



Memorandum of Support A.8175-A-2017 (Schimminger) & S.6613-B-2017 (Crocì)

Title

An act to amend the New York state urban development corporation act and the economic development law, in relation to the creation of a searchable database.

Summary

This bill would require the Empire State Development Corporation (ESDC) to create and maintain a searchable State subsidy and economic development benefits database on its website. The database would:

- include the name and location of the benefit recipient
- the type of benefit received
- the amount of economic development benefits received for the current reporting year
- the time span of received economic development benefits
- the total number of employees at all sites of a project
- the number of jobs a participant is obligated to retain and create during the project
- a statement of compliance indicating if any other State agency has reduced, cancelled or recaptured economic development benefits from a participant.

The database would be searchable by individual fields, downloadable in whole or part, include contract and award agreements, summarize available economic development benefits and provide a data dictionary for field terms. ESDC would be required to certify it has met the reporting requirement by providing updates on a quarterly basis to the ESDC Board.

Statement of Support

New York State spends over \$4 billion annually on economic development

benefits and business subsidies. The Empire State Development Corporation alone administers at least 66 different programs, and annually gives hundreds of millions in taxpayer money through grants, loans, tax credits and other incentives to private companies, nonprofit organizations and other entities throughout New York.

The Database of Deals created by this legislation would make fundamental information about business subsidies known to the public and establish a foundation for greater accountability. For the first time it will allow the public and legislature to know how much in total subsidies a business or other organization has received. The public will be able to see a listing of all of the specific state tax abatements or grants an organization receives. This is currently impossible because specific information about state economic development subsidies is scattered around multiple state websites and often limited or incomplete. A downloadable, Database of Deals will also show whether recipients are meeting their job creation, job retention and capital investment requirements, and help the public to determine whether business subsidies are an effective use of taxpayer money to grow the economy and foster employment. Analyses could be completed by ESDC and third parties to determine, for example, which programs are most effective in creating good-paying jobs at the least cost to taxpayers or how benefits are distributed geographically across the state.

The current opaqueness of business subsidies increases the risk of corruption, as seen by the indictments of nine senior state officials and corporate executives involved with the awarding of some of the state's signature mega-development projects.

The Database of Deals will also provide a necessary overview of the state's tangle of economic development programs, many of which have their own reporting requirements, which are often ignored. In a May 2017 [audit](#), New York State Comptroller Tom DiNapoli found ESDC failed to meet more than half of the reporting requirements for tax credit and job creation programs, including independent evaluations of the efficacy of economic development programs, general overviews, and program-specific reports.

The state should have long ago made such basic data about business subsidies known to the public. As long as the government continues to allocate billions in taxpayer dollars for economic development programs,

basic transparency ought to be a required.

We strongly support A.8175-A and S.6613-B, and call on the legislature to align the bills and adopt this important legislation.