

Getting Our Money's Worth

The Case for IDA Reform in New York State

A REPORT BY NEW YORK JOBS WITH JUSTICE • MAY 2007

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Getting Our Money's Worth: The Case for IDA Reform in New York State

Created by the New York State Industrial Development Agencies (IDA) Act in 1969, IDAs are defined as “public benefit corporations whose purpose is to promote, develop, encourage, and assist industrial, manufacturing, warehousing, commercial, research and recreation facilities thereby advancing job opportunities, health, general prosperity and the economic welfare of the people of the State of New York.”¹

As such, IDAs are authorized by the state to provide financial assistance to businesses within the counties or municipal areas they serve. They provide this aid to businesses in the form of tax exemptions and tax-exempt bond financing in exchange for a commitment by those businesses to create jobs.

Each year, IDAs provide millions of dollars in subsidy assistance. In 2005, the amount spent on tax exemptions totaled over \$385 million for the calendar year. When the duration of the subsidies is considered, typically between 10 and 25 years, the total amount of assistance granted is much greater.

Are IDA subsidies fulfilling their purpose—advancing job opportunities? Promoting the general prosperity of the local governments and taxpayers who are footing the bill? Encouraging the economic welfare of all New Yorkers? An analysis of the most recent data reported by Industrial Development Agencies statewide to the New York State Comptroller indicates they are not effectively fulfilling their purpose and thus New Yorkers are not getting their money's worth out of the businesses our IDAs subsidize.

Compounding this poor performance by IDAs and their subsidy recipients is the fact that subsidy choices made by IDAs often undermine local governments from making the types of investments in education, infrastructure, and cultural amenities that will foster an attractive business climate and increase the general prosperity and economic health of the people they serve. Local governments lose millions of dollars—\$266 million statewide in 2005—each year due to IDA tax breaks. Nearly half of the projects receiving that \$266 million were failed projects that did not create the jobs they promised and, in many cases, subsidized businesses actually lost jobs.

At a time when we need innovative economic development strategies to counter the growing gap between rich and poor in our state, the increasing poverty in our cities and the steady outward flow of our upstate youth, it is essential that our IDAs become part of the solution.² Across the state, reforms have been implemented by more than a dozen IDAs to establish standards and reforms that will improve their own effectiveness as well as the performance of the businesses they subsidize. Reforms range from wage and hiring standards to ensure that we are subsidizing responsible employers to increased reporting requirements so IDAs and governments can better monitor performance and censure businesses that are consistently failing to meet their commitments.

Throughout this report, we propose a set of 9 policy recommendations, compiled from policies that independent IDAs and other economic development agencies have already adopted in New York as well as from best practices of other states across the country. The recommendations include a set of statewide business standards, accountability measures, and transparency reforms that would ensure comprehensive reform of Industrial Development Agencies so they can fulfill their mission of promoting the general prosperity and economic welfare of the people of New York.

Key Findings

Industrial Development Agencies (IDAs) provide financial assistance to companies seeking to locate within their jurisdictions through a variety of means including tax exemptions and tax-exempt bond financing. In exchange for aid, companies make a commitment to create a certain number of jobs within the period in which they receive assistance from the IDA.

An analysis of data released in March, 2007 by the New York State Comptroller reveals that a majority of IDAs statewide are subsidizing projects that are not delivering on their commitments. Key findings from our analysis include:³

IDAs provided \$385 million in tax exemptions in 2005, and a total of \$1.1 billion in tax exemptions between 2003 and 2005.⁴

- ◆ **The \$385 million in tax exemptions resulted in a net loss of \$266 million in property taxes to local governments**, including \$136 million in lost revenue to school boards statewide. This is a 12% increase in lost revenue to local governments, up from \$238 million in 2004.
- ◆ **An additional \$119 million was lost to the state government and local governments through sales and mortgage recording tax breaks.**

Most businesses subsidized by IDAs are not creating the jobs they promised—and many are actually cutting jobs.

- ◆ **The total number of jobs promised by subsidized companies was 217,000 in 2005; the total number of jobs actually created was 79,000**, or 36% of those promised. This is a shortfall of 138,000 jobs.⁶
- ◆ **62 IDAs, or 69%, subsidized companies that actually cut jobs**, up from 63% in 2004.
- ◆ **13 IDAs experienced overall job loss in 2005.**
- ◆ **Nearly half of all IDA-subsidized projects in 2005 were failed projects:** 481 IDA-subsidized projects experienced job loss (25%) and an additional 407 projects did not meet their job creation goals (21%).

And that's only counting the ones we know about—most IDAs do not collect the required reporting data from more than half of the projects they subsidize.

- ◆ Of the total 3,685 projects subsidized by IDAs in 2005, **only 52% of the subsidized projects (1,907 projects) provided sufficient data** for analysis of job creation performance.
- ◆ **60% of IDAs did not provide data for more than half of the projects they subsidize.**
- ◆ **21 IDAs, or 19%, did not provide any data for analysis of job creation performance.**

Industrial Development Agencies are the main source of local economic development subsidies in New York. Our analysis of the data provided by the New York State Comptroller clearly reveals a pattern of poor performance and unfulfilled job creation promises by Industrial Development Agencies and the projects they assist across the state, suggesting that statewide action is required to ensure effective use of our local economic development subsidies.

Reforming IDAs to Get Our Money's Worth

Business standards, accountability measures and transparency reforms are required to ensure our Industrial Development Agencies and the businesses they subsidize are successful. Dozens of individual IDAs have enacted one or more of these reforms, and it is now time to implement a comprehensive set of reforms statewide to enable IDAs to effectively achieve their mission of promoting general prosperity and economic welfare for New Yorkers. Here's the 9-point plan for reform:

Business Standards p.12

Reform 1: Prevailing and living wages to provide self-sufficiency and economic mobility for workers.

Reform 2: Regional hiring requirements and apprenticeship programs to ensure that development creates jobs and training opportunities for local workers.

Reform 3: High-performance building and environmental standards to prevent sprawl and encourage smart and sustainable regional growth.

Accountability Measures p.18

Reform 4: Subsidy recapture mechanisms, or "clawbacks," to provide a money-back guarantee against companies that default on their contract commitments.

Reform 5: Designated IDA Board representation to ensure that a broad range of stakeholder interests are included in decision-making.

Reform 6: Anti-raiding measures to prevent IDAs from engaging in unhealthy competition that results in job shifting from region to region rather than real job creation.

Transparency Reforms p.22

Reform 7: Community Impact Reports that disclose the potential impacts caused by IDA developments and the proposed mitigation measures.

Reform 8: Increased monitoring of IDAs through improved reporting by IDAs and their projects on activities, performance, and commitments.

Reform 9: Publicized and accessible hearings to allow for meaningful input by local stakeholders on the impacts, costs, and benefits of IDA projects

Business Standards: *Investing in Quality Jobs and Smart Growth*

We must ensure that Industrial Development Agencies are subsidizing projects that provide quality jobs that will sustain our families, build our local economies, and generally make a positive impact on our communities and our environment.

Investing in quality jobs and smart growth by requiring subsidized businesses to meet basic jobs quality and environment standards is critical for more competitive regional economies that attract and maintain skilled and productive workers whose families will re-invest in the community and the economy. Business standards to ensure that Industrial Development Agencies statewide are subsidizing quality business partners in our communities include:

Reform 1

Prevailing and living wages to provide self-sufficiency and economic mobility for workers.

Reform 2

Regional hiring requirements and apprenticeship programs to ensure that development creates jobs and training opportunities for local workers.

Reform 3

High-performance building and environmental standards to prevent sprawl and encourage smart and sustainable regional growth.

REFORM 1: Prevailing & Living Wages

Currently, IDAs are not required to set basic wage standards or even to collect data on the kinds of wages their projects provide⁷. Despite the lack of data documenting the wage levels of IDA projects, it is apparent that a significant amount of IDA assistance subsidizes low-wage jobs. In numerous cases around the state, IDAs have funded low-wage employers including Wal-Mart, Burger King, and McDonald's.

Providing prevailing and living wages affords workers the economic mobility to provide for their families, contribute to their local economies, and generally contribute to their communities and the overall economic health of the region. Without prevailing and living wage policies in place, residents, workers, and local governments have no way to ensure that quality jobs are created in their communities by IDA-subsidized projects.

Case Studies: IDA-Subsidized Low Wages

Wal-Mart

Wal-Mart has received over \$12 million in tax exemptions between 2002 and 2005 for stores and distribution centers in Fulton, Schoharie, Oneida, Utica, and Herkimer Counties. In this time, Wal-Mart has created 198 jobs; they were targeted to create 549 jobs in these years. A sales associate—the most common job classification at Wal-Mart stores—earns an average of \$8.23 per hour (or \$13,861 annually). A cashier—the second most common job—earns about \$7.92 per hour (\$11,948 annually). Wal-Mart has thus received \$64,697 per low-wage job created in these five counties, nearly 80% more per job than the company pays its average worker annually.

In a study of 119 officials in municipalities across the nation with standards on development subsidies, 103 reported that “job quality standards do not adversely affect business climates.”¹³

The New York City IDA: Evidence of Low-Wage Jobs

A local law in New York City requires that projects with greater than 250 employees publish data on wages and job numbers for employees who are not exempt from overtime. The most recent data for fiscal year 2006 indicates that of those jobs that met reporting requirements, 31% paid less than \$40,000 per year—a wage that is far below the self-sufficiency standard for a family in New York City. ⁸

Ulster County IDA: Setting A Precedent

The Ulster County IDA recently passed a number of reforms to enforce business standards on companies receiving IDA assistance, increase accountability of both the IDA and the companies it assists, and to increase transparency in IDA processes. The reforms require companies to pay prevailing wages and report on the number and nature of construction jobs to be created. In addition, the IDA enacted a comprehensive tax exemption policy, which includes mechanisms to penalize subsidy recipients if they do not live up to their contract.

JP Morgan Chase

JP Morgan Chase has received IDA assistance since 1989 from the New York City IDA, with a total of \$211.8 million granted, part of which was for the development of the Chase MetroTech Center built in downtown Brooklyn in 1992. Security guards at MetroTech are agitating for the prevailing industry wage, currently earning as little as \$8.50 an hour, \$17,680 annually, which is well below the self-sufficiency standard for a single adult in Brooklyn, much less a worker with a family.⁹

Moreover, in 1995 Chase eliminated 5,720 jobs when it merged with Chemical Bank, then it slashed 2,200 more jobs in 1998, and in 1999 it announced that 3,500 additional positions would be relocated

to other sites. In 2000, Chase Manhattan Bank acquired JP Morgan to create JP Morgan Chase. JP Morgan Chase subsequently eliminated nearly 2,000 support jobs in New York City when it merged with Bank One in 2004.

JP Morgan Chase thus has the distinction of making one of the largest layoffs in New York City’s history—over 13,000 jobs in five years—and being one of the city’s largest corporate subsidy recipients. JP Morgan Chase continues to receive the IDA subsidy granted in 1989, and the tax exemptions will continue through 2014.

REFORM 1: Prevailing & Living Wages, continued**Making the Case for Prevailing & Living Wages**

Critics argue that prevailing and living wages are prohibitively costly for businesses; however, research has shown that these policies contribute to increases in productivity, and consequent increases in financial returns to businesses. Prevailing and living wages also afford the workers with self-sufficiency and the economic means to sustain a decent livelihood. In comparison, using IDA assistance to provide poverty-level wages leads to tax payers subsidizing the company twice: once with the tax exemptions, and again when taxes pay for the social support programs, such as Medicaid, food stamps, housing and energy assistance that low-wage workers depend on for their families and households.

Opponents to prevailing and living wage standards also argue that wage standards create an unfriendly business climate within the locality. However, the multiplier effect of local living and prevailing wage policies are often ignored. Providing higher wages increases the economic citizenship and mobility of workers, enabling them to reinvest within their local economies. This leads to greater income to area businesses and thus increased tax revenues.

New Jersey has been a leader in connecting business standards to economic development subsidies. In 2003, New Jersey established a Business Employment Incentive Program, which stipulates that companies using state aid must provide full-time jobs with health benefits. Under this program, companies can also qualify for higher benefits based on paying prevailing and living wages to their workers.

Living wage policies have been adopted by over 60 localities around the country, with more than 75 additional policies under consideration. In fact, all ten of the top-ranking “pro-business states”—Virginia, South Carolina, Florida, North Carolina, Utah, Wyoming, South Dakota, Alabama, Georgia, and Nebraska—have enacted wage standards on development subsidies.¹²

New York IDAs with Wage Standards:

- Babylon IDA
- Hempstead IDA
- Nassau County IDA
- Oswego County IDA
- Rockland County IDA
- Suffolk County IDA
- Ulster County IDA

REFORM 2: Local Hiring & Apprenticeship Requirements

Because there is no requirement that IDA subsidy recipients hire local workers, the construction jobs created by IDA projects often go to non-local and out-of-state workers and contractors. When this happens potential employment opportunities do not directly benefit the workers within the region IDAs are supposed to serve. Consequently, IDAs' mission of promoting local economic development through job creation is undermined by development that effectively directs public funds to out-of-state sources.

Supplementing wage standards with local hiring and apprenticeship requirements is sound economic development planning that will lead to long-term economic stability. Requiring IDA subsidized projects to hire workers from within regional employment pools ensures that the positive effects of job creation and higher wages will reverberate within local communities and the regional economy. Apprenticeship programs—already required

of other publicly-financed construction projects in New York—not only increase the quality of construction work, but also provide the necessary training and career advancement to build and maintain a skilled workforce.

NY IDAs with regional hiring policies:

- **Clinton County IDA**
- **Hempstead IDA**
- **Monroe County IDA**
- **Onondaga County IDA**
- **Oswego County IDA**
- **Rockland County IDA**
- **Ulster County IDA**

Case Studies: Local Projects, Non-Local Workers

Coopervision, Inc. (Monroe County)

In June 2005, CooperVision, Inc. was granted \$1.3 million in tax breaks from the County of Monroe IDA (COMIDA) to build a 240,000 square foot warehouse in Henrietta. CooperVision, a contact lens manufacturer, made a commitment to create 200 jobs. However, in August of that year, construction was suspended due to a COMIDA audit that found the contractor was using non-local ironworkers. COMIDA currently requires that IDA projects hire from within a six-county area, including Monroe County; however, it can elect to waive this requirement. In September, COMIDA voted to waive the local hiring requirement for the CooperVision project, allowing the contractor to complete the project with out-of-area employees in direct contradiction to the local labor requirement.

Lafarge North America (Westchester)

In 2004, Lafarge North America secured \$20 million in IDA subsidies from the Westchester County IDA, including \$16.75 million in interest savings from IDA tax-exempt bonds and \$2.8 million in sales and mortgage tax exemptions. The project was a \$79 million renovation of a gypsum and wallboard plant in Buchanan, estimated to double the plant's capacity to 650 million square feet per year, thus substantially increasing its annual profits. To the dismay of local elected officials, Lafarge North America contracted the construction out to a Florida-based company, PCL, which used largely out-of-state workers—coming from as far as California and Idaho. Local outrage over this project prompted the County Board Chairman to propose wage and hiring standards on all Westchester IDA projects.

REFORM 3: High Performance Building Standards & Anti-Sprawl Measures

Current development trends pose a serious threat to New York State’s open and natural spaces. While some regions of the state—particularly those surrounding New York City—are experiencing population growth and consequent development pressures, other regions in the northern and western parts of the state are suffering from sprawl and are rapidly losing population and development density. Not only does this result in environmental damage, it also means that jobs and business are increasingly decentralized, leaving urban residents with fewer and fewer economic outlets to meet their needs.

Given the significant role that IDA subsidies play in development policy in New York State, it is essential that IDAs begin to promote sustainable growth in our communities statewide. IDA projects must be held to environmental standards that balance development pressures with smart growth ideals. IDAs should require that all new construction adhere to high performance building standards, or “green-building” standards, including energy and water efficiency measures. In addition, IDAs should encourage more compact development patterns and land use conservation by avoiding projects that will build or relocate to areas that lack existing infrastructure.

Cities and states around the country have been proactive in enacting successful smart growth initiatives, including anti-sprawl measures and incentives for high performance building technology.

Maryland, for example, enacted a Smart Growth Priority Funding Areas Act in 1997, which limited subsidy eligibility to areas with existing infrastructure; companies developing outside these areas are required to pay for needed infrastructure improvements without public assistance. States across the country including New Jersey, Connecticut and Massachusetts have since followed suit, establishing statewide smart growth programs that promote affordable housing and economic development. This kind of targeted subsidy program, if implemented by New York State IDAs, would help to stem the continued decentralization endemic to many upstate and suburban cities and towns.

Case Study: IDA Subsidies for Environmental Polluters***Cintas Corp. (Suffolk County)***

CINTAS Corp., an industrial laundry service, has received over \$600,000 in tax exemptions from the Lancaster and Islip IDAs in Long Island between 2002 and 2005, despite having committed more than 1,000 environmental violations across the country. CINTAS was found discharging twice the legal limit of lead from its Central Islip plant. Around the country—in Connecticut, Pennsylvania, Louisiana, and Wisconsin—citizens and local governments have taken action against CINTAS for a variety of environmental violations. To make matters worse, CINTAS is also a low-wage employer, paying its workers as low as \$8.50 an hour.

HOW IDAs WORK: Types of IDA Aid

IDAs provide financial assistance to companies seeking to locate within their jurisdictions through a variety of means. The two basic forms of aid granted by IDAs are tax exemptions and tax-exempt bond financing.

Tax Exemptions

Real Property Tax Exemptions: Exemptions on property taxes are the most common type of tax exemptions offered by IDAs. In order to partially recoup the taxes lost to local governments through these exemptions, IDAs negotiate Payment-In- Lieu-Of-Taxes (PILOT) agreements with subsidized businesses:

- Companies make payments, which are generally much lower than the taxes they otherwise would have to pay, to the IDA, which then redirects those funds to the affected jurisdictions. Though there is no limit on the length of PILOT agreements, they usually last between 10 and 20 years.
- IDAs are required to establish a Uniform Tax Exemption Policy (UTEP) outlining the types of exemptions given, the qualification for these exemptions, the length of the exemptions, and other procedures. In order to deviate from the UTEP, IDAs must submit a written justification to the affected jurisdictions.

Mortgage Recording Tax & Sales and Use Tax Exemptions: IDAs grant a variety of tax exemptions to companies, including mortgage recording tax exemptions, sales and use tax exemptions, and real property tax exemptions. Mortgage recording tax exemptions give companies a break on the tax collected by the county when a mortgage is recorded with the state. Sales and use tax exemptions give IDA projects a break on the equipment, services, and materials needed during the construction phase of the project.

Tax-Exempt Bond Financing

IDAs also issue low interest Industrial Revenue Development Bonds, which can result in significant savings for the businesses involved. Because investors are not taxed on their income resulting from the bond, they are able to give companies lower interest rates than they would have otherwise received from conventional loans. The bond proceeds can be used to fund all, or mostly all, of the project costs.¹⁴

Aid to Retail

IDAs generally are not authorized to provide subsidies to retail businesses. However, there are certain exceptions for (1) businesses qualifying as “tourism destinations” by attracting visitors from outside the region, (2) businesses that would locate outside the region if not for IDA assistance, (3) businesses providing a good or service that would otherwise not be available to the area residents, and (4) businesses located within defined “highly distressed” areas. These exceptions are increasingly being made by many IDA boards to justify a variety of retail developments, including strip malls and big-box retailers such as Wal-Mart.

Most IDA projects are awarded a combination of types of aid.

Of the 3,685 projects in 2005: ¹⁵

- 58% of projects received local property tax exemptions.
- 58% of projects received tax-exempt bond financing.
- 55% received school property tax exemptions.
- 12% were awarded sales tax exemptions.
- 5% were awarded mortgage recording tax exemptions.

Accountability Measures:

Ensuring Effective Contracts & Improved Decision-Making

IDAs and the businesses they subsidize are rarely held accountable for projects that are failing to create jobs or to meet other contract requirements. Once IDA board members are appointed, local governments and school boards have no authority in IDA project approvals and subsidy provision, despite the impacts and costs imposed on them by IDA projects. IDAs generally maintain a narrow project-by-project focus, neglecting the potential regional consequences of their decisions. There is also no mechanism to hold IDA projects accountable to the commitments they make, resulting in continued IDA assistance to companies that do not deliver on the jobs they promised.

Considering potential projects from a range of perspectives is essential in providing the best possible outcome for IDA subsidies. IDAs and the projects they assist should be held accountable to their commitments to ensure that the promised benefits happen or we get our money back. Accountability measures to ensure that IDAs function effectively and efficiently include:

Reform 4

Subsidy recapture mechanisms, or “clawbacks,” to provide a money-back guarantee against companies that default on their contract commitments.

Reform 5:

Designated IDA Board representation to ensure that a broad range of stakeholder interests are included in decision-making.

Reform 6

Anti-raiding measures to prevent IDAs from engaging in unhealthy competition that results in job shifting from region to region rather than real job creation.

REFORM 4: Clawbacks

Though some IDAs have established mechanisms to recapture benefits from companies failing to meet their job creation goals, the reality is that many of these companies continue to receive subsidies despite poor performance. As noted by the New York State Comptroller,

There was only limited evidence that steps were taken by the IDAs to ensure that sponsored projects meet the employment obligations indicated on applications for IDA assistance or that the IDAs imposed sanctions and/or penalties in cases where projects failed to fulfill their obligations... Inadequate project monitoring mechanisms inhibit the ability of officials and the public to evaluate the effectiveness of IDA economic development programs and services.¹⁶

Consequently, many of the companies that got IDA assistance did not meet their commitments. Continuing to provide benefits to such companies results in billions of wasted tax dollars, which New York State’s local governments and schools cannot afford.

Subsidy recapture mechanisms, known as “clawbacks,” provide the means for IDAs to suspend benefits, or recapture previously awarded benefits, from companies that renege on their agreements—essentially creating a “money-back guarantee” on IDA investments. Proper implementation of clawbacks would also necessitate routine monitoring and evaluation of IDA projects, leading to a more efficient and streamlined subsidy allocation process.

IDs Subsidizing Job Loss

Of the IDs providing sufficient data to analyze, 62 of them (69%) gave assistance to businesses that actually cut jobs between the time they started getting assistance and 2005.¹⁸ In the case of 35 of these IDs, more than one-quarter of the companies they assisted lost jobs. The most egregious example is the Chautauqua County IDA, where 53% of the subsidized companies lost jobs. In terms of *overall* job creation performance, 13 IDs experienced a net loss of jobs in 2005, an increase from nine IDs in 2003 and 2004 each. This means that the total number of jobs at all of the companies subsidized by the IDA was less than the total number of jobs those companies had before receiving IDA assistance.

Clawbacks have already been successfully implemented in twenty states and dozens of cities, providing evidence that “clawbacks are the ultimate taxpayer protection against a company failing to deliver.” – Good Jobs New York

HOW IDs WORK: Structures

IDA Board of Directors

- IDs are governed by a Board usually consisting of three to seven members. Some IDA Boards have been expanded to include as many as 19 members.
- The board may include government representatives, employees, and officials as well as members of school boards, community organizations, organized labor, and business groups. IDs are not required to represent these groups equally.
- Board members are usually appointed by the County Executive, Mayor, or Town Supervisor of the sponsoring jurisdiction. In some cases, the appointment authority has been given to local legislatures.
- Many IDs have “ex officio” members, who are automatically appointed because they hold another office that is always included on the Board.

IDs Statewide

- There are 115 active IDs in New York.
- 177 IDs have been authorized since their inception in 1969.
- All 62 counties in New York are served by at least one IDA, with the five counties of New York City sharing one IDA.
- Some counties contain multiple city and town IDs in addition to the county IDA: for instance, Albany and Orange Counties contain seven distinct IDs, Erie County contains six, and Suffolk County contains five.

REFORM 5: Designated IDA Board Representation

IDA tax exemptions result in revenues lost by local governments. Though PILOT payments are intended to account for the shortfall in local tax revenues, they are much less than the taxes jurisdictions would normally collect. Local legislatures are only given an advisory role in IDA decisions with no direct authority to approve or reject tax exemptions, and the state has no oversight of IDAs outside of financial audits.

Because of the broad impacts that IDA decisions have on a local jurisdiction, its workforce, community, school board and environment, IDA boards must be more representative of a range of interests and perspectives. Currently, IDA

boards are dominated by business representatives and occasionally local government representatives, with few other perspectives seated at the decision-making table. Designated seats on IDA boards for representatives from labor organizations, school boards, community and environmental organizations would ensure that the interests and concerns of everyone affected by IDA subsidies and development are represented. This requirement would also provide uniformity in IDA board representation across the state.

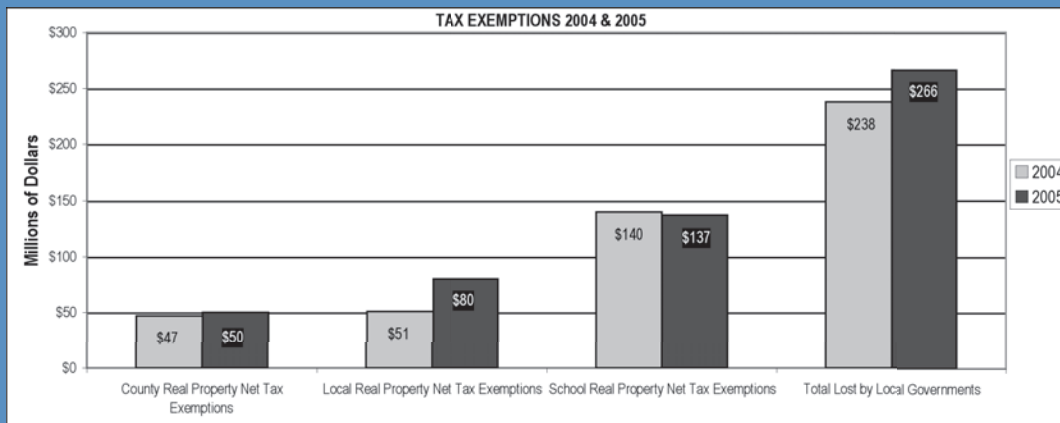
How Much Have Local Governments Lost?

The forgone taxes resulting from IDA tax exemptions have a direct impact on the tax revenues available for local schools and other locally funded public institutions. The total amount of taxes forgone by local governments totaled \$266 million in 2005:

- \$49.5 million lost in county property taxes
- \$79.8 million lost in local property taxes
- \$137 million lost in school property taxes

This has increased from \$238 million in 2004, representing a 12% increase. While the amount of school taxes lost decreased by approximately \$3 million, county property taxes and local property taxes increased. The sum total lost by local governments in 2004 and 2005 was \$504 million. Again, this sum represents only the amount lost in these two years; the actual amount lost by local governments over the life of the PILOT agreements increases each year as local taxes increase.

Figure 1: Local Governments are losing more in tax revenues each year.



REFORM 6: Anti-Raiding Measures

IDAs often engage in unhealthy competition, resulting in a downward spiral of increasingly lucrative packages that neither jurisdiction can afford in order to attract companies to one region versus another. This is a zero-sum game: while one IDA succeeds in attracting the business to its region, the competing IDAs fail, and the “winner” is stuck with a huge price tag.

More disturbingly, IDAs often compete to move already existing businesses from one region to another, leading to job shifting rather than job creation. In this competition between IDAs, taxpayers and local workers lose existing jobs and local governments lose potential tax revenues while the businesses get hefty incentive packages to move from the city to the suburbs or from one New York region to the next.

IDAs should be actively discouraging job shifting through policies that prevent IDAs from providing subsidies to companies that are relocating from another part of the state. Anti-raiding measures, also called anti-poaching or anti-piracy measures, have already been enacted in Alabama, California, Connecticut, Michigan, New Mexico, Ohio, Wisconsin, and Puerto Rico.²⁰ The IDAs are ideal candidates for such policies and a statewide anti-piracy measure would maintain equity across New York. IDAs must recognize the interconnectedness of the state’s regional economies in their decision-making; narrowly focusing on the economic needs of one jurisdiction results in a failure to nurture the state’s overall economic health.

Case Studies: Job Shifting Among IDAs

NBC Universal, Inc. (New York City)

In 1998, the New York City IDA authorized \$78 million in tax exemptions for NBC. In March, 2007, the NYC IDA extended the existing agreement with the broadcasting company for \$1.5 million in additional tax breaks to relocate jobs from its MSNBC studios in Secaucus, New Jersey to Rockefeller Center. New Jersey had already provided the company \$8 million in subsidies in exchange for an agreement to remain in Secaucus.

The NYC IDA subsidy does not create new jobs; it simply moves 421 jobs across the Hudson River and makes taxpayers foot the bill twice. NBC had already announced its plan to move MSNBC to Rockefeller Plaza prior to the IDA subsidy approval, indicating that the move was part of an existing business plan that was not reliant on IDA subsidies. This case has prompted the New Jersey State legislature to consider further subsidy reform legislation in addition to existing regulations.

Sysco, Inc. (Saratoga County)

In 2000, Sysco, Inc., the largest North American distributor of food and related products to restaurants, was awarded \$3.3 million in funding from the Saratoga County IDA to move 15 miles from its existing location in Albany County—a location at which Sysco had already received IDA funding. The Company also received almost \$750,000 for the construction of a water line to the new site. Sysco was able to secure these subsidies by claiming that it would otherwise leave the state. Opponents argued such a move would not make financial sense, since Sysco’s customers were not moving and the increased miles for delivery would significantly increase their transportation costs.

Transparency Reforms: *Creating a Clear & Consistent Process*

IDA processes are clouded by a fundamental lack of transparency in decision-making and reporting processes. The lack of clarity and uniformity in IDA processes makes it difficult to evaluate the performance of IDAs and the projects they subsidize. The communities that are affected by IDA developments do not have the necessary information to advocate for their needs, or raise concerns about negative impacts. Furthermore, neither IDAs nor the projects they subsidize are held responsible for mitigating potential negative impacts.

Proper and timely reporting on impacts prior to project approval and on project performance after approval would provide the tools to accurately assess IDAs and their projects. IDA hearings should provide a forum for residents, local officials, and other stakeholders to provide input on potential projects. Reforms that increase transparency and uniformity in the decision-making processes of Industrial Development Agencies include:

Reform 7

Community Impact Reports that disclose the potential impacts caused by IDA developments and the proposed mitigation measures.

Reform 8

Increased monitoring of IDAs through improved reporting by IDAs and their projects on activities, performance, and commitments.

Reform 9

Publicized and accessible hearings to allow for meaningful input by local stakeholders on the impacts, costs, and benefits of IDA projects.

REFORM 7: Community Impact Reports

When a company applies for a subsidy, IDAs should collect information such as a cost-benefit analysis, the number of jobs to be created or retained, wages that will be paid to workers, and the potential environmental and community impacts a project might have in order to effectively determine the benefits and challenges of a proposed project. An audit by the State Comptroller revealed four of the five IDAs evaluated “had not developed formal project evaluation criteria for use in their decision-making processes and that none of the IDAs maintained documentation indicating how the claims of project applicants were verified or used in decision-making.”²⁰ The result is that IDAs do not have information that is critical to making an informed decision about a project, much less provide that information to the public or identify mitigation measures with potential subsidy recipients to eliminate or reduce any negative impacts a project might pose.

Requiring that project applicants submit a Community Impact Report to fully disclose the potential community, labor and environmental impacts of a project would provide the necessary information for IDA boards to make informed decisions. Disclosing and publicizing the Community Impact Reports well in advance of IDA hearings would equip the local community with information to engage in a meaningful dialogue about projects through the public hearing process and with their local representatives before subsidies are approved by the IDA board.

Case Study: Secrecy in IDA Activities

Yonkers IDA

The Yonkers IDA provides a prime example of secretive behavior by an Industrial Development Agency. The *Westchester Journal News* and an audit by the State Comptroller in 2006 revealed several questionable transactions between the IDA and its subsidiaries. The Yonkers IDA subsidiaries—both for-profit and not-for-profit—essentially buffer the IDA from public scrutiny by being exempt from the Freedom of Information Law and the open meetings law.

The two transactions in question were a loan from the IDA to the Yonkers Baseball Development Inc. (an IDA-established entity) and a payment from the Yonkers Board of Education to the IDA. It appeared that the school district was loaning money to the IDA in support of a minor league baseball stadium being built by the Yonkers Baseball Development Inc. At the same time, however, budget cuts were forcing teacher layoffs and program cuts in the schools. By setting up these subsidiaries, the IDA added another hard-to-penetrate layer of secrecy. As stated by the *Journal News*, “until recently, the IDA has gone out of its way to treat the public as having little, if any, business knowing how it conducts business professed to be in the public interest.”²¹

HOW IDAs WORK:

The Decision -Making Process

In order to seek assistance from IDAs, companies must first submit an application to the local IDA. If the amount of assistance in consideration is larger than \$100,000 the IDA is required to hold a public hearing, detailing the specifications of the project as well as the subsidy amount.

- **Public notice**

The general public and the executives of each tax jurisdiction that would be affected by IDA activities, in particular the granting of tax exemptions to companies, must receive notice of the hearing 30 days in advance.

- **Contract**

If a project is approved, the IDA and the company enter into a contract: the IDA takes title to the property involved in the project and sells or leases it to the company over the duration of the IDA assistance. In exchange for aid, companies make a commitment to create a certain number of jobs within the period in which they receive assistance from the IDA.

- **Closing**

At the end of the contract, the IDA transfers title back to the company and charges a closing fee ranging from .5% to 1.5% of the total project cost.

IDAs are primarily financed by fees enacted on the projects they subsidize, thus they have an inherent self-interest in choosing to subsidize applicants. In addition to the closing fee on a project, IDA funding is drawn from application fees, financing fees, legal fees, and compliance fees. Fee amounts are based on the total cost of the project, so larger projects pay higher fees.

REFORM 8: Increased Monitoring of IDAs And Projects

Once approved, IDA projects are hardly—if at all—monitored to ensure they are fulfilling their commitments. In 2005, five of the active IDAs did not submit any data to the New York State Comptroller and of those which did, many did not provide crucial job creation data. More than 60% of the IDAs did not collect job creation data from half or more of their subsidized projects--21 IDAs, or one in five, did not collect any job creation data at all. This leaves no means by which IDA projects can be monitored or evaluated to determine if they are in compliance with their contracts, and more importantly, if they should continue to receive IDA assistance.

IDAs, in conjunction with their projects, should be required to submit a full report on their job creation performance, wages provided, and future commitments in a timely and efficient manner. Reporting policies should include provisions to discontinue financial assistance to IDA projects that fail to provide the necessary data to their respective IDAs, and the suspension of tax exemption granting authority for IDAs that fail to file annual reports with the state.

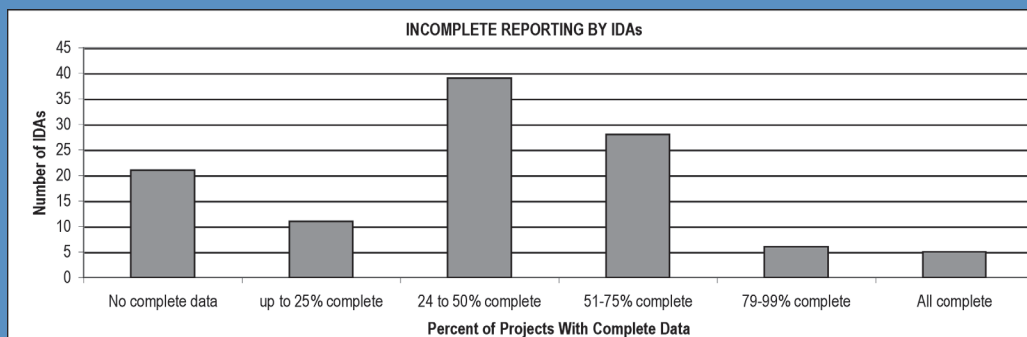
New York City IDA: Taking the Lead in Project Reporting

In 2005, the New York City Council passed a local law requiring that the New York City IDA release an annual report detailing information on all of the projects receiving aid. In addition to the amount of subsidies received by each project within each year, the report also includes data on the start and closing date of each project as well as the total amount of aid approved for the duration of the subsidy. This allows for an assessment of the total impact of IDA subsidies over time. Most importantly, the New York City IDA is required to report on the wages provided by IDA projects with 250 or more employees, thus providing a better understanding of the employment impacts of IDA projects.

The Prevalance Of Incomplete Reporting

66 IDAs (61%) did not report complete data for over half of the projects they subsidized. Furthermore, a total of 21 IDAs did not report sufficient data, making it impossible to conduct analysis on the job creation performance of these IDAs. Thus, for purposes of this report, analysis relating to job creation was conducted on the 88 IDAs that did provide complete data for at least 50% of the projects they assisted and reveals how these gaps of information make it difficult to properly assess the performance and impact of IDA activities in the state and within regions.

Figure 2: Most IDAs do not collect the required reporting data for more than half of the projects they subsidize



REFORM 9: Publicized & Accessible Hearings

The public and the executives of jurisdictions affected by the project are required to receive notice 30 days in advance of IDA hearings. However, hearings are often held at inconvenient times without adequate notice for residents and local legislators to voice their interests and concerns on a particular project. Moreover, hearings often occur immediately prior to a board decision on a project, leaving little time for taxpayers to assess project impacts, costs, and benefits. Also, according to the State Comptroller, “there is no requirement that IDA board members attend or respond to any questions or objections raised at such a hearing.”

Any report on IDA activities—both annually and on impacts prior to approval—can only be effective if the data is used to influence the kind of development that is subsidized within the state’s localities. IDA board hearings must provide this space for public dialogue more effectively. IDAs should be required to widely publicize hearings at which the application and Community Impact Reports would be discussed and to provide adequate notice to affected communities and taxing jurisdictions. Project applications and Community Impact Reports should be made available in advance of the hearing in order for comments to be made at the hearing itself. IDA board decisions should be made at a subsequent hearing based on satisfactory review of the reports and feedback from the public.

Niagara County IDA Prohibits Public Input

In 2005, the Niagara County Legislature requested that the Niagara County IDA consider allowing a public comment period at its meetings. Critics argued that there was no opportunity to voice concerns on IDA policies at public hearings because public input at hearings is restricted to only those comments relevant to the project under consideration. With no opportunity for public speaking at IDA meetings, critics of IDAs voiced their concerns instead during County Legislative sessions. Despite the Legislature’s request and widespread public unrest, the Niagara County IDA unanimously voted against a public comment period during its meetings.

9-Point Plan for IDA Reform

Industrial Development Agencies can and should be a local driving force of accountable, sustainable economic development in New York State. The 115 IDAs throughout the state represent the potential for a concerted statewide effort to promote economic health, create business opportunities, and improve the quality of life for all New Yorkers. By working together across the state and maintaining a focus on context and local needs, IDAs could push New York to the forefront of cutting-edge and innovative economic development programs.

The data reveals, however, that IDAs currently function inefficiently, wasting billions in taxpayers' dollars on companies that fail to deliver on the promises they make. With nearly \$400 million in subsidy aid provided each year, our IDAs and the businesses they subsidize must do better—it's about time that New Yorkers get their money's worth out of economic development subsidies. Here's how:

Business Standards

Reform 1: Prevailing and living wages to provide self-sufficiency and economic mobility for workers.

Reform 2: Regional hiring requirements and apprenticeship programs to ensure that development creates jobs and training opportunities for local workers.

Reform 3: High-performance building and environmental standards to prevent sprawl and encourage smart and sustainable regional growth.

Accountability Measures

Reform 4: Subsidy recapture mechanisms, or “clawbacks,” to provide a money-back guarantee against companies that default on their contract commitments.

Reform 5: Designated IDA Board representation to ensure that a broad range of stakeholder interests are included in decision-making.

Reform 6: Anti-raiding measures to prevent IDAs from engaging in unhealthy competition that results in job shifting from region to region rather than real job creation.

Transparency Reforms

Reform 7: Community Impact Reports that disclose the potential impacts caused by IDA developments and the proposed mitigation measures.

Reform 8: Increased monitoring of IDAs through improved reporting by IDAs and their projects on activities, performance, and commitments.

Reform 9: Publicized and accessible hearings to allow for meaningful input by local stakeholders on the impacts, costs, and benefits of IDA projects

Hundreds of organizations, elected officials, media outlets, and taxpayers are demanding better use of our tax dollars and public resources. Comprehensive reform of our Industrial Development Agencies is a necessary first step to do just that—use our valuable local subsidies to generate *real* economic opportunities for *all* New Yorkers. We *deserve* to get our money's worth. Join the cause for better economic development statewide—contact New York Jobs with Justice at 212.631.0886 or visit www.nyjwj.org.

APPENDIX I: IDA Job Creation and Loss

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	# of Jobs Before IDA Assistance	Number of Jobs in 2005	Overall Job Growth/ Loss	Projected Jobs Created
1	New York City IDA	504	282	80,191	96,264	16,073	33,315
2	Dutchess County IDA	13	11	9,562	20,785	11,223	865
3	Erie County IDA	306	151	22,605	28,645	6,040	19,012
4	Monroe County IDA	416	337	32,054	37,733	5,679	1,736
5	Westchester County IDA	96	58	10,278	13,564	3,286	2,498
6	Suffolk County IDA	118	39	8,761	11,842	3,081	1,574
7	Albany City IDA	58	23	9,168	11,766	2,598	631
8	Nassau Co IDA	85	41	16,102	18,660	2,558	1,072
9	Schenectady County IDA	24	13	7,464	9,927	2,463	1,215
10	Niagara County IDA	81	56	3,878	5,976	2,098	1,173
11	Islip IDA	72	49	4,764	6,844	2,080	1,873
12	Clinton County IDA	35	9	601	2,251	1,650	838
13	Otsego County IDA	19	9	2,604	4,194	1,590	39
14	Brookhaven IDA	68	11	4,701	6,044	1,343	1,092
15	Chautauqua IDA	42	30	6,630	7,755	1,125	600
16	Warren & Wash. County IDA	19	9	1,954	3,013	1,059	339
17	Oneida County IDA	54	33	8,966	9,979	1,013	1,027
18	Hempstead IDA	57	14	4,907	5,893	986	467
19	Lancaster IDA	59	36	2,466	3,445	979	1,552
20	Troy IDA	8	3	579	1,500	921	902
21	Orleans County IDA	22	15	1,256	2,092	836	744
22	Tompkins County IDA	37	20	2,686	3,492	806	807
23	Onondaga County IDA	78	57	13,609	14,406	797	4,839
24	Schenectady City IDA	22	16	2,490	3,185	695	1,142
25	Sullivan County IDA	35	11	873	1,547	674	338
26	Babylon IDA	81	32	4,151	4,808	657	974
27	Utica City IDA	15	6	845	1,485	640	310
28	St. Lawrence County IDA	29	15	4,388	5,007	619	136
29	Seneca County IDA	17	7	263	843	580	71
30	Livingston County IDA	24	16	1,064	1,642	578	427
31	Syracuse IDA	32	17	10,811	11,369	558	699
32	Wayne County IDA	38	20	2,142	2,700	558	736
33	Wyoming County IDA	18	9	894	1,428	534	656
34	Cattaraugus IDA	24	13	2,335	2,822	487	325
35	Clifton Park IDA	10	3	371	744	373	379
36	Ulster County IDA	34	19	2,942	3,315	373	555
37	Auburn IDA	9	3	163	482	319	282
38	Mt. Pleasant IDA	1	1	733	1,039	306	11
39	Amherst IDA	125	22	2,616	2,915	299	553
40	Oswego County IDA	34	11	1,426	1,712	286	296
41	Rensselaer County IDA	39	13	1,475	1,753	278	407
42	Riverhead IDA	21	10	506	764	258	441
43	Madison County IDA	18	15	3,456	3,691	235	487
44	Herkimer IDA	36	17	658	889	231	406
45	Hudson IDA	8	3	131	353	222	145

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	# of Jobs Before IDA Assistance	Number of Jobs in 2005	Overall Job Growth/ Loss	Projected Jobs Created
46	Franklin County IDA	6	5	1,223	1,425	202	185
47	Rockland County IDA	25	10	960	1,161	201	231
48	Greene County IDA	6	4	604	791	187	98
49	Colonie IDA	19	7	636	821	185	606
50	Mechanicville-Stillwater IDA	2	1	104	286	182	91
51	Allegany County IDA	10	5	1,075	1,256	181	205
52	Clarence IDA	18	7	706	875	169	160
53	Geneva IDA	8	2	1,125	1,286	161	44
54	Yates County IDA	14	7	526	661	135	27
55	Cortland IDA	10	7	1,129	1,263	134	224
56	Albany County IDA	11	10	1,440	1,541	101	98
57	Putnam County IDA	11	3	89	163	74	71
58	Essex County IDA	17	8	1,008	1,081	73	50
59	Lewis County IDA	12	4	481	549	68	129
60	Cohoes IDA	4	3	551	618	67	85
61	Yonkers IDA	30	9	2,149	2,211	62	816
62	Mt. Vernon IDA	15	4	198	259	61	100
63	Chenango County IDA	13	11	1,249	1,309	60	107
64	Lockport IDA	4	4	70	127	57	33
65	Fulton County IDA	14	3	234	279	45	14
66	Guilford IDA	2	2	17	56	39	32
67	Concord IDA	7	3	138	173	35	47
68	Port Jervis IDA	2	2	250	285	35	35
69	Montgomery County IDA	12	3	205	235	30	11
70	Waterford Town IDA	7	3	59	79	20	43
71	Orange County IDA	13	2	98	111	13	4
72	Delaware IDA	9	5	219	225	6	203
73	Steuben County IDA	4	3	29	34	5	5
74	Niagara Town IDA	2	1	8	12	4	5
75	Oneida City IDA	1	1	35	35	-	25
76	Southeast IDA	4	1	76	76	-	23
77	Newburgh IDA	6	2	19	17	-2	48
78	Schuyler County IDA	9	2	97	92	-5	11
79	Bethlehem IDA	9	1	64	56	-8	28
80	Columbia IDA	11	2	735	722	-13	50
81	Ontario County IDA	68	36	5,068	5,053	-15	805
82	Schoharie County IDA	6	2	150	124	-26	30
83	Hornell IDA	5	2	552	427	-125	11
84	New Rochelle IDA	13	5	733	599	-134	1,085
85	Tioga County IDA	13	6	1,346	1,054	-292	120,651
86	Chemung IDA	44	30	7,890	7,592	-298	826
87	Genessee County IDA	78	44	3,174	2,734	-440	687
88	Broome IDA	37	26	7,159	6,595	-564	828
89	Saratoga IDA	47	24	6,847	5,467	-1,380	465

APPENDIX II: IDAs Ranked By Projects With Job Loss

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	Projects with Negative Job Growth	
				#	% of projects with sufficient data
1	Bethlehem IDA	9	1	1	100.0%
2	Chautauqua IDA	42	30	16	53.3%
3	Hornell IDA	5	2	1	50.0%
4	Schoharie County IDA	6	2	1	50.0%
5	Columbia IDA	11	2	1	50.0%
6	Newburgh IDA	6	2	1	50.0%
7	Broome IDA	37	26	12	46.2%
8	Chenango County IDA	13	11	5	45.5%
9	Albany City IDA	58	23	10	43.5%
10	Genesee County IDA	78	44	18	40.9%
11	New Rochelle IDA	13	5	2	40.0%
12	New York City IDA	504	282	109	38.7%
13	Essex County IDA	17	8	3	37.5%
14	Oswego County IDA	34	11	4	36.4%
15	Oneida County IDA	54	33	12	36.4%
16	Chemung IDA	44	30	10	33.3%
17	Concord IDA	7	3	1	33.3%
18	Fulton County IDA	14	3	1	33.3%
19	Yonkers IDA	30	9	3	33.3%
20	Cohoes IDA	4	3	1	33.3%
21	Madison County IDA	18	15	5	33.3%
22	Clifton Park IDA	10	3	1	33.3%
23	Onondaga County IDA	78	57	18	31.6%
24	Cattaraugus IDA	24	13	4	30.8%
25	Ontario County IDA	68	36	11	30.6%
26	Cortland IDA	10	7	2	28.6%
27	Yates County IDA	14	7	2	28.6%
28	Babylon IDA	81	32	9	28.1%
29	Erie County IDA	306	151	42	27.8%
30	Sullivan County IDA	35	11	3	27.3%
31	Niagara County IDA	81	56	15	26.8%
32	St. Lawrence County IDA	29	15	4	26.7%
33	Orleans County IDA	22	15	4	26.7%
34	Saratoga IDA	47	24	6	25.0%
35	Lewis County IDA	12	4	1	25.0%
36	Islip IDA	72	49	12	24.5%
37	Rensselaer County IDA	39	13	3	23.1%
38	Amherst IDA	125	22	5	22.7%
39	Otsego County IDA	19	9	2	22.2%
40	Clinton County IDA	35	9	2	22.2%

APPENDIX II: IDAs Ranked By Projects With Job Loss

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	Projects with Negative Job Growth	
				#	% of projects with sufficient data
41	Delaware IDA	9	5	1	20.0%
42	Allegany County IDA	10	5	1	20.0%
43	Monroe County IDA	416	337	64	19.0%
44	Tompkins County IDA	37	20	4	20.0%
45	Livingston County IDA	24	16	3	18.8%
46	Dutchess County IDA	13	11	2	18.2%
47	Herkimer IDA	36	17	3	17.6%
48	Syracuse IDA	32	17	3	17.6%
49	Nassau Co IDA	85	41	7	17.1%
50	Tioga County IDA	13	6	1	16.7%
51	Lancaster IDA	59	36	6	16.7%
52	Wayne County IDA	38	20	3	15.0%
53	Colonie IDA	19	7	1	14.3%
54	Westchester County IDA	96	58	8	13.8%
55	Schenectady City IDA	22	16	2	12.5%
56	Warren & Wash. County IDA	19	9	1	11.1%
57	Ulster County IDA	34	19	2	10.5%
58	Rockland County IDA	25	10	1	10.0%
59	Riverhead IDA	21	10	1	10.0%
60	Schenectady County IDA	24	13	1	7.7%
61	Hempstead IDA	57	14	1	7.1%
62	Suffolk County IDA	118	39	2	5.1%

APPENDIX III: IDAs Ranked By Incomplete Project Reporting

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	Projects with Incomplete Data	
				#	% of total projects
1	Bethlehem IDA	9	1	8	88.9%
2	Orange County IDA	13	2	11	84.6%
3	Brookhaven IDA	68	11	57	83.8%
4	Amherst IDA	125	22	103	82.4%
5	Columbia IDA	11	2	9	81.8%
6	Fulton County IDA	14	3	11	78.6%
7	Schuyler County IDA	9	2	7	77.8%
8	Hempstead IDA	57	14	43	75.4%
9	Southeast IDA	4	1	3	75.0%
10	Montgomery County IDA	12	3	9	75.0%
11	Geneva IDA	8	2	6	75.0%
12	Clinton County IDA	35	9	26	74.3%
13	Mt. Vernon IDA	15	4	11	73.3%
14	Putnam County IDA	11	3	8	72.7%
15	Yonkers IDA	30	9	21	70.0%
16	Clifton Park IDA	10	3	7	70.0%
17	Sullivan County IDA	35	11	24	68.6%
18	Oswego County IDA	34	11	23	67.6%
19	Suffolk County IDA	118	39	79	66.9%
20	Schoharie County IDA	6	2	4	66.7%
21	Newburgh IDA	6	2	4	66.7%
22	Lewis County IDA	12	4	8	66.7%
23	Rensselaer County IDA	39	13	26	66.7%
24	Auburn IDA	9	3	6	66.7%
25	Colonie IDA	19	7	12	63.2%
26	Hudson IDA	8	3	5	62.5%
27	Troy IDA	8	3	5	62.5%
28	New Rochelle IDA	13	5	8	61.5%
29	Clarence IDA	18	7	11	61.1%
30	Babylon IDA	81	32	49	60.5%
31	Albany City IDA	58	23	35	60.3%
32	Hornell IDA	5	2	3	60.0%
33	Rockland County IDA	25	10	15	60.0%
34	Utica City IDA	15	6	9	60.0%
35	Seneca County IDA	17	7	10	58.8%
36	Waterford Town IDA	7	3	4	57.1%
37	Concord IDA	7	3	4	57.1%
38	Tioga County IDA	13	6	7	53.8%
39	Essex County IDA	17	8	9	52.9%
40	Herkimer IDA	36	17	19	52.8%
41	Warren & Wash. County IDA	19	9	10	52.6%
42	Otsego County IDA	19	9	10	52.6%
43	Riverhead IDA	21	10	11	52.4%
44	Nassau Co IDA	85	41	44	51.8%

APPENDIX III: IDAs Ranked By Incomplete Project Reporting

Rank	IDA	Total Projects	Projects With Sufficient Data to Analyze	Projects with IncompleteData	
				#	% of total projects
45	Erie County IDA	306	151	155	50.7%
46	Niagara Town IDA	2	1	1	50.0%
47	Yates County IDA	14	7	7	50.0%
48	Allegany County IDA	10	5	5	50.0%
49	Mechanicville-Stillwater IDA	2	1	1	50.0%
50	Wyoming County IDA	18	9	9	50.0%
51	Saratoga IDA	47	24	23	48.9%
52	St. Lawrence County IDA	29	15	14	48.3%
53	Wayne County IDA	38	20	18	47.4%
54	Ontario County IDA	68	36	32	47.1%
55	Syracuse IDA	32	17	15	46.9%
56	Tompkins County IDA	37	20	17	45.9%
57	Cattaraugus IDA	24	13	11	45.8%
58	Schenectady County IDA	24	13	11	45.8%
59	Delaware IDA	9	5	4	44.4%
60	Ulster County IDA	34	19	15	44.1%
61	New York City IDA	504	282	222	44.0%
62	Genesee County IDA	78	44	34	43.6%
63	Westchester County IDA	96	58	38	39.6%
64	Lancaster IDA	59	36	23	39.0%
65	Oneida County IDA	54	33	21	38.9%
66	Greene County IDA	6	4	2	33.3%
67	Livingston County IDA	24	16	8	33.3%
68	Islip IDA	72	49	23	31.9%
69	Chemung IDA	44	30	14	31.8%
70	Orleans County IDA	22	15	7	31.8%
71	Niagara County IDA	81	56	25	30.9%
72	Cortland IDA	10	7	3	30.0%
73	Broome IDA	37	26	11	29.7%
74	Chautauqua IDA	42	30	12	28.6%
75	Schenectady City IDA	22	16	6	27.3%
76	Onondaga County IDA	78	57	21	26.9%
77	Steuben County IDA	4	3	1	25.0%
78	Cohoes IDA	4	3	1	25.0%
79	Monroe County IDA	416	337	79	19.0%
80	Franklin County IDA	6	5	1	16.7%
81	Madison County IDA	18	15	3	16.7%
82	Chenango County IDA	13	11	2	15.4%
83	Dutchess County IDA	13	11	2	15.4%
84	Albany County IDA	11	10	1	9.1%
85	Oneida City IDA	1	1	0	0.0%
86	Port Jervis IDA	2	2	0	0.0%
87	Guilderland IDA	2	2	0	0.0%
88	Lockport IDA	4	4	0	0.0%
89	Mt. Pleasant IDA	1	1	0	0.0%

APPENDIX IV: Counties and IDAs within New York State Regions

CAPITAL DISTRICT	Albany County
	Albany City IDA
	Albany County IDA
	Bethlehem IDA
	Cohoes IDA
	Colonie IDA
	Green Island IDA
	Guilderland IDA
	Montgomery County
	Amsterdam IDA
	Montgomery County IDA
	Rensselaer County
	North Greenbush IDA
	Rensselaer City IDA
	Rensselaer County IDA
	Troy IDA
	Saratoga County
	Clifton Park IDA
	Corinth IDA
	Mechanicville-Stillwater IDA
	Rotterdam IDA
	Saratoga County IDA
	Waterford IDA
	Schenectady County
	Schenectady City IDA
	Schenectady County IDA
	Schoharie County
	Schoharie County IDA
	Warren County
	Glen Falls IDA
Warren & Washington County IDA	

NYC	New York City IDA
	New York County
	Kings County
	Queens County
	Richmond County
	Bronx County

SOUTHERN TIER	Broome County
	Broome County IDA
	Chemung County
	Chemung County IDA
	Chenango County
	Chenango County IDA
	Cortland County
	Cortland County IDA
	Delaware County
	Delaware County IDA
	Sidney IDA
	Otsego County IDA
	Schuyler County
	Schuyler County IDA
	Steuben County
	Hornell IDA
	Steuben County IDA
	Tioga County
	Tioga County IDA
	Tompkins County
Tompkins County IDA	

NORTH COUNTRY	Clinton County
	Champlain IDA
	Clinton County IDA
	Essex County IDA
	Franklin County
	Franklin County IDA
	Hamilton County
	Hamilton County IDA
	Jefferson County
	Jefferson County IDA
	Lewis County
	Lewis County IDA
	St. Lawrence County
St. Lawrence County IDA	

APPENDIX IV: Counties and IDAs within New York State Regions

FINGER LAKES	Genesee County
	Genesee County IDA
	Livingston County
	Livingston County IDA
	Monroe County
	Monroe County IDA
	Ontario County
	Geneva IDA
	Ontario County IDA
	Orleans County
	Orleans County IDA
	Seneca County
	Seneca County IDA
	Wayne County
	Wayne County IDA
	Wyoming County
	Wyoming County IDA
	Yates County
Yates County IDA	

CENTRAL NY	Cayuga County
	Auburn IDA
	Cayuga County IDA
	Fulton County
	Fulton County IDA
	Herkimer County
	Herkimer County IDA
	Madison County
	Madison County IDA
	Oneida City IDA
	Oneida County
	Oneida County IDA
	Utica IDA
	Onondaga County
	Onondaga County IDA
	Syracuse IDA
	Oswego County
	Oswego County IDA

MID HUDSON VALLEY	Columbia County
	Columbia County IDA
	Hudson IDA
	Dutchess County
	Dutchess County IDA
	Poughkeepsie IDA
	Greene County
	Green County IDA
	Orange County
	Middletown IDA
	Montgomery Town IDA
	Newburgh IDA
	Orange County IDA
	Port Jervis IDA
	Walden IDA
	Wallkill IDA
	Sullivan County
	Sullivan County IDA
Ulster County	
Ulster County IDA	

WESTERN NY	Allegany County
	Allegany County IDA
	Cattaraugus County
	Cattaraugus County IDA
	Chautauqua County
	Chautauqua County IDA
	Erie County
	Amherst IDA
	Clarence IDA
	Concord IDA
	Erie County IDA
	Hamburg IDA
	Lancaster IDA
	Niagara County
	Lockport IDA
	Niagara Town IDA
	Niagara County IDA

SUBURBS NORTH	Putnam County
	Putnam County IDA
	Southeast IDA
	Rockland County
	Rockland County IDA
	Mount Pleasant IDA
	Mt. Vernon IDA
	New Rochelle IDA
	Peekskill IDA
	Port Chester IDA
	Westchester County
	Westchester County IDA
	Yonkers IDA

LONG ISLAND	Nassau County
	Glen Cove IDA
	Hempstead IDA
	Nassau County IDA
	Suffolk County
	Babylon IDA
	Brookhaven IDA
	Islip IDA
	Riverhead IDA
	Suffolk County IDA

APPENDIX V: Methodology

This report is an analysis of data provided in the 2005 report by the New York Office of the State Comptroller, which annually reports on activities undertaken by all New York Industrial Development Agencies. For each project receiving IDA subsidies, the report details the amount of bonds, amount of exemptions, PILOT payments, the number of jobs before receiving IDA assistance, number of current jobs, and the estimate of jobs to be created, although much of this data is missing due to incomplete reporting by the IDAs to the Comptroller. In the 2005 data, 110 IDAs were included in the report, 89 of which provided complete data.

The data was analyzed in two categories: (1) data relating to IDA expenditures on tax exemptions, and (2) data relating to job creation performance. All IDA projects were included in calculating the amount of expenditures on tax exemptions for each IDA. These sums were then aggregated at the county and regional level.

For data relating to job creation performance, only IDA projects with complete data were included in our analysis. In order to determine which projects had complete data, each project was evaluated to determine if data was included for *both* the number of jobs before IDA assistance *and* the number of current jobs. If either one of these fields was incomplete, the project was not considered in the analysis for its IDA. There were 66 IDAs in which more than half of the projects did not have complete data. The 21 IDAs that did not have complete data for any of the projects they subsidized were excluded from our analysis all together.

To calculate if a project gained or lost jobs since receiving IDA assistance, the current number of jobs was subtracted from the number of jobs before IDA assistance. This provides an estimate of whether IDA projects have met their job commitment goals since beginning IDA subsidies. To calculate overall job loss for the IDAs, the sum total of jobs at the subsidized companies before receiving assistance was subtracted from the sum total of current jobs at subsidized companies.

Notes:

¹ NY Office of the State Comptroller. "IDAs' Project Approval, Evaluation, and Monitoring Efforts." 2006. pg. 5.

² New York is the most income polarized state in the country, with the fifth highest per capita income and the 11th highest poverty rate in the nation. Families in the top income level in New York are earning eight times as much on average as families in the bottom income level. Fiscal Policy Institute. "The State of Working New York." 2006. pg. 4, 18.

³ Analysis is based on 2005 data supplied by IDAs to the Office of the New York State Comptroller and made publicly available in March 2007. 110 of 115 IDAs were included in this report. The 5 IDAs not included either did not submit data to the Comptroller or did not have any activity to report on.

⁴ IDAs approve subsidies for companies over a period of up to 25 years. In each year of this period, companies access a certain amount of this total subsidy. The amount of \$1.1 billion is the sum of this discretionary amount of tax exemptions offered by IDAs in each year between 2003 and 2005. Thus, the total amount of subsidies approved by IDAs for the entire period of subsidization would be much greater.

⁵ See Appendix IV for a list of counties and IDAs within each region.

⁶ Only 89 of the state's 110 IDAs in the Comptroller's report were used in this calculation due to insufficient reporting by the other 21 IDAs. Of the 89 IDAs included, many subsidized projects did not provide complete data to their IDA, thus there is a possibility that the shortfall in jobs might be even greater. See Methodology (Appendix V) for a detailed explanation.

⁷ With the exception of New York City businesses with 250 or more employers. See accompanying information on "The New York City IDA."

⁸ New York City Economic Development Corporation. "Annual Investments Project Report Pursuant to Local Law 48 FY 2006, Volume I." <http://www.nycedc.com/LocalLaw48vol1.pdf>. The self-sufficiency standard for a New York City family of one adult and two children ranges from \$48,995 to \$77,957 annually, dependent on which borough the family lives in.

⁹ The self-sufficiency standard for a single adult in Brooklyn is \$21,920 and ranges up to \$57,234 for a family of two adults and two children.

¹⁰ Fiscal Policy Institute. "The Economic Development Benefits of Prevailing Wage." 2006. pg. 4.

¹¹ Chapman, Jeff and Jeff Thompson. "The Economic Impact of Local Living Wages." Economic Policy Institute: 2006. pg. 14.

¹² Purinton, Anna et al. "The Policy Shift to Good Jobs: Cities, States, and Counties Attaching Job Quality Standards to Development Subsidies." *Good Jobs First*: 2003. pg. 16-29.

¹³ "The Policy Shift to Good Jobs." pg. 13.

¹⁴ Though IDA bond financing represents a large amount of the subsidies that IDAs grant, they were not included in the analysis presented in this report. The savings resulting from IDA bonds would be difficult to calculate without knowing the interest rate for the conventional loans the company would have otherwise sought. Also, the forgone taxes on interest income of the bond buyers is undocumented statewide. It is documented in New York City, where the total amount of tax revenues forgone due to tax-exempt bonds totaled \$45.5 million in 2006 for the life of all bonds, for all projects.

¹⁵ Because most projects are awarded a combination of IDA aid, the percentages included in here reflect this overlap.

¹⁶ Office of the State Comptroller. "Industrial Development Agencies' Project Evaluation Criteria and Monitoring Efforts" (2004-MR-3): 6.

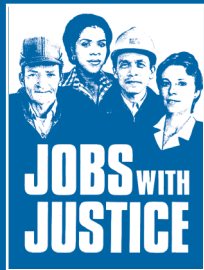
¹⁷ Good Jobs New York. "Glossary of Economic Development Jargon." <http://www.goodjobsny.org/glossary.htm>

¹⁸ This figure includes only those IDAs that submitted completed data to the State Comptroller in 2004. See Methodology in Appendix V for more information.

¹⁹ Patton, Wendy. "State and local 'Anti-Poaching' Agreements: Background Information." *Policy Matters Ohio*: 2006. pg. 4.

²⁰ Office of the State Comptroller. "Industrial Development Agencies' Project Evaluation Criteria and Monitoring Efforts" (2004-MR-3): pg. 6.

²¹ *Westchester Journal-News*. Editorial. February 5, 2006.



New York Jobs With Justice

50 Broadway, 24th Floor

New York, NY 10004

212.631.0886 ph

www.nyjwj.org