

# THE CASE FOR INDUSTRIAL DEVELOPMENT AGENCY REFORM

## Key Facts About New York's 115 IDAs

The State's 115 Industrial Development Agencies provide aid to private businesses to locate or expand in New York State. In exchange for tax exemptions and tax-exempt bond financing, companies commit to create or retain a certain number of jobs. Too often, however, these subsidies are given to businesses that do not create jobs or create low-wage work that doesn't promote real economic growth. Business standards, accountability measures, and transparency reforms are needed to ensure that IDAs do not waste our taxpayer's dollars on failing economic development projects.

### IDA spending on tax exemptions increased 52% in just three years.

- ✦ IDAs spent \$584 million in tax exemptions in 2008, as compared to \$385 million in 2005.
- ✦ Since 2005, IDAs have spent nearly **\$2.3 billion** on tax exemptions to businesses.

### Three in five dollars spent by IDAs resulted in net revenue losses to local governments.

- ✦ **Local governments lost \$343 million** due to IDA tax exemptions in 2008, including **\$140 million** lost revenue to local school boards.
- ✦ The amount lost by local governments continues to increase. **Between 2005 and 2008, the amount lost by local governments has increased 24%.**

### One in five dollars spent by IDAs went to *failing* projects.

- ✦ **\$103 million** in IDA tax breaks went to companies that either **cut jobs** or **failed to create any new jobs**.
- ✦ With the amount of money wasted on these projects:
  - **6,900 students could have been educated, or**
  - **1,600 elementary school teacher salaries could have been paid.**

### Two-thirds of projects that reported ending their IDA deals in 2008 were *failures*.

- ✦ These companies **fell short** of their job creation promises by **3,800 jobs**.
- ✦ 40% of these projects actually **cut jobs** or did not create any new jobs.

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### Economic development reform in New York must begin with IDAs.

In order to revitalize our local, regional, and state economies, IDAs need to be part of a comprehensive economic development solution, rather than piecemeal, narrowly focused subsidy granting. As key economic development engines across the state, IDAs should uphold the health of our communities by creating high-quality, family-sustaining jobs.

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GOOD JOBS, STRONG COMMUNITIES  
An Agenda for New York's Economic Recovery

All figures are based on 2007-08 data collected by the State Authority Budget Office. For more information, please contact Sadaf Khatri at 212.631.0886