



NEW YORK STATE SENATOR

Malcolm Smith

Senate moves IDA Reform Bill

MALCOLM A. SMITH April 7, 2009

| COMMITTEE: **LOCAL GOVERNMENT**

(Albany, NY) The New York State Senate Committee on Local Government today moved path-breaking legislation (S1241) which would reform Industrial Development Agencies (IDAs), to the Senate Finance Committee. The bill, sponsored by Senator Antoine M. Thompson (D-parts of Erie and Niagara Counties), is designed to ensure increased accountability, transparency, and meaningful results from a tax incentives program meant to attract new businesses and help existing ones grow.

IDAs are state-supported tax credits and financing, which offer tax exemptions for qualified businesses from local, county and schools taxes in order to entice companies to build and grow in New York State. They also issue low-interest bonds, called industrial development revenue bonds, which allow companies to borrow at low interest rates.

IDAs were originally developed to mitigate the loss of manufacturing jobs in parts of New York State. Despite the opportunity they provide to generate new, good paying jobs, IDAs operate with few basic measures of accountability.

Currently, IDAs are not required to set basic standards for job creation, and businesses supported by IDAs are not required to report their progress and growth. Too often, these tax breaks amount to little more than lucrative handouts by municipalities at the expense of

other important municipal services.

"There are 116 IDAs throughout the State that provide several hundred million dollars in tax exemptions each year," Senator Thompson said. "They are an important economic development tool to promote job creation and business retention, particularly for underserved communities. In return for tax incentives, IDAs are supposed to create new jobs and benefit the economy of local municipalities. However, some have not met that basic standard. These reforms will help turn a good program into a great one that benefits our entire economy."

"IDAs should be supporting responsible businesses that will deliver on their promises to provide good jobs and services to New Yorkers," said Senate Majority Leader Malcolm A. Smith. "Because of the significant local tax breaks, we need to protect communities and see to it that promised economic benefits are delivered. As we work to turn our economy around, programs such as IDAs can play a significant role in development and job growth—if handled with the proper oversight."

Included in the reforms that will now be considered by the Senate Finance Committee, are measures to:

- Ensure a greater degree of uniformity in the application process.
- Guarantee careful analysis and deliberation in the decision-making process.
- Enhance the monitorship of IDA-approved companies so that benefits are appropriately conferred.

Prior to action by her committee, Senator Andrea Stewart-Cousins (D-Yonkers), Chair of the Local Government Committee yesterday conducted a roundtable discussion with members of the Senate's Labor and Commerce, Economic Development and Small Business Committees, as well as others, to have a conversation among all of the stakeholders impacted

by this legislation to express their points of view before the State Senate.