of working
8 the bring new businesses and jobs to Erie County, we
9 are more often shifting existing ones around from
10 one town to another, not making the pie any larger,
11 just re-slicing it in different ways.

12 We're not working to create or retaining
13 good-paying traditional manufacturing or the
14 back-office jobs that this area truthfully has been
15 known for recently. We're talking about, often,
16 low-wage or part-time retail jobs; pizzerias,
17 liquor stores, doughnut shops, and car
18 dealerships, among those that are the most noted
19 from the last few years alone.

20 And when these deals have happened, it's not
21 just as Assemblyman Ryan spoke earlier, the taxes
22 and money of one community that's paying for it,
23 it's every community in the county that's paying for
24 the continuation of a dysfunctional system.

25 Most of the deals that are being done,

1 especially in some of the smaller industrial
2 development agencies, but I will agree, also, often
3 with Erie counties, are sales-tax-incentive deals;
4 money that is shared by Erie County with all the
5 44 municipalities that exist.

6 And when we talk about Erie County, we're not
7 just talking about the cities, the towns, and the
8 villages, Erie County shares its school-district
9 money as well.

10 So, each of the 44 municipalities and every
11 one of the school districts gets impacted when a
12 deal is done that provides sales-tax benefits to
13 an entity.

14 Let me give you an example of that -- or,
15 before that, I should say, that this once again
16 shows us that when a transaction is done, whether
17 it's done by the ECIDA or by an independent
18 individual IDA, one of the five-other-town
19 organizations, the majority of Erie County residents
20 are not seeing the benefits from that specific
21 transaction, but they are paying for it.

22 And the one that everyone's talked about in
23 the last few years is the Premier Liquor
24 transaction, in which Premier Wine and Liquor moved
25 from Tonawanda, three miles down the road to the

1 town of Amherst.

2 I might added, that while the
3 Countywide Industrial Development Agency Uniform Tax
4 Exemption Policy, agreed to by all the IDAs in
5 2001, required notice to be given to the current
6 municipality, to give them an opportunity to try to
7 save that business in their town, no notice was
8 given.

9 The supervisor of the town of Tonawanda did
10 not find out about it until it was reported in the
11 news.

12 That's wrong.

13 And according to Supervisor Weinstein of the
14 town of Amherst, the IDA package included \$246,000
15 in sales-tax abatements. Based on the countywide
16 sales tax sharing formula, only \$3,089, or, about
17 1 percent of that, came from the town of Amherst,
18 while the remaining 99 percent of the sales-tax
19 breaks were paid for by the rest of the people of
20 Erie County, the cities, towns, villages, and school
21 districts, including \$1,500 from the town of
22 Tonawanda itself where the business was poached
23 from.

24 I'm not criticizing Supervisor Weinstein for
25 noting that. That is the current system. And he

1 was noting, under the current system, it makes
2 sense for the town IDAs to do these deals
3 because the local municipalities are not paying for
4 it.

5 Now, I think we could stand here all day and
6 talk about good deals and bad deals with regards
7 to each one of the IDAs, including, in the past,
8 the Erie County Industrial Development Agency, but
9 that would be diverting ourselves from the true
10 larger issues at hand.

11 The central questions are:

12 What projects or type of projects should
13 receive IDA support?

14 Who should pay for them?

15 And, lastly, who makes the decisions of
16 whether to grant those inducements?

17 Right now, the answer is: The town-level
18 IDAs themselves, who have very little
19 accountability to the taxpayers of their
20 community, the communities that they're giving money
21 away from.

22 Not long ago, a member of the Lancaster IDA
23 Board was quoted as saying, "We are a rubber-stamp
24 organization. We're not a judge and jury."

25 And, truthfully, why should they scrutinize

1 these deals when they have almost nothing to lose
2 from them?

3 It's not their money they're handing out, and
4 it's not their concern when a deal has a negative
5 impact on a neighboring town.

6 It is clear that the solution is to inject
7 accountability into the system, and change a name or
8 two of a given town IDA is not necessarily going to
9 be just the goal that we need to do.

10 I know that there is a right system out
11 there, and that's exactly the proposal that
12 Assemblyman Sean Ryan has before the New York State
13 Assembly at this point.

14 We believe that counties that are paying for
15 tax breaks should have a say in what projects
16 get them, and that's what the introduced legislation
17 does. This legislation, essentially, requires a
18 town-level IDA to get permission before handing out
19 other communities' tax dollars, while still
20 allowing them to complete as many deals as they
21 want if they're giving out their own tax dollars.

22 If the town of Amherst, or the town of
23 Clarence, Hamburg, Lancaster, or Concord, which are
24 the five town IDAs, elects to do as many projects
25 as they want, abating it through the use of their

1 own town tax dollars, I don't have a problem with
2 that. But I do have an issue when a town gives
3 out the vast majority of tax dollars that are,
4 truthfully, for the rest of this community.

5 If there's one thing we know, with
6 school-district costs rising and property taxes
7 under a tax cap right now, making it very difficult
8 for school districts to meet their budgets, the
9 last thing school districts need are additional
10 revenue being taken away from them by people who
11 don't even live in that community.

12 A lot of people have met, a lot of people
13 have come out, and offered resistance to the
14 proposal of Assemblyman Ryan, and, generally, it's
15 from those that have towns in the IDAs, and I
16 understand that. However, despite much of what has
17 been said about the positions over the several past
18 few months, I am not in favor of consolidating the
19 IDAs into one.

20 We have six industrial development agencies.

21 I will note for the record, the County of
22 Monroe has two, which is the Monroe County IDA, as
23 well as the Village of Fairport.

24 And also for the record, New York City only
25 has one.

1 We have six.

2 I'm not calling for the consolidation down to
3 one. I don't think that would be in the best
4 interests of the long-term economic development of
5 this community.

6 I believe that the town IDAs do have an
7 important role to play in the economic development
8 of the region, but we need better policies guiding
9 those decisions than the ones that currently exist.
10 And in the end, everyone has to agree to the
11 rules, and follow them, which has not always
12 happened in the past.

13 Ultimately, I'm interested in working
14 cooperatively with the local governments to ensure
15 that good projects that are truly beneficial for all
16 of Erie County and Western New York are supported,
17 and that precious governmental resources are
18 protected and concentrated where the most benefit
19 can be obtained.

20 In as such, I will continue to work in my
21 which capacity as, both, a member of the Erie County
22 Industrial Development Agency, as well as
23 this county's Executive, with anyone who is willing
24 to do so, to create a fairer system that creates
25 real good-paying jobs for the future of this

1 community, and that benefits everyone of
2 Erie County.

3 I thank you for your time, and I would be
4 glad to answer any questions that you have.

5 SENATOR GALLIVAN: Thank you.

6 I have several questions, I'll bounce around
7 just a little bit.

8 You talked about a set of rules. You've
9 mentioned it in a couple different areas.

10 And I'm just curious, if there was a set of
11 rules established, a set of common accepted rules,
12 in your opinion, could the current system -- could
13 the current system be viable with a set of rules
14 that everybody followed?

15 MARK C. POLONCARZ: Well, there presently is
16 a set of rule. It's the Countywide Industrial
17 Development Agency Uniform Tax Exemption Policy,
18 which was last agreed to by the IDAs in 2001,
19 truthfully, the last time this discussion was really
20 held.

21 The IDAs came together and said: Well, we
22 need to solve this internally. Let's set up a
23 policy and rules to do it.

24 The problem is, the IDAs are no longer
25 following their own rules. And, so, we've talked

1 about this for decade and decade.

2 While we have not necessarily been in
3 government for as long as some of our colleagues in
4 the past, this discussion's been going on since the
5 '60s and the '70s, and truthfully, the first
6 Cuomo Administration, when Mario Cuomo stopped any
7 further IDA growth, because it was expanding to the
8 point it was not benefiting the greater community.

9 So, I would love to say, yes, that that's
10 true, but we have a track record of the last decade,
11 where we have policies in place, but the IDAs are
12 not following them, and that's one of the reasons
13 why we've reached this position again today.

14 SENATOR GALLIVAN: So, then, if there was
15 some way -- again, in your opinion, if there was
16 some way that we could ensure that a common accepted
17 set of rules was indeed followed, could the
18 current system be viable?

19 MARK C. POLONCARZ: Well, unfortunately, I
20 think the only way to do that would be to create
21 another branch or level of government to oversee the
22 IDAs to ensure that they're following policy.

23 And I think everyone agrees, the last thing
24 we want to do is create another level of government.

25 SENATOR GALLIVAN: The concept of the

1 affected entity making decisions, and giving an
2 example, one town IDA -- the example you gave,
3 you've got a town IDA gives some sort of break,
4 and your testimony indicates, and you gave some
5 numbers, how it affected other municipalities?

6 MARK C. POLONCARZ: Uh-huh?

7 SENATOR GALLIVAN: What about the ECIDA?

8 If we turned it around and there was one
9 entity, or even with Assemblyman Ryan's proposal,
10 would the ECIDA -- I mean, should the ECIDA get the
11 approval of all of the affected municipalities as
12 well?

13 MARK C. POLONCARZ: Well, the advantage of
14 the ECIDA, I mean, there's been criticism from some
15 of the speakers today about the size. But, by
16 having a larger board, it actually is more
17 representative of a true body of Erie County.

18 And as was noted, the town of Amherst
19 Supervisor sits on the IDA board, even though the
20 town of Amherst has an IDA board.

21 So, you could argue that they should not have
22 a seat, but we've already agreed, as a community,
23 because of the town of Amherst and its impact on the
24 economy, it should have a seat at the board of
25 Erie County Industrial Development Agency.

1 I think the goal is to ensure to have a true
2 representative board of the community.

3 The ECIDA board, as Assemblywoman Corwin
4 noted, is representative of labor and business,
5 elected officials, and others, school districts
6 as well. That board has, over time, been morphed
7 into a board that's tried to create a true
8 representation of our Erie County system.

9 It's not perfect. I don't think there is a
10 perfect system.

11 What we're trying to do, and I think our
12 Founding Fathers talked about trying to create a
13 more perfect union, we're trying to create a more
14 perfect industrial-development-agency system in
15 Erie County.

16 And this proposal before the Assembly today,
17 I think, is one that will do that.

18 SENATOR GALLIVAN: Do you think, and do you
19 have any -- regarding, I was going to ask you about
20 the make-up of the board -- would you recommend
21 changes in the make-up of the board?

22 Not individuals, but --

23 MARK C. POLONCARZ: We have set --

24 SENATOR GALLIVAN: -- a number, bigger,
25 smaller, additional people, fewer --

1 MARK C. POLONCARZ: -- I've sat down with a
2 number of individuals who are concerned about the
3 make-up of the board.

4 We've talked with some of the supervisors
5 from the southern communities in Erie County who
6 feel that they don't necessarily get as much say on
7 the IDA board as they should have in past. We've
8 talked to them.

9 It's not my sole decision, as Erie County
10 Executive. As noted, there are 18 other members of
11 the ECIDA which would have to agree to it, but I
12 think there is general consensus among members of
13 the IDA board, that, if we are going to have a
14 better system, we need have a board that truly
15 represents all of Erie County.

16 Right now, you have major towns
17 represented. You also have business and labor
18 represented.

19 But, some of smaller towns, including those
20 in the Southern Tier, have not had the
21 representation that they should.

22 I think it's fair, that we need to have a
23 system that works for all, and that's some of the
24 discussions we've had.

25 SENATOR GALLIVAN: My last question is really

1 more of a philosophical question.

2 Do you think we need IDAs at all?

3 I mean, in your opinion.

4 MARK C. POLONCARZ: We need industrial
5 development agencies to help provide benefits for
6 those projects that could not survive otherwise.

7 The question is: When do we do a project?

8 As I noted, there are some major questions,
9 as, what projects should we incentivizing?

10 For the longest time, the general consensus
11 was, you do a project if it's but for.

12 But for the receipt of these benefits, you
13 cannot do this project.

14 We've really gotten away from that in many
15 situations, where benefits are being provided just
16 because they've been offered and the developers
17 know they get them.

18 That, unfortunately, is sort of the bad part
19 of the system today. Folks know, that even if
20 they don't need the benefits to do the project,
21 they might as well apply for them because they're
22 basically being given out hat in hand.

23 I think there are projects that are
24 necessary, and I'll give you an example right now.

25 The ECIDA approved a project recently for a

1 company out of Canada, Welded Tube, which is going
2 to invest \$40 million of its own money on the
3 Bethlehem Steel site, to which we'll do 25 jobs in
4 the first year, 125 by year three alone.

5 That deal would not have been able to have
6 been done unless we received inducements, not only
7 from the Erie County Industrial Development Agency,
8 but the State of New York with regards to low-cost
9 power and other assistance.

10 There are some transactions, just because
11 of the high cost of doing business here in New York,
12 that would not happen but for the incentives that
13 are offered by IDAs. So, they do have a benefit.

14 The problem arises, is when they give
15 benefits to everyone regardless if it's really
16 needed.

17 SENATOR GALLIVAN: Thank you.

18 SENATOR GRISANTI: County Executive, thanks
19 for coming today. I appreciate it.

20 Recently in the newspaper, when I read this,
21 I actually -- and I don't know if it's gone forward,
22 but I know that the Erie County IDA was talking
23 about a new policy for offering the tax breaks to
24 hotel projects, and expanding the guidelines to
25 permit incentives for lodging projects in targeted

1 areas in the city and the suburbs.

2 And then it talked about, that the new
3 policies, even though it was saying it was only
4 going to apply to the Erie County IDA, that there's
5 been meetings with the officials from the other
6 five IDAs getting together, and saying: You know,
7 we're going to do an expansion of proposals to
8 include hotels that are part of neighborhood
9 developments, or things along those lines.

10 So what sounds like, when there was something
11 very specific, it looks like something was able to
12 be worked out.

13 I mean, is that -- is that a fair assessment
14 of what I read?

15 It sounded like everybody got on the same
16 page with regards to a very specific part of a
17 project regarding hotels.

18 MARK C. POLONCARZ: That is correct, the
19 leadership council did meet.

20 I do not sit on it. But, the chairman of the
21 ECIDA, a former Congressman, John LaFalce, sat down
22 with the representatives from the other IDAs, and
23 they worked together to reach a policy that everyone
24 hopes can be productive and workable in the future.

25 To my knowledge, the only industrial

1 development agency to actually pass the policy right
2 now is the ECIDA.

3 We went head first, hoping that the other
4 ones would, based on the comments that we received
5 in the past. I'm hopeful they will.

6 If they don't, then the ECIDA is going to
7 have to relook at this, because, once again, we
8 would have put ourselves behind the 8-ball, to --
9 from other IDAs that, truthfully, would have a
10 beneficial advantage, because we would have created
11 a more restrictive environment for our hotel
12 projects.

13 I'm not a big fan of hotel projects,
14 because I look at those as part-time and low-cost
15 jobs.

16 But, there are some projects that truly do
17 benefit this community. We can talk about that, and
18 how they actually will help spur development in a
19 particular area.

20 I'm not in favor of every hotel project. I
21 think there are some benefits that can be gleaned
22 from it, but others that probably can't.

23 And one of the things that we had as part of
24 this discussion, was a discussion. It just wasn't
25 one person saying, Mark Poloncarz is not in favor of

1 hotel projects, so all hotel projects are off the
2 table.

3 And this, I think, is a perfect example of
4 the parties coming together and trying to reach an
5 equitable solution.

6 I am hopeful that the other five IDAs now
7 pass the policy, and then, most -- more importantly,
8 follow it.

9 SENATOR GRISANTII: That was going to be my
10 follow-up question.

11 And -- so I take it that the changes, and
12 the new policies, and offered, and even with the
13 expansion, going beyond the original proposal to
14 include hotels that are part of
15 neighborhood-enhancement areas, which are
16 portions of communities that are being targeted
17 for development, that this new set of rules or
18 policies is something that would be an amendment to
19 what was there in 2001.

20 MARK C. POLONCARZ: Correct.

21 SENATOR GRISANTII: And like you said, it's
22 got to be followed, but, you don't want to have a
23 second bureaucratic agency making sure that it is
24 being followed.

25 You're just hoping that -- that, being

1 cooperative, that it is something that would be
2 followed by everybody, have they -- if they all vote
3 for it?

4 MARK C. POLONCARZ: That is correct. This
5 would be a modification to the Uniform Tax Incentive
6 Policy that has been adopted in '01. It was a part,
7 and approved as a modification, by the ECIDA.

8 And as you said, I'm hopeful the other ones
9 will.

10 Otherwise, the only other party that could
11 potentially hold them liable is the court of public
12 opinion. And as we've seen in the past, the court
13 of public opinion is not necessarily going to be the
14 strongest arbitrator to resolve this dispute.

15 SENATOR GRISANTI: And, you've heard me ask
16 the question to a prior speaker, but, you do see in
17 the system that's in place now, the shifting of
18 businesses that are jumping from one town to another
19 to get those breaks.

20 And you mentioned about Premier, without even
21 giving Tonawanda a notification that, Hey, this is
22 something that's going on.

23 Have you seen others recently that that's
24 been happening?

25 I mean, is it one or two projects a year?

1 Or is it more than that, that we just don't
2 hear about?

3 MARK C. POLONCARZ: Well, there were -- the
4 big one that really lit the powder keg, supposedly,
5 is Premier.

6 There were others in the past.

7 There are questions about the
8 Barnes and Noble on Transit, which moved from
9 Amherst, to across the street to the town of
10 Clarence. Even though the building was only about
11 10 to 15 years old, it's probably the type -- the
12 length of the inducement they passed, and they moved
13 across the street to get another benefit.

14 So that's just one example from a recent
15 time.

16 I think since the Premier Liquor incident, so
17 to speak, IDAs are being a little bit more
18 self-conscious, that maybe we don't want to pursue
19 that type of project. Or developers themselves are
20 more self-conscious, that maybe that's not a project
21 we want to put out before the public opinion right
22 now, because the public opinion would be, reject
23 this proposal.

24 But it has happened in the past. There's
25 plenty of examples of evidence of that, and we'd

1 be glad to provide them to you afterwards.

2 SENATOR GRISANTI: And do you see that it may
3 be something that, because it is a powder keg, and
4 it came out right now, that, what's not to say it
5 would go back to the same practices two or
6 three years down the road?

7 MARK C. POLONCARZ: Well, we'll note, as this
8 has been going on for decades. And, 10 years ago,
9 the same debate was happening.

10 It got quiet for a while, and then went back
11 to the same failed, dysfunctional system.

12 That's why I think it's important that we
13 actually address it, and not just give lip service
14 to it. And that's why I'm very pleased that you're
15 here today, because it is an important issue, and
16 we're talking about regional economic development.

17 We have a regional economic development
18 council that represents, not just Erie County, but
19 all of Western New York, and it is thriving because
20 it, truthfully, is focused on regional economic
21 development.

22 We can no longer think of ourselves as just
23 towns or villages or cities or suburbs. We have
24 to think of ourselves as Buffalo, Erie County,
25 Western New York.

1 When people leave this area to go on
2 vacation, regardless of whether they're from a
3 village, a town, somebody asks them where they're
4 from, they'd probably say they're from Buffalo.

5 And we need to think regionally when it
6 comes to our economic-development message because,
7 if we don't, we'll continue what has been a bad
8 economic-development record of the last 30 years.

9 SENATOR GRISANTII: You know, that's funny you
10 mentioned that, because I remember when
11 Governor Cuomo put in the regional economic
12 development council, he stated, that when the board
13 is made up, the first thing you need to do is erase
14 the boundary lines of where you're from, and figure
15 it as a region in Western New York.

16 So, I appreciate your testimony here today.

17 Thank you very much.

18 SENATOR GALLIVAN: Thank you,
19 County Executive.

20 MARK C. POLONCARZ: Thank you, gentlemen.

21 SENATOR GALLIVAN: Jim Allen,
22 Executive Director of the Amherst IDA.

23 And while Mr. Allen is coming up to the
24 podium, what I did neglect to say, if you have
25 written testimony, or speakers want to leave

1 copies of their remarks, you can leave it right
2 out -- just drop it right at the table out in the
3 foyer.

4 Mr. Allen.

5 JAMES ALLEN: Thank you, Senator, and
6 Senator Grisanti, for being here today.

7 Let me just, first of all, say that I agree
8 with a lot of what County Executive Poloncarz just
9 said. We do have a countywide policy --
10 Senator Grisanti, you asked that -- and it was
11 adopted in 2001, and it's been amended a couple of
12 times, 2005, and 2008. But, it really does need
13 to have some tightening, and I think we're all in
14 agreement with that. And all of the countywide --
15 or all of the municipal IDAs are in agreement, and
16 we're working on that.

17 So, I just wanted to add that, quickly.

18 SENATOR GRISANTI: Appreciate it.

19 JAMES ALLEN: I really want to talk -- for
20 the record, I'm Jim Allen. I'm the
21 executive director of the Amherst IDA. I've been
22 the executive director since September 1979.

23 And prior to that, I ran the Genesee County
24 IDA, from '73 to '79.

25 Industrial development agencies are important

1 resources in the State's effort to revitalize and
2 expand our economy. For the most part, IDAs are
3 the lead economic-development entity for the county,
4 city, or town in which they operate.

5 IDA serves as a conduit between public and
6 private sector, in terms of influencing and
7 encouraging the much needed capital investment that
8 results in job-creation retention.

9 Since 1979, the Amherst Industrial
10 Development Agency, working with the Town of
11 Amherst, primarily through its comprehensive master
12 plan, the Amherst Chamber and the private-sector
13 business and development communities, has assisted
14 over 400 projects representing a capital
15 investment over \$2.5 billion.

16 And since 1980, the town of Amherst has
17 grown, from 37,000 jobs to over 104,149 jobs.
18 This is based on the 2010 census. This represents
19 nearly 80 percent of all the net new jobs created
20 within the region.

21 It should also be noted that 86,000 people
22 who were employed in Amherst do not live in the town
23 of Amherst, but within the region they commute.

24 So, I really have a little bit of concern
25 when people say that we're not creating jobs. We

1 are creating a lot of jobs, and many of those
2 jobs are the kind of jobs we're all looking to
3 create.

4 As you know, the IDAs were authorized in
5 1969, per the General Municipal Law, Article 18A,
6 and have been established for every county outside
7 of New York City, with two counties sharing one.

8 Currently, there's 114 IDAs in
9 New York State. 56 of the IDAs are county IDAs;
10 26 are city IDAs, including New York; 27 town
11 IDAs; 4 village; and 1 IDA that was jointly
12 established for a city and a town.

13 County IDAs sponsored 62 percent of all the
14 projects done in New York State last year.

15 It's also interesting to note, that in the
16 most recent New York State Comptroller's report, it
17 was found that the median cost per job created
18 through IDA assistance in New York State was \$1,661.

19 And I want to note, the median cost per job
20 in Amherst is \$358.

21 The median operating cost -- talking about
22 needing to have administrative fees to prop up the
23 staffs, the median operating cost per job was \$318
24 in the state. In Amherst it's \$60.

25 So, clearly, New York State IDAs represent

1 the most cost-effective economic-development program
2 of all the economic programs in the state.

3 But what I really want to talk about, and it
4 really gets to the whole issue of the
5 Premier Liquors, the car dealers, the doughnut
6 shops, the pizzerias, what I really want to talk
7 to you today about, is adaptive reuse in community
8 development and revitalization.

9 The Buffalo-Niagara region contains many
10 underperforming and vacant commercial plazas as
11 well as several abandoned industrial properties.
12 Community stakeholders are seeing more empty
13 storefronts and long-term vacant -- retail vacancy
14 in strip commercial areas and former Big Box
15 stores. And even though routine market forces and
16 retail trends account for some of the vacancy, many
17 local leaders are concerned that market vacancy, if
18 not adequately addressed, will become chronic
19 vacancy, which becomes almost impossible to deal
20 with.

21 And many of our cities across the New York
22 State have seen that chronic vacancy becomes
23 almost impossible to address.

24 In 2005, the Buffalo-Niagara region was one
25 of seven communities selected among fifty who

1 responded to the National Vacant Properties Campaign
2 for a proposal to provide technical assistance in
3 evaluating our region's existing policies and
4 programs that address abandonment and blight.

5 The proposal was sponsored by the Office of
6 Local Initiatives (LISC), the Amherst IDA, and the
7 Regional Institute of Buffalo.

8 The proposal result and the regional vacancy
9 assessment, which included the city of Buffalo, the
10 attiguous towns of Amherst, Cheektowaga, and
11 Tonawanda.

12 The report entitled "Blueprint Buffalo:
13 Regional strategies and local tools for reclaiming
14 vacant property in the city and suburbs of Buffalo."

15 I bring this up because it gave us -- not
16 only gave us, but it directed us to use IDA
17 incentives to a lot of -- to alleviate a lot of
18 this vacancy.

19 And this is important: The estimated cost of
20 vacancy is over \$12,000 per person over a 5-year
21 period.

22 Based on the statistic, the cost of the
23 39,000 vacant properties that were identified in the
24 study, 23,000 of which were in the city, and
25 16,000 in the suburbs, is \$486 million over

1 5 years; or \$93 million per year.

2 Clearly, as a region, we need to aggressively
3 deal with this issue, and the report concluded that
4 industrial development agencies can play a critical
5 role in the process.

6 It should be understood that the economy we
7 find ourselves in today is no longer strictly an
8 industrial economy. Place-making and community
9 revitalization is something that IDAs need to be
10 encouraged to do.

11 This is the case throughout much of the
12 state, but for some reason, it's proven to be
13 controversial in Erie County.

14 You will hear the changing -- that changing
15 the name of the industrial development agencies to
16 economic development agencies is something that the
17 legislature can and should do.

18 I support that, but I also agree it shouldn't
19 be required, if we can all agree that IDA should be
20 doing adaptive reuse and redevelopment.

21 Currently, although there's no legislation --
22 legislative restrictions on IDAs engaging in
23 redevelopment, there had been, under Section 862 of
24 General Municipal Law 18A, which expired in 2008.

25 Now, we're hearing rumors of the fact that

1 862 may be reauthorized, but only for the facility
2 portion and commercial apartments.

3 If that's the case, and the restrictions
4 against retail are not reauthorized, that would be
5 fantastic. But, if it's reauthorized, there are
6 restrictions on doing retail.

7 I would just like to leave you with some
8 statistics about redevelopment projects.

9 We've undertaken, since 2000, when we first
10 assisted the redevelopment of the University Plaza,
11 University Plaza was the first redevelopment project
12 we did, and that was done at the request of the
13 University of Buffalo.

14 President Bill Greiner said: Could you
15 please do something about that plaza? It's not
16 safe. Students don't feel comfortable going
17 there, particularly later at night.

18 And we worked with the developer,
19 Henderson Development, to renovate that plaza.

20 But since then, we've done 51 projects.

21 49 projects from 2001 to 2011, with capital
22 investments totaling \$171 million; and
23 2 projects in 2012, approximately 30 million. Or,
24 a total of \$200 million.

25 And I just want to add, that this is new

1 investment in older parts of our town, where we were
2 seeing vacancy and the first signs of blight. And
3 that was areas that we really were not finding many
4 people wanted to invest in until we began to
5 incentivize it.

6 Now, I'm not going to read this whole thing,
7 because I want to stick to the three to
8 five minutes. I may even be past that already.

9 But, I put down three projects, the most
10 controversial projects, we've done in the last year,
11 and we've become the poster child for IDA abuse,
12 which I resent, because I don't think it's true, but
13 it's not understood what we've done.

14 But the three projects are:

15 The Stereo Advantage site of 5195 Main Street
16 in the town of Amherst, for -- with Paladino.

17 The project will return at the end of the
18 abatement period. So, there's a 10-year
19 real-property tax abatement on the project, which is
20 the equivalent of 485-b which you've heard about
21 today.

22 But at the time, when all of the incentives
23 are gone, the value of the project will return
24 12 times the benefits, in terms of comparing it
25 to the value of the benefits they received.

1 That's just the Stereo Advantage project --

2 SENATOR GALLIVAN: Excuse me, over what
3 period of time?

4 JAMES ALLEN: Ten years.

5 SENATOR GALLIVAN: Over a 10-year period?

6 JAMES ALLEN: Yeah. We're looking at --

7 SENATOR GALLIVAN: No, no. Not that they
8 received --

9 JAMES ALLEN: -- we're looking at, what is
10 the cost of the benefits?

11 SENATOR GALLIVAN: So you're looking at, with
12 this number "12 times," year 11 through 20?

13 JAMES ALLEN: Right. Right.

14 SENATOR GALLIVAN: Okay, thank you.

15 JAMES ALLEN: Prime Wines, or infamously
16 known as "Premier Liquor," was the reclamation of a
17 vacant brownfield at 39 Maple. The site was vacant
18 for three years, and formerly housed a car
19 dealership. It will return 9 times the benefits
20 to the community over incentives, over a 10-year
21 period.

22 And, lastly, North Town Automotive, it was a
23 vacant former auto dealership at
24 3845 Sheridan Drive. It was vacant for over
25 four years. It will return 18 times the value of

1 the incentives compared to the benefits that
2 they received.

3 So, I think that adaptive reuse and
4 redevelopment is something IDAs need to do.

5 I would agree with both Mr. Poloncarz and
6 Sean Ryan that not every project should be done.

7 I think the solution to that problem, is
8 simply to have redevelopment-zones enhancement
9 districts, and that has been a problem. We had
10 been after the County, not -- not under
11 Mr. Poloncarz, but when Ms. Jobber [ph.] was
12 the county executive, we suggested the County
13 provide a template for all of the towns as to how
14 to identify redevelopment projects.

15 And if we could have that, I think we could
16 do away with a lot of concerns that everybody has.

17 If everybody agreed, that in these areas
18 throughout the county, incentives can be provided to
19 retail projects that otherwise wouldn't be
20 provided, then I think we can go a long way to
21 keeping the peace.

22 But, with that, I will end.
23
24
25

1 SENATOR GALLIVAN: Really only one question,
2 and you've answered it a little bit, right at the
3 very end.

4 In the area of adaptive reuse or
5 redevelopment, in your opinion, should that be
6 something the State should legislate, or should that
7 be a local decision and a local matter, as far as
8 incentives, or whatever the structure of
9 incentives may be?

10 JAMES ALLEN: Well, yeah, that's a great
11 question.

12 I hate to see the State legislate anything,
13 because, typically --

14 SENATOR GALLIVAN: A lot of people do.

15 [Laughter.]

16 JAMES ALLEN: -- typically, the unintended
17 consequences of the legislation are worse than, you
18 know, the problem that we're trying to solve.

19 There was legislation, like I said,
20 Section 862 of General Municipal Law, restricted us
21 from doing retail and other kinds of commercial.

22 And "other kinds of commercial" was,
23 virtually, every kind of commercial. And that made
24 it very difficult to do.

25 And what we were doing for the last several

1 years before Section 862 expired, we would
2 incentivize the developer on the building, but give
3 no incentives to the tenant. So, it didn't matter
4 what the tenant was.

5 And we think that's responsible economic
6 development. We still got in trouble for that,
7 because people don't understand that we didn't give
8 incentives, for instance, to Premier Liquor for
9 the furniture, fixture, and equipment. That was not
10 eligible, in our opinion. It's just the building
11 that received incentives.

12 But I think that's one way of doing it.

13 But my point is, I don't want to see 862 be
14 reauthorized with those restrictions on it.

15 I really think that everything we've talked
16 about, and I was kind of happy to hear toward the
17 end of Mr. Poloncarz' remarks, I think I heard,
18 that if we could come up with a countywide policy,
19 with some kind of oversight, some kind of
20 accountability, then we could solve a lot of the
21 difficulties we seem to be having.

22 I have no problem with that, frankly. And I
23 think it should be done on a policy level rather
24 than a legislative level, but that's only because, I
25 guess, out of the unintended consequences of

1 legislation.

2 SENATOR GALLIVAN: Well, we get that part.

3 Thank you.

4 SENATOR GRISANTII: The -- yeah, Jim, the --
5 and I agree, I think that that's what was said, but
6 then you're dealing, I think, with a second sort of
7 bureaucratic agency kind of overseeing whether or
8 not.

9 And I'm going back to this template that you
10 tried -- you know, that you talked about before in a
11 prior county executive's administration, to try to
12 set some sort of rules and regulations.

13 But, in 2001, I guess what I'm hearing, is
14 that there are some rules and regulations that are
15 there, but they're just -- they're not being
16 followed.

17 Is that your understanding as well?

18 JAMES ALLEN: Yeah, and I don't want to say
19 they're not being followed. I'm simply saying that
20 some of what kept everybody in line was Section 862
21 of the law. So, there were restrictions that you
22 couldn't. I mean, obviously, it would be illegal to
23 do some of the stuff that we were doing after 862
24 expired. So, we weren't doing those things.

25 And we were doing things, like I said, you

1 know, incentivizing the building but not the tenant,
2 and things of that nature, to get around the law.

3 I think we need to have some kind of a better
4 understanding of what we can do within the law, and
5 within certain areas designated by the municipal
6 legislatures.

7 SENATOR GRISANTI: Okay.

8 All right, I appreciate it. Thanks very
9 much.

10 SENATOR GALLIVAN: Thank you.

11 SENATOR GRISANTI: And thanks for submitting
12 your testimony as well.

13 SENATOR GALLIVAN: Steve Walters, town of
14 Hamburg Supervisor.

15 STEVEN J. WALTERS: Thank you,
16 Senator Gallivan, Senator Grisanti, and panel.

17 Thank you for the opportunity to speak on the
18 state of IDAs in Erie County.

19 For the record, I am both the supervisor of
20 the town of Hamburg and the chairman of the
21 Hamburg IDA. I have held both positions for the
22 past 6 1/2 years.

23 Beyond that, I am also a resident of
24 Erie County and the town of Hamburg, and I am a
25 taxpayer.

1 Let me first start by expressing my strong
2 support for the current IDA structure. I say this
3 primarily from my firsthand experience with IDAs.

4 Industrial development agencies, despite
5 their names, are charged with promoting overall
6 economic development. They are not meant to
7 exclusively promote industrial activities, although
8 that is important.

9 This has never been up to debate in
10 Erie County or anywhere else in New York State. In
11 fact, the common policy between all six IDAs in
12 Erie County acknowledges as much.

13 To that end, perhaps one statutory change
14 that should be made, is to have the IDAs called
15 "economic development agencies."

16 And I don't believe making that request is
17 simply a political -- a PR move.

18 There is no question that economic
19 development is not based on one single factor.

20 Whether a company chooses to locate, to
21 expand, or to stay in Erie County depend on a number
22 of factors, such as the type of workforce, the
23 surrounding infrastructure, and the community
24 itself.

25 A community that fails to acknowledge this,

1 that allows itself to deteriorate, or that idly
2 watches as more and more buildings become vacant,
3 is bound to fail. Economic opportunities will
4 vanish.

5 A company that is brought to a blighted
6 neighborhood or community is much more likely to
7 decline making an investment in that community than
8 if it was brought to a thriving community.

9 This is just common sense.

10 So what we need to focus on, as much as the
11 proverbial big fish, are the little things.

12 Mayor Giuliani's "broken window" theory: If
13 we can address the little things, the big-picture
14 benefits are sure to follow.

15 Look no further to the Buffalo waterfront as
16 proof of this. After years of waiting for the
17 silver bullet of the moment, whether it be Bass Pro
18 or otherwise, the folks in charge changed their
19 focus and began to focus on the little things.

20 And while the change was not noticed
21 overnight, I don't think that anyone would argue
22 that Canalside is a vastly improved waterfront and
23 is quickly becoming a destination we all knew it
24 could be.

25 And these successes are only creating more

1 opportunity, more investment, and more successes in
2 the city of Buffalo.

3 The same is true of our communities. In the
4 town of Hamburg during the previous five years, the
5 Hamburg Industrial Development Agency has assisted
6 45 projects. These projects led to a total
7 investment of nearly \$80 million.

8 More importantly, these 45 projects have
9 allowed us to retain approximately 780 jobs, while
10 at the same time, creating a approximately 560 new
11 jobs.

12 Furthermore, these properties pay
13 substantially more in village, town, county, and
14 school taxes than they would have paid without
15 making the investment.

16 In addition, the new workers pay state and
17 federal income taxes.

18 This does not even take into account the
19 economic spinoff that occurs as a result of the
20 operations of these businesses, and the spending
21 by the workers who would otherwise not have jobs
22 in Erie County.

23 Yes, it does cost the community to grant the
24 incentives, but as was pointed out by Mr. Allen,
25 there are also -- there's also a benefit side to

1 that, and that benefit side is much greater than the
2 cost side.

3 To illustrate this, our Ravenwood Industrial
4 Park in the town of Hamburg was paying approximately
5 \$15,000 in property taxes.

6 After the IDA worked to build up the park, it
7 is now paying \$170,000 per year in property taxes,
8 property taxes that go to the town, that go to the
9 county, and that go to the school district. And
10 this increase of over 10 times is in spite of the
11 fact that the town IDA granted abatements to these
12 projects.

13 I would add that the total investment has a
14 return much greater than the 5-to-1 ratio that the
15 Governor is pushing for in his billion-dollar
16 investment program.

17 It may also surprise you to learn, that of
18 these 45 projects, only 3 have come from other
19 communities in Western New York. And of those
20 three, all moved because they had outgrown their
21 existing facility.

22 One actually moved into a facility that was
23 five times the size of its old facility.

24 The assertions that IDAs are only pilfering
25 from each other is patently false, and that

1 assertion needs to stop.

2 Again, of these 45 projects in the Hamburg
3 over the past 5 years, the vast majority, 42, were
4 either Hamburg businesses that have been able to
5 expand and grow, or businesses that are new to this
6 region.

7 Having worked closely with the leaders of the
8 other communities with IDAs, I can assure you that
9 you would find similar statistics in their
10 communities.

11 Another surprising fact, is most of the
12 projects that the Hamburg IDA has assisted
13 involved -- has involved filling vacant buildings.
14 Only 5 projects of the 45 I mentioned involved a
15 new building being constructed. And like Canalside,
16 our success begets more success.

17 Take a look at our village of Hamburg.

18 In 2005, the village Main Street looked more
19 like a ghost town than a commercial district.

20 Through active efforts of many parties,
21 including the Hamburg IDA, the village of Hamburg
22 currently is not only a strong and vibrant
23 community, but has actually received awards for its
24 turnaround.

25 We call these efforts "adaptive reuse."

1 Using adaptive reuse allows us to fill
2 vacancies, helps eliminate blight, and helps to
3 reverse sprawl.

4 More effects to highlighted adaptive reuse.

5 When I took office in 2006, Hamburg's
6 commercial and business vacancy was over 27 percent.
7 That means one-quarter of all of our non-homestead
8 square footage in the town was vacant.

9 Through smart but aggressive use of adaptive
10 reuse, that figure is now below 10 percent.

11 What all this shows is that, IDAs work,
12 adaptive reuse works.

13 IDAs have promoted economic development, have
14 brought jobs to our community, and have helped
15 breathe life back into our down-trodden areas.

16 And we have done all of this while actually
17 increasing the amount of taxes to our schools,
18 towns, villages, and county.

19 Even Assemblyman Ryan agrees with the
20 positive benefits of reoccupying vacant
21 buildings. Mr. Ryan himself stated to the
22 "Buffalo News" in May of 2012, that, quote:

23 "Look at the return taxpayers get out of
24 the LaFayette project. We get hotel tax from the
25 rooms, sales tax from retail and restaurant,

1 liquor tax from bars, and more property tax out of
2 the building.

3 "Beyond that, a revived LaFayette lures
4 investors to the neighborhood, inflates property
5 values, and brings people downtown to live and
6 play."

7 The Assemblyman was right with those
8 comments. And this is exactly what we are doing
9 in our community, and it is working.

10 I would respectfully aver to this panel that
11 any legislation regarding IDAs should empower us
12 to continue our good work, and should not tie our
13 hands and reverse the positive benefits that we
14 have succeeded in creating.

15 Thank you.

16 SENATOR GALLIVAN: Thank you.

17 Two questions.

18 STEVEN J. WALTERS: Sure.

19 SENATOR GALLIVAN: First, you gave us some
20 data on the benefits to the community, to Hamburg
21 community.

22 STEVEN J. WALTERS: Yes.

23 SENATOR GALLIVAN: Do you have statistics
24 available that you would be able to provide for us?

25 STEVEN J. WALTERS: I do.

1 SENATOR GALLIVAN: All right, thank you.

2 Obviously, you may not have them with you,

3 but --

4 STEVEN J. WALTERS: I don't have them with

5 me --

6 SENATOR GALLIVAN: That's okay.

7 STEVEN J. WALTERS: -- but I will certainly

8 forward them to your office.

9 SENATOR GALLIVAN: So we can take a look at
10 them.

11 STEVEN J. WALTERS: Absolutely.

12 SENATOR GALLIVAN: If I remember your
13 testimony correctly, you mentioned three businesses
14 have left town?

15 STEVEN J. WALTERS: Three businesses have
16 relocated to Hamburg from other towns, cities, or
17 villages in this region.

18 SENATOR GALLIVAN: All right. Did those --
19 were those businesses located in towns with
20 IDAs?

21 STEVEN J. WALTERS: One was, two were not.

22 All three occasions, we contacted our -- the
23 town that they were moving from. And in each of
24 those three occasions, the town that the business
25 was moving from acknowledged the fact that they

1 could not accommodate the business's growth anymore,
2 and, certainly, was more interested in the business
3 growing in this community, staying in this
4 community, keeping jobs in this community, than
5 moving outside of the this area because of regional
6 boundaries.

7 SENATOR GALLIVAN: All right, thank you.

8 Mark?

9 SENATOR GRISANTII: Yes, Supervisor Walters,
10 I don't know if it's kind of like a recurring theme
11 that I'm hearing, but, to me, that it sounds like,
12 you know, the way it was looked at with IDAs, more
13 industrial in nature, and correct me if I'm wrong,
14 but your feeling is, again, a sense of sort of bias
15 that there's not enough focus on projects that are
16 needed in the smaller-town areas that help,
17 starting out on a small scale, and then lead to
18 bigger things down the road?

19 STEVEN J. WALTERS: Absolutely.

20 I mean, just as one example: In our town, we
21 had a company called K-TECHnologies. They're a
22 high-tech manufacturing facility.

23 They do projects for both the U.S. Military
24 and NASA. It started in someone's garage.

25 Over the years, we've helped them move into

1 different facilities throughout our town. Each
2 time, they've expanded their growth, they've
3 expanded their workforce.

4 The little projects are important.

5 We all know that when you're starting a
6 business, those first two years are the most
7 difficult, generally, that you're going to face.
8 Most businesses that fail, fail within those first
9 two years.

10 We're able to help those businesses.

11 But beyond that, if you take a look at where
12 those businesses want to be, you know, there's a
13 reason why certain areas of Erie County continue
14 to be blighted. Investment doesn't want to go to
15 those areas with the -- without the incentives.

16 We need to help those businesses move to
17 those blighted areas, much like the hotel,
18 LaFayette. That project would not have happened
19 without a substantial tax incentive to the
20 developer.

21 Once that developer was given those
22 incentives, that project went forward, and you
23 look what we have.

24 SENATOR GRISANTI: And you talked about, and
25 it's interesting, that there's only been three, and

1 only one was in a prior IDA, of the businesses that
2 left.

3 But, on any occasion, all three needed to
4 move because the areas that they were in cannot
5 help with the expansion, and you were able to do
6 that?

7 STEVEN J. WALTERS: Right, all three that
8 moved into our community, moved into an existing
9 building that was substantially larger.

10 One --

11 SENATOR GRISANTII: That was vacant?

12 STEVEN J. WALTERS: That was vacant.

13 And they were able to do that, to expand
14 their business.

15 And like I pointed out, one of those
16 businesses was five times the size of -- or, the
17 business -- the building that the business went into
18 was five times the size of the building that it
19 left. You know, that's the type of expansion it was
20 going.

21 And it really does work both ways.

22 The County Executive mentioned Welded Tube.

23 What may surprise this panel too, is the
24 Hamburg IDA found Welded Tube.

25 The Hamburg IDA worked with Welded Tube. We

1 thought we had a building in the town of Hamburg
2 that worked for Welded Tube.

3 After they did some of their due diligence,
4 they recognized that the building that we had did
5 not work for their needs. So, we helped them go to
6 the ECIDA, because we want them in this area.

7 So, not only were we not stealing from them,
8 we were actually pushing somebody into another
9 community, because it's recognized.

10 And this isn't just Hamburg, this is all the
11 IDAs. It's recognized that business opportunity,
12 investment in economic opportunities, in Buffalo, in
13 Lackawanna, in Amherst, or Hamburg, or anywhere
14 else, help the entire region. They don't help just
15 that one single community.

16 SENATOR GRISANTII: Okay. Do you see, either
17 a change, or for -- whether it's the Erie County
18 IDA, or the -- I take it, did Hamburg change their
19 name then to not an IDA? Are they --

20 STEVEN J. WALTERS: Well, that's a state --
21 the State would have to adopt legislation to allow
22 that.

23 SENATOR GRISANTII: All right, but that's what
24 you're talking about, is it should be economic
25 development --

1 STEVEN J. WALTERS: I think it should,
2 because, unfortunately, too many people focus on
3 that word "industrial," and think that the only
4 thing that an IDA should be doing is industrial.

5 And the fact of the matter is, as I pointed
6 out, economic development is more than one single
7 narrow focus. You have to look at the whole big
8 picture. And if you're able to do that, then that
9 begins to spur real economic growth and real
10 economic development.

11 SENATOR GRISANTTI: Okay. Do you agree, like
12 some speakers before you, that the rules that
13 are there from 2001, some are -- they're just not
14 being followed, some of them? Or there's --

15 STEVEN J. WALTERS: I don't necessarily agree
16 with that. You know --

17 SENATOR GRISANTTI: Or does there need be an
18 update in the rules?

19 STEVEN J. WALTERS: There should be -- you're
20 always needing to take a look at things, and to
21 figure out what to update.

22 And the hotel policy was mentioned as one of
23 those examples that need to be updated.

24 And the County Executive was right, right
25 now, the ECIDA is the only board that has adopted

1 those policies. Of course, they only did that
2 two weeks ago.

3 We only met about three weeks ago to
4 discuss those changes.

5 Our board hasn't even met since that time.
6 So, give us a little time. You know, we fully
7 expect that we're going to adopt them, and I'm sure
8 the other IDAs would say the same.

9 The fact of the matter is, the biggest
10 complaint right now is with adaptive reuse, and the
11 complaints are coming from communities that the
12 ECIDA oversees.

13 And they're looking at all their vacant
14 structures, and then looking at the vacant
15 structures in my community, and the other
16 four suburban IDA communities, and saying:

17 How are you -- it's not fair that you five
18 are able to help businesses locate into these vacant
19 structures, and it's more expensive to locate into a
20 vacant deteriorated structure than it is to build
21 something new. It's not fair that you people can
22 help out businesses and fill your vacancies, and we
23 don't have that opportunity. The real focus should
24 be: Why is the ECIDA not helping Cheektowaga fill
25 out their vacancies? Why aren't they helping the

1 town of Tonawanda do that?

2 And that's really was the push behind, you
3 know, should we form these little regional cores
4 for IDAs, because then we could look at, the
5 town of Hamburg, for instance, could help out the
6 town of Orchard Park, could help out the town of
7 Evans, and other communities, that have these
8 vacancy issues; whereas, the ECIDA is simply not
9 doing that right now.

10 SENATOR GRISANTII: Okay, and you're talking
11 about, that was a proposal by Assemblyman Gabryszak?

12 STEVEN J. WALTERS: Yes, yes.

13 SENATOR GRISANTII: Okay.

14 All right, thank you, Supervisor Walters.

15 I appreciate your testimony today.

16 SENATOR GALLIVAN: Thank you, Supervisor.

17 SENATOR GALLIVAN: The town of Concord
18 Supervisor, Gary Eppolito.

19 GARY EPPOLITO: Thank you, Senators, for this
20 opportunity to stand before you today.

21 I would like to point out, first, before I
22 forget, I was the Concord -- the IDA in which had a
23 project move to Hamburg, and we too encouraged that
24 business to move to Hamburg, because we did not have
25 the facilities in Concord. And it won for

1 everybody, because they also employed several people
2 from Springville. And so, therefore, their movement
3 to Hamburg benefited, both, the business, and our
4 employees who were able to continue working there.

5 So, again, this conception -- concept that
6 we're constantly stealing from each other, it is
7 just -- is ridiculous.

8 SENATOR GRISANTII: And let me just interrupt
9 you for one second.

10 So if that did not happen, if there was not
11 another facility, then what would have happened with
12 that particular --

13 GARY EPPOLITO: Who knows?

14 They didn't have the room to expand in
15 Springville. Didn't have the facility there.

16 SENATOR GRISANTII: It's possible they would
17 have left?

18 GARY EPPOLITO: Who knows?

19 It's a trucking outfit, they could have gone
20 anywhere.

21 SENATOR GRISANTII: All right, I appreciate
22 that. Thank you.

23 GARY EPPOLITO: First of all, I would like to
24 state that, in terms of area, Concord is perhaps the
25 largest town in Erie County, compromising

1 approximately 70 square miles. Its IDA was
2 created in the early 1980s, and has been
3 successfully representing the town's economic
4 development for over 30 years.

5 Other than the consultant and the legal
6 counsel, no one is paid. There's no big budget, so
7 on and so forth.

8 As Town Supervisor, I assumed the duties of
9 Chairman a few years ago as part of my duties, and
10 without any further remuneration.

11 During the past year, we're a small IDA.
12 We've done a total of just two projects.

13 One was the renovation of an abandoned truck
14 terminal;

15 And the other, in addition to -- on an
16 existing manufacturing plant that currently
17 employs over 100 people, and was looking to move
18 out of state. They were looking at other sites.
19 The addition that we allowed this company will allow
20 them to add significantly into their work in the
21 near future, and will keep them in New York State.

22 The town of Concord has become a gateway to
23 Buffalo and Erie County. The continued expansion of
24 Route 219 will certainly increase its importance.

25 Our location, coupled with our low utility

1 rates, Springville's electric rates are
2 approximately one-third of other communities, being
3 a municipal electric community. And the fact that
4 the township, essentially, is located over a vast
5 amounts of water, means that we're blessed with
6 reasonably priced and abundant utilities.

7 One of the biggest criticisms about IDAs
8 has been the use of unsubstantiated abuse -- or, the
9 unsubstantiated abuse of the adaptive-reuse policy
10 which all IDAs have the ability to utilize.

11 The Concord IDA has been able to utilize this
12 tool on three occasions over the past few years.

13 The first project allowed a local businessman
14 to spend \$500,000 to remodel an abandoned
15 century-old Simon Brothers clothing store located
16 right in the heart of the village. The village's
17 historic district, I might mention.

18 That building now houses a total of
19 11 offices and businesses, including a new coffee
20 shop which is about to open next month. Among its
21 other tenants are "Metro News," offices, a
22 surveyor and engineer, beauty shops, software
23 manufacturing company, a development company, and so
24 on and so forth.

25 That's one building, one adaptive-use

1 project; 11 businesses of different types
2 operating there.

3 Okay?

4 A second adaptive-reuse project allowed
5 four local businessmen to remodel bankrupt knife
6 factory, essentially a brownfield, which is also
7 located in the Springville business district, into a
8 restaurant, an accounting office, a day-care center,
9 and a small manufacturing business.

10 This was a bankrupt plant that was likely to
11 stay there for years, quite frankly, before anyone
12 developed it. It was a huge property.

13 The third adaptive-use project took the truck
14 terminal I previously mentioned. Adaptive reuse
15 made it possible for local businessmen to renovate
16 the property into a full-service fitness center.
17 Expansion and remodeling of that property is taking
18 place as I stand right here before you today.
19 They're working on it right now.

20 A few years ago, a large feed-mill owner
21 approached the Erie County IDA about a project for
22 his business, a step he took because he was not
23 aware of how IDAs operated, nor was he aware that
24 Concord had its own.

25 The IC -- Erie IDA promptly began marketing

1 properties in Lackawanna.

2 I am not aware of any need for animal feed in
3 the cities of Lackawanna or Buffalo. There's not a
4 lot of cows and, you know, there.

5 I'm happy to say, Gramco, that company, with
6 the help of the Concord IDA, this longstanding
7 business built a modern feed mill in the outskirts
8 of the village, took advantage of our utilities and
9 water, and in an area where it could much better
10 serve its customers in southern Erie and
11 Chautauqua and Cattaraugus Counties, as well as
12 Allegheny County.

13 I firmly believe that without the
14 Concord IDA, these projects would never have been
15 possible.

16 Sometimes people forget that Concord and
17 Springville are in Erie County.

18 The community could be -- would be burdened
19 with three decaying buildings, none of which would
20 be paying taxes. In fact, two of the projects will
21 be paying full property taxes very shortly, and at
22 much higher rates, since the significant capital
23 improvements have been made to those properties.

24 The Erie County IDA is a very competent
25 agency, but it does not, and cannot, serve the needs

1 of a county as large as Erie.

2 The loss of Concord's IDA would make economic
3 development difficult, if not impossible, for the
4 town of Concord.

5 I would be curious to find out just how many
6 projects the ECIDA has taken on our -- in our
7 suburban and rural towns.

8 If a community feels it's not represented,
9 then let it join in an adjacent IDA, as has been
10 suggested.

11 I certainly have no objection with working
12 with my neighboring communities.

13 Personally, I feel the efforts of the
14 current administration have nothing to do with
15 economic development. And this is my personal
16 opinion, their real aim is control.

17 My board and I are far better in tune with
18 the needs of the Concord -- of Concord than any
19 ECIDA representative is.

20 The IDAs have worked together in the past
21 and, if permitted, will do so in future.

22 I agree very -- we've worked together as the
23 leadership council. As Supervisor Walters pointed
24 out, we have not had a chance to pass the hotel
25 proposal because we haven't met. We meet quarterly.

1 We're very small. There's no need to meet on a
2 regular basis like some of the others do. But
3 that will -- I'm sure will be discussed very
4 shortly, and will be passed.

5 But, we certainly do support working
6 together. We have in the past. I've served on the
7 leadership council, and have enjoyed, and had my
8 input there also.

9 And I think that's the way to do business.

10 In conclusion: I -- there's an old cliché
11 that I think aptly applies to government. It goes
12 something, and I quote: Lead, follow, or get out of
13 the way.

14 It is my opinion that government's role is to
15 lead.

16 I would like to suggest that it's the State's
17 responsibility to facilitate the leadership of our
18 IDAs, because they have demonstrated the ability
19 to lead, and over the past several decades.

20 If it's something that state government
21 chooses not to do, then I suggest that it simply
22 get out of our way and let us do what we do best:
23 economic development.

24 Thank you again for allowing me to express my
25 thoughts today, and I'll take any questions that you

1 might have.

2 SENATOR GRISANTTI: I don't have any
3 questions -- I -- well, just -- just something that
4 I'm -- again, I see a recurring theme, as I
5 understand it.

6 I take it you would agree then with
7 Supervisor's Walters, in saying that, you know:
8 Sometimes we're not always at the table --

9 GARY EPPOLITO: Oh, without question.

10 SENATOR GRISANTTI: -- with these IDAs. And
11 we want to remain at the table, and have benefits.
12 It's almost like we're kind of shut out.

13 Is that your feeling as well?

14 GARY EPPOLITO: Oh, without question.

15 You know, there are people, I'm sure, in the
16 city that aren't even aware that Concord and
17 Springville are in Erie County. I'm sure it's
18 there, it exists.

19 I mean, some -- it's funny, but, my
20 experience in government has shown that there's
21 people that believe that the government -- you know,
22 the world ends in Hamburg, from -- and people in the
23 Southtown, quite frankly, think the other way. You
24 know, the world as they know it ends in Hamburg.
25 They just -- Buffalo -- driving to Buffalo drives

1 them crazy.

2 It's a big county, there's a lot of space out
3 there. And, I think to represent everybody
4 adequately, I think that we need to contain -- keep
5 our own IDAs. And, certainly, you know, follow
6 the same rules. I agree wholeheartedly with that.

7 But, what you've got is, a lot of
8 communities, especially our smaller villages, and
9 stuff, they're suffering. We're stuck with a lot of
10 these old historic buildings, most of them -- many
11 of them over 100 years old, and what do we do with
12 them?

13 The adaptive-use policy lends itself
14 perfectly to that kind of situation, because we're
15 able to take those building, make them viable.

16 Because if you don't do that, I can guarantee
17 you, they are going to sit there, and simply rot,
18 and we will have falling-down infrastructure, and
19 that kind of thing.

20 And our case of the Springville -- the
21 village of Springville, which is in the town of
22 Concord, has a very -- a beautiful historic
23 district. It's starting to take off.

24 And adaptive reuse can be a very valuable
25 tool, and has been a very valuable tool.

1 I sometimes go through the village and think
2 what would it have been like if we weren't able to
3 do these projects. We would have had these huge
4 buildings just sitting there, rotting, and nobody
5 would have taken them under their wing.

6 And, in a few years, all of them will be
7 paying full taxes, at a much higher rate than they
8 were previously.

9 SENATOR GRISANTII: Right. Understood.

10 I appreciate it, Supervisor.

11 Thank you very much.

12 SENATOR GALLIVAN: Thank you.

13 SENATOR GALLIVAN: Town of Brant Supervisor,
14 Leonard Pero.

15 If I may, Supervisor, we will continue for
16 approximately a half hour, but, I would ask, that as
17 people are coming up, if they could try to move a
18 little quicker through their comments. And if
19 they have something in writing they were going to
20 present, try to summarize it, and then, we, of
21 course, can read it, and make it part of everything.

22 And I would -- will say, it was important --
23 we did go over on most of the speakers. I think
24 it was important to hear what they said. And it was
25 really, I think the mistake was more on our end, not

1 allowing enough time, you know, as we had given
2 everybody their invitations.

3 But, anyway, with that --

4 LEONARD PERO: Senator Gallivan,
5 Senator Grisanti, you just took three minutes of
6 my time.

7 [Laughter.]

8 SENATOR GRISANTI: He didn't start the clock
9 yet.

10 SENATOR GALLIVAN: Okay, you have
11 two minutes left.

12 GARY EPPOLITO: Well, of course, my name is
13 Leonard Pero. My titles are varied, as president of
14 the Association of Erie County Governments,
15 executive director of the Supervisors' Summit Group,
16 and, just to name a few.

17 But, today I'm speaking on behalf of the
18 town of Brant, as their Supervisor.

19 And, we are a small rural community of
20 approximately 2,000 residents, and we do not have
21 a local IDA.

22 We come together today because of a system of
23 five local IDAs, and, the Erie County IDA which
24 has been doing business, so to speak, for over
25 40 years.

1 And we now find that we should make major
2 changes to a system, what I believe is politically
3 motivated.

4 And why is that? State legislation is being
5 proposed for Erie County alone.

6 That is a big question, that I understand
7 that other counties aren't looking at this for a
8 state law being put in for Erie County.

9 SENATOR GALLIVAN: Yes, if I may clarify
10 that.

11 LEONARD PERO: Sure.

12 SENATOR GALLIVAN: That's correct, to my
13 knowledge, but, I think it was prompted by, it's
14 become more of a local concern. And we're not
15 seeing some of the same concerns expressed across
16 the state.

17 LEONARD PERO: Okay.

18 Putting that aside, I think that all rules
19 should be the same between all IDAs, and we need
20 to work together for the betterment of all of
21 Erie County.

22 We are a diversified county, and I like the
23 idea of IDAs working with issues within
24 themselves, within their diversification, being
25 that, the north, near the city, has certain issues.

1 Down south, we have other issues.

2 And I think we need to work together with
3 that.

4 There is a misconception that the local
5 IDAs use non-IDA towns' tax dollars, while the
6 Erie County IDA helps all of the communities in
7 Erie County.

8 The fact is, that a project in a neighboring
9 community with an IDA, such as Hamburg or Concord,
10 also helps our community, because it may create
11 jobs for us. And sales tax derived from the sales
12 of a retail adaptive-reuse project benefits all of
13 the communities in Erie County.

14 In fact, one of the businesses that I know of
15 that moved to Hamburg, was located in Evans and
16 Brant, and, K&H, and they made a move away from the
17 whole area, but ended up going to Hamburg. And the
18 people that were working there, that still worked
19 for Brant, are still working.

20 The question is, that local IDAs use part
21 of our taxes to develop their community without any
22 benefit for our little community.

23 The fact is, when ECIDA helps a business,
24 let's say in Tonawanda or Cheektowaga, they also use
25 part of our taxes with so-called "benefit from our

1 community."

2 Again, all rules should be the same between
3 all IDAs. Adaptive reuse should be an important
4 aspect of all IDAs, taking a deteriorated
5 blight-filled building, and use an adaptive-reuse
6 project to create a stable economic business, or
7 businesses, which will bring about positive economic
8 and community development. That would help all of
9 the Erie County, by creating jobs, adding to a
10 positive tax flow, for all communities.

11 So my question is: Does it matter where, and
12 how, we clean up and enrich in all of our
13 Erie County?

14 Let's not be political.

15 I think there are more pressing issues in
16 Erie County than worrying about eliminating
17 five local IDAs --

18 Which I understand now is a little bit
19 different, but I wrote that down here, so...

20 -- do -- going business of Erie County.

21 Furthermore, this issue has pitted
22 communities against each other.

23 And as the president of the association in
24 Erie County, I don't appreciate that; that, this
25 issue could be taken care of just by changing rules

1 and working together.

2 I'm in support of making it easier for
3 businesses to locate here through whatever means,
4 such as an option of using a local IDA, and
5 the County, for a tool for our community.

6 And always remember, local government is the
7 closest to the people.

8 I think one of the things that has been said
9 here, is that -- about big businesses, and creating
10 jobs, and things, for larger businesses, where, I
11 think blue-collar is very important here too.

12 And when we talk about the doughnut shops,
13 and the, you know -- the -- anything that can create
14 a business, I think, and create jobs, is very
15 important.

16 I think it would be happy to create jobs for
17 low-, as well as the high-income residents. And
18 remember that we are a blue-collar community.

19 And, to be specific about high-paying jobs,
20 and not worrying about jobs, just jobs,
21 especially today in this climate.

22 So, I ask Mr. Ryan, if you go to
23 Tim Horton's with me and have a coffee and a
24 doughnut, then we can talk about this.

25 So...

1 SENATOR GALLIVAN: Thank you.

2 Just one question, and you may or may not be
3 able to answer. I know you testified as
4 Town Supervisor.

5 GARY EPPOLITO: Yes, as Town Supervisor.

6 SENATOR GALLIVAN: In your capacity as
7 president of the Erie County Association of
8 Governments, are you able to say whether or not the
9 association has a position on this?

10 GARY EPPOLITO: Well --

11 SENATOR GALLIVAN: If they have one.

12 GARY EPPOLITO: -- it's a very hard thing to
13 make it -- take a position, when you have
14 communities that, some are basically stating that
15 they would like to see change, and others that are
16 in our -- you know, when you talk five IDAs,
17 you're talking about eight or nine communities, but
18 they have villages.

19 And, so, I think that -- you know, things
20 have been working. And I just feel that this is a
21 little bit blown out a little too much proportion
22 from what I believe it could be worked out.

23 If it means that there's got to be a
24 little -- a few rules changed, so be it, you know.

25 But, to totally restructure something, that

1 would eliminate or tie the hands of the local
2 IDAs, I think is wrong.

3 I -- that's my opinion.

4 If I had to poll, I had a meeting -- a couple
5 meetings at the association, that I had to just
6 sort of stop it, because I surely didn't want the
7 association to end up splitting up due to arguing on
8 either side.

9 I just feel that, you know, I leave it in
10 your hands at that, I guess.

11 SENATOR GALLIVAN: So this is a topic I
12 should avoid at your dinner tomorrow night.

13 GARY EPPOLITO: Well, yeah.

14 [Laughter.]

15 SENATOR GALLIVAN: Senator, any questions?

16 SENATOR GRISANTII: So it sounds like, that
17 with Hamburg or Concord, because of the local
18 IDAs, and those towns and those regions outside of
19 the ECIDA, that it benefits Brant and those
20 areas. And it sounds like, then, you would be in
21 favor, then, of the Gabryszak legislation that
22 talks about including in the plans of those
23 towns that have IDAs, because you cannot expand
24 any further, having --

25 LEONARD PERO: Yes.

1 SENATOR GRISANTII: -- being involved in that
2 process?

3 GARY EPPOLITO: Right. Definitely.

4 You know, it's non-partisan, with
5 Assemblyman Gabryszak stating that. And, you know,
6 there's Republican and Democrat on both sides that
7 are looking at doing such a thing.

8 And I think that's good. You know, keeping
9 politics out of it, basically, is what I'm trying to
10 say.

11 SENATOR GRISANTII: Okay, I appreciate it.

12 Thanks a lot for your testimony.

13 SENATOR GALLIVAN: Thank you, Supervisor.

14 LEONARD PERO: Thank you.

15 Micaela Shapiro-Shellaby, with the Coalition
16 for Economic Justice.

17 Did I pronounce your name right?

18 MICAELA SHAPIRO-SHELLABY: You did a great
19 job. Thank you so much. That was wonderful.

20 SENATOR GALLIVAN: Thanks for being here.

21 SENATOR GRISANTII: I was going to say, that's
22 not Allison.

23 MICAELA SHAPIRO-SHELLABY: It's not Allison
24 today.

25 So, I wanted to thank you both for being

1 here, and providing an audience today.

2 And thanks to everybody else for being here
3 today. It's great to be in the company with people
4 that understand IDAs.

5 So, are we in the evening yet?

6 No.

7 So, good afternoon. My name is
8 Micaela Shapiro-Shellaby, and I'm an organizer with
9 the Coalition for Economic Justice.

10 Just as a background: CEJ is a non-profit
11 based in the city of Buffalo that unites labor,
12 community-based organizations, and academic allies
13 to win much-needed policy changes related to
14 economic development, corporate accountability, and
15 workers' rights at the local and state level.

16 And for the last several years, CEJ has
17 co-anchored the statewide Getting Our Money's Worth
18 Coalition, a broad-based coalition, that advocates
19 for comprehensive reform of economic development in
20 New York State, including a specific focus on
21 IDAs.

22 Let me say up front, we have a jobs crisis;
23 and in particular, a good jobs crisis in
24 Western New York.

25 And what do I mean by "good job"?

1 I mean a job that pays families sustaining
2 wages and provides a base line of benefits.

3 Said in another way: A job should keep a
4 worker out of poverty, not in it.

5 And I mean, a job that does not have a
6 negative environmental impact on our broader
7 community, or a negative impact on the health of the
8 person working that job.

9 Our organization wants a New York where
10 people live in vibrant communities and have good
11 jobs that sustain their families.

12 New York government has a responsibility to
13 build a better future for all New Yorkers, by
14 making smart investments that revitalize the
15 economy, and meet the needs of communities as a
16 whole.

17 This is especially important as
18 Western New York continues to struggle with
19 unemployment, underemployment, and poverty all
20 throughout the state's 10 regions.

21 Our state's main tools for job creation and
22 economic development, corporate subsidies are not,
23 however, creating more shared prosperity and equity.

24 New Yorkers get very little in return for
25 the \$3 billion in public subsidies given out to

1 corporations in exchange for job creation every
2 year.

3 Now we have regional economic development
4 councils that are thinking at least a little
5 differently about how we approach economic
6 development, yet the state's larger
7 economic-development efforts continue to suffer
8 from systemic challenges.

9 Case in point: We have 115 IDAs, each
10 conducting business in their own way across
11 New York State, and 6 located right here in
12 Erie County.

13 IDA officials grant tax breaks to
14 businesses, most often in return for creating or
15 retaining jobs.

16 In contrast to the more recent Excelsior
17 Jobs Program, which doesn't grant tax benefits
18 until firms have reached job-creation goals,
19 IDAs have few mechanisms in place to hold
20 corporations accountable to their initial
21 promises.

22 A recent analysis, based on 2009 IDA data
23 released by the New York State Comptroller,
24 concluded that more than one-half of all
25 IDA-subsidized projects that ended in 2009 failed to

1 create a single job.

2 And, I am going to repeat that, because
3 that's pretty interesting.

4 So, an analysis 2009 IDA data released by the
5 New York State Comptroller, found that, when 2009
6 ended, not a single -- that there -- sorry --
7 one-half of all IDA-subsidized projects that ended
8 in 2009 failed to create a single job.

9 Although not part of the budget process,
10 115 IDAs around the state were responsible for
11 nearly half a billion dollars in foregone tax
12 revenues in 2009 alone.

13 It would be one thing if these subsidies were
14 performing by creating new wealth and economic
15 activity, if they were building a better future for
16 all Western New Yorkers, but most IDAs are not
17 growing our economic pie. They are simply
18 re-slicing it, granting tax breaks that simply aid
19 one local competitor over another.

20 For example: The Amherst IDA break to a
21 Lexus dealership so it could move its showroom from
22 one side of the street to the other;

23 Clarence's consideration of a BMW dealership
24 expansion;

25 And the Erie County IDA supporting multiple

1 retail dollar stores;

2 And, along with the Amherst and
3 Niagara County IDAs, an overwhelming multitude of
4 medical offices and hotels.

5 With the money that IDAs give away in
6 New York State, in 2009, we could have educated
7 7,800 children for one year; or, retrofitted
8 11,000 small businesses for energy efficiencies,
9 saving New York businesses millions of dollars
10 in energy costs, and creating over 2,200 jobs in
11 the hard-hit construction industry.

12 So, I am -- in the interest of time, I am
13 going to submit my comments, and just go over,
14 very quickly, some of the things that our statewide
15 coalition have advocated for.

16 "Prioritize performance."

17 Before decisions are made, New York State
18 must ask the right questions from companies, ask the
19 right people whether a company is worth our public
20 investment, and make sure we are protecting good
21 local jobs. This will ensure that public money is
22 going to businesses that have a positive impact in
23 our communities.

24 "Show us the jobs."

25 We need to make sure we are getting the right

1 answers after decisions are made. We need an online
2 report card, and to shine sunlight on all spending,
3 and, we need money-back guarantees.

4 There should be real consequences for
5 businesses that break the public trust.

6 All subsidy deals must have provisions to
7 recapture public money when companies fail to live
8 up to their job-creation agreements, and subsidy
9 programs must be closely monitored to prevent
10 behavior that negatively impacts our regions.

11 Implementing these accountability and
12 transparency fixes will go a long way to ensuring
13 that companies that give New Yorkers a return on
14 their investment, in the form of good jobs to
15 local residents and healthy thriving communities.

16 Better following how New York's
17 economic-development programs spend taxpayer money
18 will ensure that the state and local governments
19 have enough information and collective resources to
20 pay for education, health care, and other important
21 services that we all depend on.

22 CEJ and its statewide allies look forward to
23 further discussion on these critical issues.

24 So, I would like thank you for your time,
25 and, that's it.

1 SENATOR GALLIVAN: Great. Thank you.

2 And I appreciate that you'll submit that.

3 MICAELA SHAPIRO-SHELLABY: Sure.

4 SENATOR GALLIVAN: Your -- you really
5 answered, with those last couple points, with some
6 of your recommendations.

7 MICAELA SHAPIRO-SHELLABY: Uh-huh.

8 SENATOR GALLIVAN: So, I'll skip that
9 question.

10 Just one, your thought: A prevailing theme
11 with many of the speakers today, once we got
12 outside of the geography of it, was the vacant
13 buildings, the redevelopment-adaptive reuse,
14 however you want to call it, what are your thoughts?

15 MICAELA SHAPIRO-SHELLABY: In terms of the
16 adaptive reuse?

17 SENATOR GALLIVAN: Well, the general premise,
18 and those are the words that have been used.

19 But, that premise, as it relates to IDAs,
20 should it be a part of it?

21 Or, do you have other suggestions how we look
22 to redevelop the property?

23 We heard Assemblyman Gabryszak talk about, I
24 mean, his belief, if I've got it correctly, really
25 shouldn't even be part of the IDAs, but, the

1 suggestion to deal with it was, the non-historic tax
2 credits for redevelopment.

3 I'm just curious about your thoughts.

4 We have, whether it's city neighborhoods,
5 whether it's small-town America, we look at these
6 empty storefronts and these empty plazas.

7 Recommendations, how to deal with that, to
8 foster economic development, if any.

9 MICAELA SHAPIRO-SHELLABY: Yeah, and I don't
10 know that we currently have a good position on that
11 right now, or a solid position on that.

12 SENATOR GALLIVAN: That's okay, it's not
13 exact. I mean, we're focused today on the IDAs.
14 But I was, just, as you were talking about many
15 things --

16 MICAELA SHAPIRO-SHELLABY: Yeah, right --

17 SENATOR GALLIVAN: -- it struck me to ask you
18 about that.

19 MICAELA SHAPIRO-SHELLABY: -- and I think
20 that, just concrete operating principles for
21 adaptive reuse are critical, right, and then they're
22 shared through all the IDAs.

23 And I think that's the most important piece.

24 So, if we are going to do adaptive reuse,
25 we're all doing it the same way, and that there are

1 these real strong operating principles that we can
2 all be held accountable to.

3 SENATOR GALLIVAN: And transparent.

4 MICAELA SHAPIRO-SHELLABY: And transparent,
5 exactly.

6 SENATOR GALLIVAN: Thanks.

7 MICAELA SHAPIRO-SHELLABY: Thank you.

8 SENATOR GALLIVAN: Senator?

9 SENATOR GRISANTII: Yeah, just briefly, you
10 know, I agree with a lot that you're talking about,
11 in the sense that prioritize and performance, and
12 making sure that we're, literally, getting a good
13 bang for our buck here, as far as what's being
14 produced.

15 And I know, prior, prior to me actually being
16 involved in the Senate, there would be large tax
17 breaks for businesses without producing a single
18 job.

19 MICAELA SHAPIRO-SHELLABY: Uh-huh.

20 SENATOR GRISANTII: And that the regional
21 economic development councils that the Governor
22 set up across the state, I think are good step in
23 making sure that -- that by having the regional
24 panels, that they focus on keeping an eye on
25 whether or not these programs that are getting the

1 benefit of the funds are creating jobs.

2 And I appreciate what you're talking about,
3 as far as, you know, focusing on keeping an eye on
4 taxpayers' money, showing the jobs, money-back
5 guarantees.

6 You know, there's been a lot of things,
7 especially in the state, where, you know, we've
8 given tax breaks to companies who are expanding in
9 the state, but yet they're going outside the state,
10 and getting the workers to come in the state to do
11 the work, and then they're going back.

12 MICAELA SHAPIRO-SHELLABY: Uh-huh.

13 SENATOR GRISANTI: So, I appreciate the
14 insight that the coalition has with regards to that,
15 and I think it's important to consider that in the
16 context.

17 MICAELA SHAPIRO-SHELLABY: Okay.

18 SENATOR GRISANTI: So, thank you.

19 MICAELA SHAPIRO-SHELLABY: Yeah, thank you.

20 SENATOR GALLIVAN: Thank you.

21 Sam Magavern, Partnership for the Public
22 Good.

23 SAMUEL D. MAGAVERN: Thank you,
24 Senator Gallivan and Senator Grisanti.

25 I'm Sam Magavern, and I co-direct the

1 Partnership for the Public Good, which unites 119,
2 now, community organizations in the Buffalo area.

3 And our partners, each year, form a
4 community agenda, where they vote on their top
5 priorities for the coming year, and it's a very
6 competitive process. And, so, you have to have a
7 really good policy proposal to make it to the
8 top 10.

9 But one of the ones for 2012 had to do with
10 IDAs and economic development. And the plank is, to
11 regionalize the economic development and reduce the
12 number of public authorities.

13 New York State should ensure that
14 economic-development programs, such as IDAs,
15 provide a substantial return on investment in the
16 form of quality jobs and improved quality of life,
17 and act in concert with newly created regional
18 economic-development strategic plans.

19 To ensure maximum return on investment, the
20 115 industrial development agencies operating in the
21 state should be consolidated to no more than
22 one authority per county.

23 So, this is an important issue for our
24 partner agencies, and we thank you for taking a
25 serious look at it.

1 It's something that we've researched
2 extensively. And we, last year, reduced -- released
3 a report called "Generating Waste: Problems with
4 NYPA and IDAs, and how to solve them," where we
5 looked at all of the IDA deals in the region for the
6 year 2010.

7 And, the more we looked at IDAs, the more
8 we see that the state legislation around IDAs
9 really needs serious reform. Well beyond the issue
10 of town IDAs and a county IDA, there are really
11 serious problems with this legislation.

12 And I've always thought it's the kind of
13 issue, where, if the average person on the street
14 really understood how these programs work, they
15 would be outraged. And, really, regardless of their
16 political orientation, whether you're conservative
17 or liberal, Republican or Democrat, no one likes
18 government waste.

19 And the legislation that we have now really
20 ensures a lot of government waste. And, I'm not
21 talking about the performance of our individual
22 IDAs or individual projects, so much as I'm
23 saying it's the state legislation that needs to be
24 changed.

25 It's not that our IDAs are doing a bad job.

1 In some cases, it's the -- they're doing all too
2 good a job under the system that we've created for
3 them. So it's really the state legislation that
4 needs to be changed.

5 And I just want to make a few points about
6 that.

7 Why am I saying it's so wasteful?

8 Well, no economist in the country thinks
9 that you should do tax policy individual business by
10 individual business.

11 And that's exactly what we do under the IDA
12 statute. We pick and choose businesses, and we say:
13 You should have lower taxes. And, you know, we make
14 very individualized decisions. Your taxes should be
15 exactly this much lower.

16 But no economist thinks that that's a good
17 idea.

18 Tax policy you want to be as broad-brush as
19 you can possibly make it, so that the playing field
20 is level, expectations are certain, and people are
21 treated fairly.

22 It's just never a good idea to say, you --
23 you know, it's almost as bad as going person by
24 person, and saying: You, Senator Gallivan, well,
25 let's negotiate your tax bill for the coming year.

1 You've been doing a great job, and we want you to
2 stay in this region, so, we're going to give you a
3 little tax break.

4 That's kind of what we're doing with our
5 businesses, and it's just a very inefficient way to
6 do things.

7 In particular, for an IDA tax exception to
8 really grow the local economy, two things would need
9 to be true.

10 First of all, it would need to go to a
11 project that would not have happened except for the
12 tax exemptions. Otherwise, it's just gravy.

13 Former County Executive Chris Collins
14 objected to Fantasy Island getting a tax exemption
15 for an amusement-park ride.

16 He said: This is a freebie. Who doesn't
17 want a freebie?

18 But, they would have done it anyway.

19 And that's the problem with a large number of
20 the deals that we're doing.

21 The other thing that would have to be true
22 for it to really grow our economic pie, is it would
23 have to be a project that was going to export goods
24 and services out of the region, or, it would have
25 to go to a local business that's competing with

1 out-of-state competitors. Otherwise, all we're
2 doing is, we're favoring one local business at the
3 expense of another.

4 And that's the big objection to the retail
5 projects. The hotels, the doctors' offices,
6 the car dealerships, they're competing for a
7 finite pool of local customers.

8 So, when you read a press release or a
9 statistic that says jobs were created, at that car
10 dealership, or that rheumatologist's office, no net
11 jobs were added to our local economy.

12 Sure, some jobs were created at that
13 individual project, but every single one of those
14 jobs was at the expense of one of that business's
15 competitors, the other rheumatologist, the other
16 car dealership, because it's a finite pool of
17 customers that they're competing with.

18 So, that's the big problem with our IDA
19 statute: it's incredibly loose.

20 Senator Grisanti, you mentioned the idea of
21 job guarantees.

22 The IDA statute does not require a single job
23 to be created in exchange for assistance. That's
24 not part of the state law the way we currently have
25 it, much less the idea of clawing back benefits

1 when jobs' promises aren't met. We don't even
2 require it at all to start with.

3 So, it's a very, very loose statute, and that
4 gives rise to these inefficiencies that I'm
5 talking about.

6 And it means, that when you look at these
7 statistics about jobs created, or about income
8 that, you know, we wouldn't have seen otherwise, you
9 have to really take that with a grain of salt,
10 because there's no proof that that project wasn't
11 going to happen anyway, or, that it's really growing
12 the economic pie and adding to the tax base.

13 The other big problem I want to call to your
14 attention, and several speakers have mentioned it,
15 is that our current statute creates this basic
16 disconnect between taxation and representation. No
17 more basic principle in our democracy than the
18 taxation and representation have to go together.
19 But, the way we have it now, IDAs get to play with
20 other people's money.

21 And, so, one of the examples given today
22 was the Dash's supermarket in Clarence, and I'll use
23 that exact same example.

24 I have no doubt that that was a good project
25 for the people of Clarence, but we all paid for it,

1 and it didn't do anything for the rest of the
2 county. It's a finite pool of customers for
3 supermarkets, so we're not adding any jobs by
4 subsidizing a Dash's in Clarence. We're just
5 meaning -- we're just selecting Clarence as the
6 location for it instead of another part of the
7 county, that we're going to have the same number of
8 supermarkets either way.

9 So -- and by the way, the Clarence IDA took
10 out a full-page advertisement in the "Buffalo News"
11 trumpeting their success with that Dash's
12 supermarket.

13 Well, who paid for that ad? We all did.

14 Every taxpayer in New York State helped to
15 pay for a full-page ad, celebrating the fact that
16 they got a Dash's in Clarence.

17 I would analogize it to:

18 If my brother-in-law told me really needed a
19 new flat-screen TV in his house, I would say, Great,
20 go ahead and get it.

21 But if he told me, By the way, Sam, you're
22 paying for half of it, I would say, Hmm, no thank
23 you. That's not one of my priorities.

24 The other problem I want to call to your
25 attention is the way that IDAs are funded. And

1 one or two of speakers have mentioned this already,
2 but, there is an inherent conflict of interest in
3 having the IDAs funded by a percentage of the
4 deals that they make. It automatically gives
5 them the incentive to do as many deals as
6 possible, and grant as big tax exemptions as
7 possible.

8 That's what determines their success as an
9 IDA, that's how they pay their staff and all their
10 other expenses.

11 So, there's no one in the loop who's guarding
12 the taxpayers' money. Everyone in the system has
13 the incentive to do as many deals as possible, and
14 that's why you've seen an explosive growth in the
15 number of IDA projects in New York State over the
16 last couple of decades.

17 We all pay for these tax exemptions. When
18 we pay for projects that don't grow our economic
19 pie, we all have to pay increased taxes or fees,
20 or we all get reduced services, or both things
21 happen.

22 When the IDAs grant exemptions from the
23 mortgage-recording tax, it reduces revenue to the
24 NFTA, and we all pay for it through fare increases
25 or rent reductions.

1 When the IDA has reduced revenue to school
2 districts, the districts need to lay off teachers
3 or raise taxes.

4 When they reduce revenue to the counties,
5 there's less money to repair roads, hire
6 law-enforcement officers, and keep libraries open.

7 You know, the Concord IDA was mentioned today
8 doing two projects in a year.

9 Well, there's a lot of overhead that goes
10 with even an IDA that's just doing two projects a
11 year. There's a lot of time to running all these
12 separate IDAs. There are a lot of reporting
13 requirements, there are separate reports that have
14 to be done to the State, their websites.

15 It's a lot of resources going into a very
16 inefficient system.

17 So in sum: We urge you to reform state
18 legislation and limit IDA projects to businesses
19 that are exporting goods and services, or competing
20 against out-of-state businesses; and, thus, ban IDA
21 aid to retail projects, hotels, restaurants,
22 medical facilities, spec office parks, and similar
23 projects;

24 And, to limit IDAs to one per county, or,
25 to follow the approach that's embraced by the

1 Ryan bill of preventing town-based IDAs from
2 granting exemptions from taxes that are owed to any
3 government beyond that town.

4 I'm happy to take any questions.

5 SENATOR GALLIVAN: Just a few, thank you.

6 But for the very end, you know, what you're
7 urging us to do in your final recommendations, you
8 talked about a number of different things: the
9 concept, taxation without representation, the
10 harmful effects, how they are funded.

11 You did use examples, you pointed to
12 Clarence, you pointed to another local example down
13 in Concord.

14 Is your testimony regarding IDAs,
15 essentially, the same for all of them?

16 So, when you say, IDAs are wasteful, when
17 taxation without representation, are we to take it
18 that you're saying the same thing about the ECIDA as
19 the local IDAs, to distinguish?

20 SAMUEL D. MAGAVERN: Well, a lot of my
21 remarks --

22 SENATOR GALLIVAN: Are these -- excuse me.

23 Are these like broad concerns that you're
24 articulating, or is it one versus the other?

25 SAMUEL D. MAGAVERN: Yeah, it's a little bit

1 of both, Senator Gallivan, in the sense that, most
2 of the problems I'm identifying are really with
3 the state legislation that applies to all IDAs.

4 Now, some of them are using the room that
5 that gives them a lot more aggressively than
6 others; and, so, we would critique some of their
7 performance more than others.

8 SENATOR GALLIVAN: So how they are paid for
9 is the same?

10 SAMUEL D. MAGAVERN: But how they're paid for
11 is the same, and the rules that govern them are the
12 same.

13 You know, Mr. Allen mentioned there used to
14 be a ban on retail projects, and that ban was
15 lifted. So, you know, that's true for all of them.
16 You know, some of them have used that more
17 aggressively than others, and -- but it's a
18 state-law problem. You're not going to solve it
19 piece by piece.

20 But the other point is, that we really do
21 believe in regional economic development, and not
22 having towns competing against each other with
23 separate IDAs with their own infrastructure and
24 their own bureaucracy, and without accountability to
25 all the taxpayers that they are granting

1 exemptions.

2 SENATOR GALLIVAN: Understood.

3 Now let me ask, so, following the taxation
4 without representation, that concept, let's take it
5 to another concept of our government: one man, one
6 vote.

7 So, in neighboring Wyoming County,
8 40,000 residents, 1 IDA.

9 Genesee County, 60,000 residents, 1 IDA.

10 Erie County, 900-plus thousand --
11 900,000-plus residents, 6 IDAs.

12 If they had one, they'd be representing, what
13 are we, nine hundred fifty, nine hundred twenty
14 thousand, people right now.

15 Can they do all of those citizens and
16 communities justice?

17 SAMUEL D. MAGAVERN: I think they can.

18 I think that the trade-off is much greater
19 efficiency from only one IDA.

20 I mean, ideally, to be honest, we would have
21 one IDA for the entire Western New York region,
22 matched to the region that the regional economic
23 development council is serving, because we're one
24 economic region. We're not multiple economic
25 regions.

1 So, if we're trying to help the economy, we
2 should be looking at it regionally.

3 So, I understand what you're saying, but I
4 think that it's more important to get that
5 efficiency, and to have all the horses pulling in
6 the same direction.

7 SENATOR GALLIVAN: All right, thank you.

8 Senator?

9 SENATOR GRISANTII: What about -- yes, and
10 thanks for coming today, Mr. Magavern.

11 What about the towns that are not a part of
12 the IDAs that want to be included, let's say, under
13 Senator -- or, Assemblyman Gabryszak's legislation
14 where, you know, to include them, like, little
15 pocket regional things, those that are not included
16 now?

17 SAMUEL D. MAGAVERN: We would not be in favor
18 of that because we really believe in this more
19 regional approach.

20 So, adding on to the existing five IDAs,
21 sort of giving them a bigger brief, you know, it's
22 still six IDAs for one county, nine IDAs for
23 two counties.

24 We still think that it's very efficient --
25 inefficient, and not the way too do regional

1 economic development.

2 SENATOR GRISANTI: Okay.

3 All right, I appreciate it. Thank you very
4 much.

5 SENATOR GALLIVAN: Thank you.

6 SAMUEL D. MAGAVERN: Thank you.

7 SENATOR GALLIVAN: Greg Sehr,
8 Upstate Consultants.

9 GREGORY SEHR: Good afternoon.

10 SENATOR GRISANTI: Good afternoon.

11 SENATOR GALLIVAN: Good afternoon. Thanks
12 for being here, Mr. Sehr.

13 GREGORY SEHR: Thank you for the opportunity
14 to present, Senator Gallivan and Senator Grisanti.

15 My name is Greg Sehr, and I am -- I run a
16 consulting firm, Upstate Consultants.

17 I provide advice to companies seeking
18 government incentives and financial assistance, and
19 I have worked with industrial development agencies
20 in 10 counties in this state.

21 I would like to share four projects with
22 you that have utilized the services of IDAs, and
23 identify some of the benefits that were garnered
24 by those companies.

25 Project Number 1, was an international

1 company that had no presence in Western New York.
2 Had industrial facilities in Brazil, Argentina.
3 Came to a mothballed factory which they purchased
4 out of bankruptcy.

5 The company invested \$168 million, and
6 provided 150 new jobs.

7 Project Number 2, a New York City developer
8 came to Western New York to build a mixed-use
9 building from an abandoned warehouse vacant for
10 30 years.

11 The company invested \$26 million, and created
12 90 new jobs.

13 Project Number 3, a major health-care
14 provider invested \$24 million, created 100 new
15 jobs, in a building which was totally vacant for
16 8 years.

17 And, Project Number 4, which is -- I'm
18 currently working on, which is an advanced
19 manufacturing company, who is renovating an
20 abandoned building, investing \$12 million, and
21 bringing in 200 new jobs to the community.

22 These projects have three things in common.

23 Number one: They all use the services of
24 IDAs;

25 Number two: They all use re-purposed old

1 unused buildings, which has been identified
2 previously as "adaptive reuse";

3 And most importantly, these community --
4 these companies resurrected neighborhoods and
5 communities in Western New York.

6 540 jobs were created: steelworkers,
7 health-care professionals, electrical engineers,
8 and small-business owners.

9 The correlation between these projects
10 coming here and the role of IDAs is profound and
11 significant.

12 Criticism of town-sponsored IDAs, I
13 believe, is misguided. Towns and other
14 municipalities have limited resources to assist and
15 attract businesses.

16 Towns are struggling to maintain basic
17 services, as you know. They need more tools for
18 economic development, not fewer tools.

19 Critics claimed that local IDAs should
20 not be abating county taxes, as we've heard, because
21 taxes are being lost.

22 In truth, most commercial projects would
23 not take place without numerous incentives,
24 including those of IDAs.

25 If a building has been vacant for up to

1 30 years, there seems to be a pretty good message,
2 and a pretty clear message, that developers have not
3 been lining up to redevelop that site.

4 IDAs have been instrumental in the adaptive
5 reuse of many buildings in our region.

6 And blaming towns is like blaming the poor
7 for not producing enough taxable income. The
8 towns are doing their best to survive, and to use
9 the resources available to them, the tools in
10 their toolbox, to bring companies here or to allow
11 them to expand.

12 Further, companies make critical choices
13 about expansion or relocation, and I think
14 government at all levels has to respect those
15 choices, and understand the financial risks that
16 companies take to come to our region.

17 IDAs are strong on assistance, yet weak on
18 ceremony. Both process and product are given equal
19 importance in deciding the value of a project.

20 And I would like to say, also, that I have
21 found, in my experience, in 10 counties, and
22 probably 5 towns, that IDAs are responsive
23 problem-solvers. They just don't recite the
24 programs that are available in the state or the
25 county or the region for them. They help to create

1 solutions.

2 Companies appreciate that. Companies make
3 decisions based upon that.

4 IDAs provide an opportunity for companies
5 to become revitalized and sustainable.

6 Thank you very much.

7 SENATOR GRISANTI: I have no questions.

8 SENATOR GALLIVAN: Thank you.

9 SENATOR GRISANTI: Thank you.

10 SENATOR GALLIVAN: Bob Mahoney, SEIU.

11 How about, Donald Hoggle [ph.]?

12 And we do have one more person who signed up
13 after Mr. Hoggle, and then we'll conclude.

14 DONALD HOGGLE: Thank you, Senator Gallivan,
15 and Grisanti.

16 It's running a little bit late, but I'm glad
17 that you're willing to extend the time.

18 I do not represent any organization. I have
19 been following this issue for probably 20 years,
20 since former Assemblyman Fran Pordum ran hearings
21 around the state.

22 I attend most of the Niagara County IDA board
23 meetings.

24 One of the issues that's been discussed
25 very heavily today is a matter of retail businesses.

1 The State Constitution, in Article VII,
2 Article -- Section 8.3-II, addresses prohibition
3 against public support of hotels and retail
4 businesses, where the customers actually have to
5 present themselves at that business.

6 Are you aware of that provision in the
7 State Constitution?

8 SENATOR GRISANTI: Yes.

9 SENATOR GALLIVAN: Yes.

10 DONALD HOGGLE: Well, we seem to never hear
11 about it, let's put that it way.

12 Also of the IDA law itself, Section 884,
13 actually prohibits public bidding of
14 IDA projects.

15 Do you recall that one?

16 I don't know why we would have a
17 prohibition --

18 SENATOR GALLIVAN: No, I don't have the
19 entire law committed to memory.

20 DONALD HOGGLE: Okay. Well --

21 SENATOR GALLIVAN: But please, you know --

22 DONALD HOGGLE: I've been around the issue
23 for a while, okay.

24 SENATOR GALLIVAN: I appreciate that.

25 DONALD HOGGLE: But, that we have an actual

1 prohibition of public bidding seems a bit odd.

2 The other item that was addressed today was
3 the matter of Uniform Tax Exemption policies.

4 Well, within the tax-exemption policies,
5 there is a provision for deviations.

6 So, in my mind, I have said: Well, why don't
7 we just call this "devious tax-exemption policy,"
8 and be correct about it?

9 And I would give you one example, in
10 Niagara County, where the IDA wound up doing the
11 project correctly.

12 The AES power plant, at the very northeast
13 corner of Niagara County, was quite a controversial
14 project. And what they wound up doing, to resolve
15 the pilot, they got together with the elected town
16 board, the elected school board, the
17 elected County Legislature, and resolved the pilot
18 through the elected bodies.

19 To me, IDAs do not fall under the
20 description of a republican form of government.
21 They are not representative government in any way,
22 shape, or manner.

23 So, however you restructure the laws, I
24 suggest that you bring them under representative
25 government.

1 Thank you.

2 SENATOR GALLIVAN: Do you have any questions?

3 SENATOR GRISANTII: I don't have any
4 questions, other than, I know what you're referring
5 to in Article VII, and I'm sure you're aware that
6 there have been lawsuits brought up in the
7 appellate division, and the court of appeals are
8 actually looking at some of those factors. But so
9 far they have upheld, some of the uses of those are
10 within the realm of the constitution.

11 But, I am aware of it, not only being an
12 attorney, but also aware that some of those suits
13 are actually at the -- I think heading towards the
14 court of appeals. I haven't heard anything
15 recently on them.

16 But I appreciate, and understand, Don,
17 everything you've said here today.

18 DONALD HOGGLE: All right.

19 Well, to continue on that, presumably, you
20 recall Jim Ostrowski [ph.] suit that wound up in the
21 court of appeals, contesting the fact that public
22 monies are used for private purposes.

23 And the court of appeal threw -- declined --
24 well, they decided against the State Constitution,
25 let's put it that way.

1 SENATOR GRISANTII: Okay. I'm familiar with
2 Jim Ostrowski. I know him well.

3 DONALD HOGGLE: I'm sure you do.

4 SENATOR GRISANTII: Okay.

5 DONALD HOGGLE: Thank you.

6 SENATOR GRISANTII: Thank you very much.

7 SENATOR GALLIVAN: Thank you.

8 Marge Price, from the Clean Air Coalition.

9 MARGE PRICE: There's several of us.

10 SENATOR GALLIVAN: Yeah, I see that. I'll
11 let you tell us.

12 MARGE PRICE: Okay. Well, I'm actually a
13 concerned citizen. I don't really know a whole lot
14 about IDAs. This is only the second public meeting
15 that I have attended, but I was at the August
16 meeting.

17 We're -- the incentives for
18 Niagara Lubricant were still on the board. My
19 understanding is, that they are being granted the
20 incentives.

21 I want to give you a little background on
22 myself so you'll understand where my concerns are
23 coming from.

24 SENATOR GRISANTII: Sure.

25 MARGE PRICE: And I have some very, very deep

1 and disturbing concerns regarding what seems to be
2 about to happen.

3 SENATOR GALLIVAN: If I may, you do you
4 understand that we're not a decision-making
5 authority for any of the IDAs and for any
6 particular projects.

7 MARGE PRICE: No, I understand that, but I
8 just want to make you guys aware that there are
9 concerns out there. And maybe, in some way,
10 shape, or form, you can help myself and the people
11 in my community understand what the hell is going
12 on, because a lot of people in the
13 Black Rock-Riverside area don't even speak English.

14 How can they possibly understand when I'm
15 having a hard time, and I'm college-educated. I'm
16 having a hard time, you know, putting all of these
17 pieces together.

18 My passion is public safety.

19 Okay?

20 I'm the Good-Neighbor Planning Alliance,
21 Public-Safety Committee chair in
22 Black Rock-Riverside.

23 And to show you the extent of how much I'm
24 concerned about my people, and I'm also a committee
25 member on the Armed Forces' Week Committee, which

1 is Western New York, and it's area-wide.

2 And so, in a sense, I'm also kind of
3 representing the veterans that live in the
4 Black Rock-Riverside area. And there are all kinds
5 of veterans in that area.

6 Okay, here's the thing:

7 I actually took the report from the ECIDA
8 meeting in August, and I took a magnifying glass to
9 some parts of it.

10 If I had to grant incentives, based on the
11 Short Environmental Assessment Form, I wouldn't give
12 this a first-grade passing grade.

13 SENATOR GRISANTTI: Are you talking about a
14 specific project?

15 MARGE PRICE: Yes. They want to rebuild
16 Niagara Lubricant.

17 Niagara Lubricant hadn't even submitted their
18 Tier 2 forms to the EPA when a 23-hour fire
19 happened.

20 And I got to tell you, think about 9/11, and
21 what happened in New York City, and the clouds, and
22 all of that. The clouds of dust and debris.

23 This was Black Rock's 9/11.

24 There are still people in Black Rock, and in
25 Riverside, if the wind had blown the other way, we

1 would have been evacuated instead of the people in
2 Delaware Park.

3 I can recall when Riverside Park was
4 evacuated because of an incident that happened at
5 one of the Tonawanda industries.

6 We are surrounded, the Black Rock-Riverside
7 by industry, by railroad, which includes
8 intermodal tanks coming in with God knows what
9 kind of chemicals from Canada.

10 And, so, I just want to make sure that my
11 people are safe. It's still a controversial issue,
12 the Niagara Lubricant deal.

13 SENATOR GRISANTII: So your concern is that
14 group getting any sort of IDA, is that correct,
15 development, because they haven't met the standards
16 of what you're talking about, as through EPA --

17 MARGE PRICE: Well, they didn't meet the
18 standards before.

19 SENATOR GRISANTII: Okay.

20 MARGE PRICE: Okay. My people are saying:
21 If they if meet the standard before, how can we be
22 sure that they're going to be in compliance?

23 I mean, I'm looking at what they did before.
24 And to me, it looks like willing, willful
25 negligence. I mean, if you really want to take a

1 microscope to that.

2 It's not that we're saying they shouldn't
3 rebuild. But, as of their hearing in July of 2012,
4 they had not even put together an evacuation plan,
5 and they are saying it's because the building wasn't
6 built.

7 They -- you know, common sense tells you,
8 you need to know how to evacuate the neighborhood.

9 How can they help in that?

10 They're just so vague and so fuzzy on a bunch
11 of the issues.

12 SENATOR GRISANTI: So, Miss Price, I guess,
13 to summarize, you're saying that before any ECIDA
14 grants are given out, make sure that these
15 particular companies, whether it be
16 Niagara Lubricant, or what have you, and the
17 surrounding area or in the Western New York region,
18 satisfy the safety concerns of Clean Air Coalition,
19 and other concerns, concerning safety for the
20 community and for the environment?

21 MARGE PRICE: And the community residents.

22 And, actually, when I leave here, I'm going
23 straight to a Good-Neighbor Planning Alliance
24 meeting, where I give a public-safety report every
25 month. And, questions have come to me through

1 those meetings.

2 Mostly -- well, not mostly -- but a lot of
3 times when we've company doing a rebuild or an
4 expansion, or if we have a new company coming in,
5 they come to the planning alliance, and we just
6 barrage them with questions, because we want to know
7 that our area is going to be safe. We want to know
8 what they're going be doing, how it's going to
9 affect the neighborhood, traffic-wise,
10 pollution-wise, every-wise.

11 SENATOR GRISANTI: I think everybody would
12 agree with you on that.

13 MARGE PRICE: How you can guys help us?

14 That's my question.

15 And if you ever want to come to a GNPA
16 meeting, they're always the fourth Wednesday of the
17 month.

18 And, Senator Grisanti, I know you have been
19 to one already.

20 SENATOR GRISANTI: Uh-huh.

21 MARGE PRICE: How can you help us understand
22 this, and sort this out, because, frankly, who else
23 is doing it besides the Clean Air Coalition?

24 SENATOR GRISANTI: Right.

25 What we're here for today, is to make sure

1 that we take your concerns, and the concerns of
2 all of the speakers before you, regarding this
3 issue of IDAs, and compile them, and come up with
4 a solution that's going to be really a benefit for
5 all.

6 And I really appreciate the fact that you
7 were here representing your group, because that's
8 not something that anybody has else talked about.
9 And that is an important factor in the puzzle.

10 MARGE PRICE: Right.

11 SENATOR GRISANTII: And I don't think that
12 anybody in this room would disagree that safety is
13 the number one concern, not only for the residents
14 of an area where a business may be headed, or may
15 be, but also for the workers that are in those
16 businesses.

17 And I appreciate that you qualified, that
18 we're not looking at shutting down Niagara
19 Lubricant, because we know it's jobs for region, but
20 let's make sure that these are safe.

21 MARGE PRICE: Exactly.

22 SENATOR GRISANTII: And that's a great focus
23 to have, and I appreciate your testimony today.

24 MARGE PRICE: And I did not really read off
25 of anything per se, but, I will write this up and

1 submit it.

2 SENATOR GRISANTI: Thank you.

3 SENATOR GALLIVAN: Thank you.

4 MARGE PRICE: Thank you for your time.

5 It's good to see you guys up there.

6 SENATOR GRISANTI: Thank you.

7 MARGE PRICE: Bye-bye.

8 SENATOR GRISANTI: Good to see you again.

9 SENATOR GALLIVAN: And last, but not least,
10 Rich Taczkowski, former North Collins Town and
11 Village Board Member.

12 Thank you for being here.

13 RICHARD L. TACZKOWSKI: Thank you,
14 Senator Gallivan and Senator Grisanti.

15 I'm also an urban planner, public-policy
16 analyst, living here in Buffalo.

17 But as you allude, I wasn't planning to speak
18 but, just, I want to have a couple short comments
19 relating to when I was on the Village Board in
20 North Collins, in the early, mid-'90s. Later I was
21 on the Town Board.

22 Neighbors of Supervisor Pero right here.

23 It's good to see all of these folks trek in
24 from all of the far-flung areas of the County, to
25 come into the County Seat and discuss these

1 matters with you gentlemen.

2 When I was on the Village Board, I remember a
3 recipient of the ECIDA tax abatements coming in.
4 I believe it was Schafstall Industries, and it was
5 Charlie Schafstall came in.

6 And, it --

7 I guess you guys are listening, and
8 wrapping up here at the same time; right?

9 But, I just wanted to establish --

10 SENATOR GRISANTI: No, no, I'm listening to
11 you. I'm just tearing out so I have the last sheet
12 of paper for you.

13 RICHARD L. TACZKOWSKI: Oh, good.

14 And he came in, asking for a break on water
15 rates, and saying that, you know, he could do
16 better with Erie County Water Authority, water, and
17 so on.

18 And this was, as I say, in the early '90s,
19 before all of this really got on the radar screen.
20 I think back into the late '90s, maybe
21 Assemblyman Fran Pordum at the time, rose the
22 issue -- raised the issue.

23 So Charlie, you know, before, in preparation
24 for the meeting, I asked the Village Clerk/Treasurer
25 to come up with some figures. And I think he was

1 recipient of \$36,000 of tax -- in taxes he didn't --
2 we would have had to pay if it was based on his
3 assessed valuation.

4 And, so -- so then he came in, saying, you
5 know, kind of a veiled threat, you know: We'll move
6 to the water authority's region, because we can get
7 better water, cheaper water.

8 Well, right now, as you know, Senator, you
9 represent North Collins, north of villages is
10 replacing its system, updating its system, and had
11 some problems.

12 Well -- so, I asked the questions, you
13 know: How many of your folks live in
14 North Collins? How many own homes here?

15 Things like that.

16 And he didn't like any -- he didn't really
17 like those questions. And, he left, and we never
18 heard from him again about that.

19 So -- so, here, we had nothing -- no say at
20 all in this decision to give him these tax breaks.

21 It affected our community. It -- really, we
22 didn't see any analysis of the economic impact on
23 our community, on our tax base. And then he had the
24 gall to come and ask for cheaper water.

25 So, this goes to your question,

1 Senator Gallivan, I forgot of who, and it's touched
2 on by Supervisor Pero, that when ECIDA makes
3 decisions that impact these communities that have no
4 representation on the board, or don't have their own
5 IDA, are you going to consult with them?

6 And, so, it comes down to, I see this
7 recurring theme.

8 You recall, couple of years ago,
9 Maria White head the proposal for County Planning
10 Board. I helped actually work on that legislation
11 with George Grasser.

12 It didn't receive buy-in from the
13 communities, that had the power of zoning, that had
14 local home rule.

15 So, then, we see, recently, Mr. Pero's
16 group rejected -- rejected the issue of having a
17 countywide library board, okay, although there's
18 mixed opinions on this issue.

19 So, now, what it seems to boil down to,
20 gentlemen, is that the State has given these
21 powers to localites to do certain things: to do
22 the planning, to do zoning, to have libraries, to
23 have IDAs.

24 And, we also know that doing things
25 regionally has a lot to do to recommend it.

1 But when the government structures are put
2 into place for these various regional entities, the
3 little guys aren't invited to table; the ones who
4 actually aren't so small, because they have
5 home-rule authority.

6 And if you ask folks to give up local
7 control, they need to have a seat at the table.

8 And maybe all of these other constituent
9 groups, these -- all these interest groups that
10 are there, unless they bring some kind of a, how
11 should I say, a veto power, or a way to -- to --
12 unless they bring their own power base, to put it
13 really bluntly, the villages and the towns should
14 be represented on the IDA board.

15 SENATOR GRISANTII: Yeah, let me ask you
16 this --

17 RICHARD L. TACZKOWSKI: Yes, sir.

18 SENATOR GRISANTII: So you would be in favor,
19 then, of what Assemblyman Gabryszak was talking
20 about, as those that do not have an IDA board become
21 part of a region that does have an IDA board, and
22 that there's members on that board, so to speak?

23 You'd be in favor of that, so this way, what
24 you're saying is, is that, to make sure the town
25 gets the benefits and breaks for the community

1 that are not represented?

2 RICHARD L. TACZKOWSKI: Well, I didn't
3 actually hear all of his comments, but the -- you
4 know, the gist of it, is that you're explaining, it
5 sound as though it's okay to do things on a regional
6 basis.

7 But, as long as people who have already had
8 that authority to do it, must have buy-in. They
9 must be brought on the -- you know, at the table.
10 They must feel that their voices are being heard.
11 That if somebody wants to do something in Brant or
12 Sardinia or Newstead, that they're going to get a
13 fair shake. That it's not going to be controlled by
14 urban interests only.

15 And, then, if you can come up with a
16 governance structure that balances those two needs,
17 for -- for -- and just let me say -- let me just say
18 this, Senator:

19 That these rejections of County Planning
20 Board, rejections of live County Library Boards,
21 these kinds of things, we've got to get past this.

22 We've got to find a way, when we used to have
23 a board of supervisors, that brought in their
24 individual communities' needs and aspirations, and
25 they took them to County Hall. And out of that,

1 there was a lot of horsetrading, and it was
2 inefficient, and all of that.

3 But out of that, people could go home and
4 report to their community: Look, I got this road,
5 or, we're going to do this, and so on.

6 Their voices were heard. Even after it was
7 weighted vote; after it went to weighted vote, after
8 Baker v Carr [ph.], they still had an equal voice at
9 that -- downtown at the County Hall.

10 So until we return to that kind of
11 collaborative way of listening and respecting local
12 needs, these are communities with individual
13 identities, and with their own histories, and their
14 own traditions. And they have this power.

15 Well, to give away any of that power, they
16 must receive something in return.

17 And that -- and that is the real dilemma I
18 see for regionalism, because I'm a strong advocate
19 of that.

20 And -- yes.

21 Any other questions?

22 SENATOR GRISANTI: No, that's all I have.

23 RICHARD L. TACZKOWSKI: Well, thank you so
24 much for your time. Appreciate it.

25 SENATOR GALLIVAN: Thank you for hanging in

1 there.

2 We're good.

3 Thank you, everybody.

4

5 (Whereupon, at approximately 4:47 p.m.,
6 the public hearing held before the New York State
7 Senate Standing Committee on Commerce, Economic
8 Development, and Small Business, concluded, and
9 adjourned.)

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