



Legislation Text

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Res. No. 935

Resolution calling upon the New York State Legislature to pass and the Governor to sign Assembly bill A.8703 and Senate bill S.2413, which are designed to improve the efficiency, accountability, and transparency of Industrial Development Agency operations.

By Council Members Mark-Viverito, Brewer, James, Reyna, Sanders Jr. and Seabrook

Whereas, In 1969, legislation was enacted providing for the creation of Industrial Development Agencies (IDAs), which are public benefit corporations designed to facilitate economic development in specific localities; and

Whereas, Since their creation, IDAs have served as an important economic development tool used to improve economic conditions in their respective areas by attempting to attract, retain and expand businesses within their jurisdictions through the use of financial incentives; and

Whereas, There are currently 117 IDAs throughout New York State that provide private entities with almost \$400 million in net tax exemptions each year; and

Whereas, In exchange for the tax revenue they sacrifice, local communities expect businesses receiving IDA assistance to create a certain number of jobs along with increased economic activity within their communities; and

Whereas, Due to a lack of uniformity in the operations of individual IDAs and in their reporting practices, it is unclear how effective IDA projects have been and issues regarding their accountability and transparency persist; and

Whereas, In response to these concerns, there have been introduced in the New York State Legislature two bills, A.8703 and S.2413 (“The Act”), which would reform the existing IDA enabling legislation; and

Whereas, The Act would reform business standards to ensure that IDAs statewide are subsidizing quality business partners; and

Whereas, These reforms would include requiring IDA-subsidized projects to provide prevailing and living wages for their employees, which would afford workers with self-sufficiency and the economic means to sustain a decent livelihood; and

Whereas, IDA subsidy recipients would also have to adhere to local hiring requirements that draw from regional labor pools so that the positive effects of job creation and higher wages will directly affect the regional economy as well as the local communities whose tax revenues are being sacrificed; and

Whereas, Apprenticeship requirements would be instituted for construction contractors and subcontractors, increasing the quality of construction work and providing the necessary training and career advancement to build and maintain a skilled workforce; and

Whereas, In addition to mandating green building standards and anti-sprawl requirements for all new construction and development in order to improve energy, water, and land use conservation, the proposed reforms would restrict the availability of funding for projects that were not sited on brownfields; and

Whereas, The Act would also reform the accountability measures used for holding IDAs-and the businesses they subsidize-responsible for projects that are failing to create jobs or to meet other contractual requirements; and

Whereas, These measures would include designating seats on IDA boards for labor, environmental, community and school board representatives in order to ensure that the interests and concerns of everyone affected by IDA subsidies and development are represented; and

Whereas, Currently, some IDAs adopt “clawback” provisions while others do not, and even where they exist, these provisions are not applied consistently; the proposed accountability reforms would require all IDAs to incorporate “clawback” provisions into their financial agreements with subsidy recipients and would call for uniform enforcement of these provisions in order to suspend benefits-or recapture previously awarded ones-

from companies that renege on their agreements; and

Whereas, Anti-raiding or anti-piracy measures would be enacted to prevent IDAs from providing subsidies to companies that are relocating from another part of the state-an unhealthy competition practice which leads to job shifting rather than job creation; and

Whereas, The Act would also reform IDA transparency measures in order to create clarity and consistency in IDA decision-making and reporting processes, allowing for an honest evaluation of the performance of IDAs and the projects they subsidize; and

Whereas, These reforms would require that IDA-subsidized project applicants fully disclose the potential community, labor, and environmental impacts their project may have along with proposed mitigation measures; and

Whereas, These reforms would also guarantee the ability of the community to provide meaningful input in the decision-making process by requiring that publicized and accessible hearings are held on the impacts, costs, and benefits of IDA projects; and

Whereas, Increased monitoring of and reporting by IDAs and their projects would also be required in order to determine if they are in compliance with their contracts, and more importantly, if they should continue to receive IDA assistance; and

Whereas, Due to the substantial amount of tax revenue that local communities sacrifice in order to subsidize IDA projects, it is imperative that IDAs function effectively and deliver on their economic commitments; and

Whereas, Providing IDA assistance to companies which do not meet their commitments results in billions of wasted tax dollars, which New York State's local governments and schools cannot afford; and

Whereas, To guarantee the effectiveness of our local economic development subsidies, state-wide reform is required; and

Whereas, Enactment of the proposed legislation would help ensure that IDAs operate efficiently and in

the public interest by reforming their business standards, improving monitoring of their subsidized projects, and instituting measures to hold the IDAs accountable for failed projects; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass and the Governor to sign Assembly bill A.8703 and Senate bill S.2413, which are designed to improve the efficiency, accountability, and transparency of Industrial Development Agency operations.

LS# _____
June 14, 2007