



December 7, 2021

Senator Liz Krueger

VIA EMAIL

Dear Senator Krueger,

We write to request that you hold a hearing on the effectiveness of business subsidies and tax incentives in New York State. We believe that such a hearing would shine a light on the roughly \$10 billion New York State and local governments spend on economic development every year, and help the public understand whether their tax dollars are being well spent.

Business subsidies come up every year during the annual economic development hearing, but the state needs a hearing with a singular focus on whether subsidies actually work. The Senate Finance Committee should invite experts on business subsidies across the country, such as Tim Bartik at the Upjohn Institute, Nate Jensen at the University of Texas, or New York's Marilyn M. Rubin. The insights from these experts could help the state make objective, fact-based decisions about state economic development spending.

The overwhelming majority of studies by independent scholars have found that business subsidies are not an effective use of public funds. The New York State Tax Reform and Fairness Commission's November 2013 report on business tax credits wrote that there is "no conclusive evidence from research studies conducted since the mid-1950s to show that business tax incentives have an impact on net economic gains."

New Yorkers deserve to know whether "economic development" spending is a good investment of public funds compared to traditional government investment in public infrastructure and education.

Thank you,

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