
EDC STANDING COMMITTEE
03/29/10

MEETING AGENDA

- I. GLOBALFOUNDRIES Reception
- II. Annual Luncheon: Thursday, April 22, 2010 – The Great Escape Lodge
- III. Lobby Day
- IV. Tourism Strategy Initiative

RESERVE NOW!



Thursday, April 22, 2010
EDC ANNUAL LUNCHEON

Sponsor Exhibits & Registration at 11:30 a.m. -- Luncheon 12:00 to 1:30 p.m.
 Great Escape Lodge, 89 Six Flags Drive, Queensbury, New York

Keynote Speaker
Rick Whitney, President & CEO, M+W U.S., Inc.



M+W U.S., Inc. is the designer and general contractor for the GlobalFoundries Fab 8 facility now under construction in Malta.

Hear an update on the Fab 8 construction. Learn why M+W U.S., Inc. is relocating its headquarters from Dallas to the Capital Region, as Rick Whitney shares his vision of Tech Valley's future.

Sponsor Benefits

A Platinum (\$2500), Gold (\$1000), or Silver (\$500) sponsorship provides many benefits, including a combination of:

- Reserved table of 10 (Platinum) or 5 tickets (Gold)
- Option to set up a table display (Platinum and Gold sponsors)
- Logo included in luncheon program
- Recognition in event materials, signs and media releases
- Recognition in e-newsletter
- List of all attendees including addresses
- Tax-deductible donation

Interested in being a sponsor? E-mail ebehlmer@edcwc.org by April 8.

Reserve Now!

Advance paid reservations required (**click here for reservation form**)

Please note: reserved seating is only available for sponsors

Check-in begins at 11:30

Cost: \$45 current EDC members; \$65 future EDC members



234 Glen Street • Glens Falls, New York 12001 • 518.761.6007 • www.edcwc.org

REGISTRATION



EDC ANNUAL LUNCHEON

Thursday, April 22, 2010

Great Escape Lodge, Queensbury, 11:30 a.m. - 1:30 p.m.

Please reply by April 16, 2010

ORGANIZATION:

EDC Members at \$45

General Public at \$65

Note: Reserved seating is only available for sponsors or full tables of 10.

NAMES(if known):

CONTACT NAME:

ADDRESS:

E-MAIL:

PHONE:

PRINT

Print and mail this form along with proper payment to:
EDC · 234 Glen Street · Glens Falls, NY 12801
Seating is limited. Registration will not be accepted without payment.



Support Job Creation: Extend the Empire Zones Program

NYSEDC urges the legislature to extend the life of the Empire Zones Program, which is scheduled to end on July 1st.

The Empire Zones program has been an incredibly effective jobs creation program, helping to create more than 70,000 jobs. Former ESD Commissioner Marisa Lago testified at this hearing last year that the average benefit to cost ratio for businesses in the Empire Zones program is 35 to 1. While the cost of the program is what many focus on exclusively, the program has generated tremendous economic benefits for the state, the communities where EZ projects locate, and the thousands of citizens who have good paying jobs because of the program.

Some of the key projects that would not have happened in New York but for the Empire Zones program include:

Cummins Engine Jamestown 500 new jobs	GEICO Buffalo 1500 jobs	Sealy Mattress Green Island 260 jobs
Impact Technologies Rochester 105 jobs	Welch Allyn 60 jobs Skaneateles	Interpharm Brookhaven 250 jobs
Citigroup Buffalo Islip 300 jobs	Broadridge Investors Communications Elmira 300 jobs	CVS Warehouse 510 jobs
Fage Yogurt Johnstown 120 jobs	Barilla Pasta 120 jobs Livingston County	Bimmy's LLC South Jamaica 100 jobs
Global Foundries Malta 1300 jobs	Sevirolli Foods Nassau County 100 jobs	Flying Food Group South Jamaica 160 jobs

The Empire Zones program has 10 years of branding with our business customers around the world; ten years of fine tuning by the legislature; and ten years of effective job creation. NYSEDC does believe the program can be simplified, made less bureaucratic, and less costly. For example, the program could be targeted to larger expansion and attraction projects. It could be further targeted to specific sectors. And the Real Property Tax Credit, which is the most expensive and unpredictable part of the Empire Zones program, could be contained so as to make the cost to the state predictable and affordable from year to year.

Allowing the Empire Zones program to end would signal businesses and site location consultants that economic development is not a priority for New York State; reaffirm their fear that New York is not a trusted and reliable partner in economic development; and, add significant confusion to the state of economic development in New York. The Empire Zones program is the most recognized state-level economic development program in the country. Keeping this program as New York's flagship economic development program is essential for the State to remain competitive for investment and jobs.



Support Job Creation: Support S.6962-A (Valesky)/A.10228 (Schimminger) to Repeal the IDA Tax

The 2009 – 2010 State Budget contained a \$5 million statewide tax on IDAs. The purpose of the tax is to “...reimburse to New York State an allocable share of state governmental costs attributable to the provision of services to industrial development agencies.” Notices of the assessments were received by Industrial Development Agencies on February 8, 2010. The tax was calculated by multiplying the gross revenues of each IDA for 2008 by 4.7 percent. **This assessment is arbitrary at best, punitive, unfair, and severely flawed.**

1. **The “cost recovery charge is unfair and flawed:** The tax is applied against 2008 revenue for 2009 - 2010 services provided to IDAs. As such, there is no conceivable way an IDA could have budgeted for this charge. In fact, revenues received in 2008 by an IDA may already have been reinvested in 2009 or 2010 in other economic development projects and activities. Consequently, the revenue New York is taxing may not exist now.
2. **“Pass through” revenues are taxed:** The taxes being imposed on “revenues” that, either by statute or agreement with another government, are required to be passed along to another government or a contractor. “Pass through” revenues of an IDA are not revenues of the IDA. The IDA is the temporary custodian until such revenues are redistributed to the beneficial entities, usually local taxing jurisdictions. Some types of “pass through” revenues include:
 - PILOT payments collected by an IDA and redistributed to local taxing jurisdictions. If IDAs collect PILOT revenue from benefitting businesses, they are required to distribute those revenues to local taxing jurisdictions on a pro rata basis.
 - State and/or federal grants.
 - Special district tax assessments where an IDA is the designated holder and/or distributor of the special assessment taxes.
 - PILOT revenues used to pay for infrastructure through agreement with local taxing jurisdictions.
 - “Clawbacks” recaptured by IDAs that are either partially or completely redistributed to local taxing jurisdictions.
3. **The “cost recovery charge” is arbitrary and redundant:** IDAs already are required to pay the Bond Issuance Charge,” which was enacted as a cost recovery source of revenue for the state, thereby making the subject tax duplicative in purpose and excessive in application. Additionally, the cost recovery applied to state agencies under a similar statutory provision (PAL § 2975-a) already is meant to cover the costs of the ABO. PAL § 2975-a states in part 3-a: “A direct portion of these funds shall be allocated to fund the authorities budget office established by section four of this chapter.” If the cost of the ABO is funded by the state agency cost recovery what possible costs can the state have that need to be “recovered?”

Furthermore, the \$5 million collected from the “cost recovery” charge is more than 300 percent greater than the total budget of the Authority Budget Office, the administrative agency that oversees IDAs. Consequently, the charge does not reflect any rational basis for actual costs incurred by the state for providing “services” to IDAs.

4. **The “cost recovery charge” is punitive:** The assessment will require sponsoring municipalities to either make larger contributions to support their lead economic development organizations and offset this tax, or reduce economic development services. Neither outcome should be acceptable to the State of New York.
5. **Future impact:** The lack of economic activity in the state due to the recession, the state’s uncompetitive business climate, and the sunset of the IDA nonprofit law in 2008, has caused income of IDAs to fall significantly in 2009. Consequently, next year’s assessment on IDA gross income will have to apply a much greater percentage tax in order to generate \$5 million. This will deplete IDAs of operating capital; limit their ability to be self-sufficient; and do material harm to local economic development efforts.
6. **The “cost recovery charge” is bad public policy:** IDA fee-based income is used to support important local job creation initiatives, including paying for the operation of the IDA; paying for infrastructure of economic development projects; building industrial and technology parks; administering business marketing programs; and conducting job fairs, to name a few. The State assessment will dismantle these programs and have a resulting negative economic impact on the State and our communities at the very time that IDAs are being asked to support local efforts more than ever due to the recession and cutbacks at the state and local levels.

A better way: An extension of the IDA nonprofit law would generate 15 times the revenue for the state than this unfair and arbitrary tax is intended to generate, AND benefit economic development and social service agencies. Since the expiration two years ago, nearly \$2.3 billion of not-for-profit construction and expansion projects have been stalled. By allowing this law to lapse, the state is losing \$15-17 million in Bond Issuance Charges that otherwise would be paid to the state, and approximately \$60 million in personal income tax revenue that would be paid by construction and permanent workers of IDA-assisted nonprofit projects.

While other states understand that economic growth must be part of the solution to their budget problems and have expanded investments in economic development, New York is dismantling its most important state and local economic development programs. This tax on local government’s most important economic development program could not be more emblematic of these divergent approaches.

This tax should be repealed based on the failure to notify the IDAs by November 1, 2009; the inability to establish actual costs incurred; the harmful impact the tax will have on local economic development efforts and the additional burden it will impose on local governments; and the unfair application of this tax on “pass through” revenues administered by IDAs. The state should repeal this ill-conceived tax and refocus its priorities on policies that would expand economic opportunities for New Yorkers.



Support Job Creation: Oppose A3659 (Hoyt)/S1241 (Thompson) regarding wage mandates on IDA projects

The New York State Economic Development Council opposes this legislation because it would significantly harm the economic development efforts of the state and its communities. At a time when the federal government is acting to implement an historic economic stimulus program, this legislation would serve to prevent economic development from occurring in communities throughout our state.

This legislation contains several harmful provisions. For example:

- Prevailing wage mandates would add an average 23 percent to the cost of projects in Upstate, according to the Center for Governmental Research, thereby making New York more costly and less competitive.
- The cost of the living wage mandate would discourage prospective employers from locating or expanding in NY and would devastate not-for-profits. This provision would add significant new costs to IDA projects.
- Non-union contractors would be prevented from building IDA projects thereby forcing non-union employees out of work. This would prove especially harmful to M/WBEs, which typically are non-union.
- IDA board members would have to include representatives of several special interest groups, including unions. These members would serve their special interests rather than the economic development interests of the community.
- Any individual could hold-up a project indefinitely simply by lodging a complaint against the IDA , thereby making the project approval process far more time consuming and uncertain.

These provisions would add more to project costs than IDAs could provide as an incentive, and these and other provisions would slow down the IDA project approval process to such an extent that many projects would go elsewhere, often to other states. Given all of New York's competitive impediments, this legislation would make it significantly more difficult to attract new projects and help existing businesses expand in our communities while we are already losing jobs to other states.

For these reasons, NYSEDC opposes A3659 (Hoyt)/S1241 (Thompson).