



NEW YORK STATE SENATOR

Michael F. Nozzolio

Senator Nozzolio Demands Removal Of IDA Tax

MICHAEL F. NOZZOLIO March 17, 2010

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Albany- State Senator Michael Nozzolio today demanded immediate and decisive action from Governor Paterson in order to revoke a devastating tax on New York State's Industrial Development Agencies. "The IDAs are New York's job creation incubators," said Senator Nozzolio, "By taxing their revenues, Albany is effectively destroying jobs."

The IDA tax, which is due March 31st, was enacted as a part of the 2009-2010 New York State budget. Senator Nozzolio strongly opposed the budget, which created over 100 new taxes and fees, including the IDA tax. Every IDA in New York State will be assessed a 4.7% tax based on their 2008 total revenues.

"This so-called 'cost recovery' fee is nothing more than another onerous tax that will cripple New York State's ability to recover from our economic crisis," Senator Nozzolio commented.

The 2009-2010 State budget called for the collection of \$5 million from the State IDAs, but did not include any provisions on how or when the State would collect the funds. IDA directors were notified of the tax on February 8th of this year, giving very little time to budget for the funds that the State was demanding.

When the State Division of Budget calculated each IDA's amount due, it incorrectly included money that is simply passed through the agency, including one-time payments such as

federal and state grants. These funds are not revenues of the IDA; rather, the IDA simply administers the grants.

“Many IDAs are now being taxed based on revenues that never existed and it will be entirely impossible for them to meet the State’s requirements. This arbitrary and punitive tax will drive some IDAs into insolvency at a time when they are needed to assist small businesses create jobs in our local communities,” said Senator Nozzolio.

Senator Nozzolio has proposed a number of alternative solutions to the current State budget crisis that would prevent the need for further taxation. These plans include the immediate reinstatement of strong anti-fraud measures that would weed out fraud and abuse in the State's Medicaid system and free up millions of dollars in State revenues. In addition, Senator Nozzolio has called on the State to freeze all unnecessary purchases of State recreational lands and to look critically at every expenditure of State taxpayer dollars.

Senator Nozzolio concluded, “There is no justification for this tax. I am calling on Governor Paterson to revoke this devastating plan and support our local communities’ efforts to create jobs.”