

Dear Members of the Legislature:

I am Theo Allen, a concerned citizen of New York. I thank you for considering this written testimony on economic development.

The Empire State Economic Development Corporation spending needs to be closely looked at. Nevertheless, the Economic Development Corporation spends significant funds on corporate welfare. The Legislature should cut back considerably on this waste of taxpayer dollars. While I broadly endorse the Reinvent Albany submission on the state budget, I have several areas that the Legislature should go further on, including using their press release.<sup>1</sup> But to summarize my request on this topic, we should be rejecting all forms of corporate welfare.

One area that should be looked at is Industrial Development Agencies. A report by Dr. Christine Wen<sup>2</sup> which suggested that these tax abatements cost schools thousands of dollars per pupil. Rather, in the Big 5 city school districts, the rates are several million dollars. In Yonkers, for example, the report gave 18.7 million dollars for lost money, which could pay for many of the 225 positions that the Yonkers superintendent requested to retain upon the termination of the Federal stimulus payout. Instead, we should terminate abatements to schools. The report further reports 1.8 billion dollars in costs.

Start Up NY should not be extended, nor should the Extended Prosperity and Innovation Campuses be utilized to replace it. In my experiences at the New York University Tandon School of Engineering - Polytechnic Institute, colleges can create small businesses, but that is not always the case, especially without supporting students. Nevertheless, the assistance may be more of a concern to higher education, which really should focus on reaching out to students and assisting them in getting jobs. Job fairs and other training, as opposed to integrating such an effort into schools are not enough to get students employed or create new businesses.

As Reinvent Albany noted, the opportunity tax zones are harmful to our public policy. That gun, big oil, and crypto have received benefits, industries that should not be supported, are promoted, contradicts public policy of this state to curb gun violence and implement the Climate Leadership and Community Protection Act.

In addition, we should not be promoting special promotions to specific corporations. I would also urge the Legislature to enact the package urged by major union, faith, human service, and watchdog groups to control corporate subsidies on May 27, 2022. The Senate passed<sup>3</sup>:

- S6800-A which would have eliminated tax breaks for federal opportunity zones. This has been reintroduced as S89/A351.
- S1196 which would end non disclosure agreements in economic development contracts.

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<https://reinventalbany.org/2023/02/reinvent-albany-urges-legislature-to-freeze-state-business-subsidies-reject-new-ones/>

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<https://goodjobsfirst.org/wp-content/uploads/2023/02/How-Tax-Abatements-Cost-New-York-Public-Schools.pdf>

<sup>3</sup> All are 2022 bill numbers.

- S1656-A which would prohibit Industrial Development Agencies from incentivising state movement.
- S8062 which would ensure the comptroller reviews contracts during a state of emergency.

In addition, the state should eliminate the film tax credit. This appears to be nothing more than corporate welfare. To ensure that arts funding is useful, we should ensure that funding is not used to promote Broadway.

The horse racing subsidies should be revoked. In addition, convention centers, sports stadiums and arenas should not receive subsidies. This should include revoking existing subsidies, such as the Madison Square Garden exemption. If possible, the Buffalo Bills new stadium should have its funds rescinded. And Belmont Park should not be subsidized by the state in their development. Rather, per the New York State Constitution, a “reasonable return for the support of government” is required.

Instead, the Empire State Development Corporation should be significantly decreased in size. The tax breaks should be eliminated. Any excess should be placed into workforce development and training individuals to get quality jobs. By not focusing on how to fix the jobs gap for businesses.

Measures such as the Digital Game Development Tax to promote gambling should not be prioritized. We should also end the 421 tax credit based on luxury development. Passing Ron Kim’s A2560 to prevent additional subsidies for existing projects is another step should be encouraged.

Rather, we are subsidizing Amazon with over 149.6 million dollars in 2022 alone from New York State.<sup>4</sup> Why is New York State subsidizing a company that was found to commit labor violations in New York state and commuted illegal union busting efforts? Amazon has very high injury rates. Why does New York subsidize Amazon then?

### **Our state constitution prohibits corporate welfare.**

Article VII, Section 8, Clause 1 of the Constitution of the State of New York states “The money of the state shall not be given or loaned to or in aid of any private corporation or association, or private undertaking; nor shall the credit of the state be given or loaned to or in aid of any individual, or public or private corporation or association, or private undertaking....”

We should not be using tax credits or payments from the Empire State Development Corporation to permit corporate welfare. Returning the corporate welfare back to the state treasury would be a wise use, especially considering that the budget is a balancing act.

One strong use is to focus on worker development. In particular, looking at the lack of workers, we know that the state should be working to help individuals find work and get qualified for the jobs of the economy today in terms of workforce development. But we also have, as a state, various other priorities. We can work with colleges and universities to create cost effective pathways for a job after graduation with pathways to work in New York State. Housing

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<sup>4</sup> <https://goodjobsfirst.org/amazon-tracker/>

subsidies for individuals to house individuals who don't have a home outside the shelter system instead of developer grants for high income NYC apartment buildings. Childcare costs can be considered so parents, especially vulnerable single parents, can get employment. We could also, and more prudently, use the funds to reduce non voter approved debt issued by public authorities.

Sincerely,  
Theo Allen