



June 1, 2007

Hon. William Stachowski  
New York State Senate  
2030 Clinton Street  
Buffalo, NY 14206

Dear Senator Stachowski:

On behalf of the 2,500 employer members of the Buffalo Niagara Partnership, I write in near disbelief of the onerous bill (A.8703) that has been introduced in the Assembly regarding the function of Industrial Development Agencies (IDAs). While the stated intent of the bill – more strategically positioning IDA incentives – is an outcome that we strongly endorse, the actual bill goes in a very different direction – in fact, with the numerous burdensome restrictions it places on those employers receiving incentives, there will be little, if any, strategic economic development in the future.

The barriers to business investment and job creation in New York State are well-documented. The regulatory environment in New York State is one of the most – if not *the* most – onerous in the nation. To advocate for reform of some of these regulations, the Partnership and other employer organizations throughout Upstate New York created the Unshackle Upstate campaign. We are pleased to see movement on such issues as workers' compensation, but despite such a small success, New York State continues to be an uncompetitive place to do business.

The statistics support that assessment. While nationwide job growth boomed 23 percent over the past 15 years, Upstate New York grew just 4 percent. During that same time period, droves of our young people moved away for better job prospects. In our state, the number of young adults ages 25 to 34 has dropped by half a million since 1990. It is an unfortunate circumstance that in order to provide a level playing field for business growth and retention in New York State, incentives such as those provided by IDAs are fundamental.

Unfortunately, the positive impact of the IDAs continues to be threatened by legislation such as A.8703 that attaches burdensome requirements to any incentives they would be administering. By adding changes to IDA functions that do not increase the benefit to the customer – i.e. the private sector – the IDA's ability to deliver services would be hindered, if not roadblocked. Costly stipulations such as apprenticeship and prevailing wage requirements tied to IDA incentives heap more regulation onto a tool of economic development that exists to help stimulate business growth *in the face of* overregulation. In short, the IDA system proposed in the Assembly's bill will not only jeopardize existing projects, but is one that prospective and existing businesses will avoid.

As an organization comprised of employers and their employees, we well understand the goal of finding avenues to create well-paying jobs. This bill does not do that. While the rhetoric of institutions such as prevailing wage and requiring a regional median hourly wage speak to the

issue, in the end the only method of producing good-paying jobs in Buffalo Niagara and across New York State is the creation of a business environment fertile for investment. Overregulation has made it so that we do not have that now. This bill wrests away one of the most precious tools we have by emasculating the IDA system.

For the IDAs to function effectively, incentives can not be leeched upon by stipulations eliminating their benefit. Instead, any IDA reform bill should focus on targeting incentives to encourage growth and development in opportunities with the best chance for success.

This can be accomplished in two ways:

First, IDA incentives should be prioritized to fit within a region's overall plan – for Buffalo Niagara, such a plan is the Framework for Regional Growth. It is imperative that economic development and planning go hand-in-hand. By incentivizing growth and investment within a regional framework – taking into consideration workforce, transportation and other factors – we can be certain that investment is being made strategically under what has been deemed the best avenue to regional economic prosperity. The *Buffalo News* article of May 31, “IDA aid spurs sprawl, study says,” made assumptions that IDAs were working outside of the Framework that was recently approved by both Erie and Niagara Counties, when, in truth, even before its adoption over 95% of IDA incentives were granted to businesses locating in already developing or developed areas.

Combining planning with the work of the IDAs must be complemented by also incentivizing growth and investment within a region's targeted industry sectors. For Buffalo Niagara, for example, the best opportunities for growth have been identified as advanced manufacturing, life sciences, back office/financial services, agribusiness and logistics. By prioritizing investments toward these industries – in a manner consistent with regional planning – the IDAs will be optimizing their usefulness to – and impact on – regional economic development.

The IDA system is designed to be a tool for economic development in New York State – to mitigate the regulatory nature the business community faces. While we would prefer vast reform of state policies and regulations that place burdensome costs on businesses in Buffalo Niagara, sadly, we need the IDAs to function as a mechanism for new investment. Investment, and investment alone, drives jobs.

Finally, a misconception about the IDA system is that it is designed to create jobs – an interpretation that is being used in A.8703, thus the bill's language on how to regulate those jobs and their salaries. In truth, the role of the IDA is to stimulate investment growth in New York State. Only through such new investment are jobs retained and expanded. Until Albany finds a way to remove or address the burdensome regulations that weigh on the shoulders of our business community, the IDAs will continue to be a vital economic development tool.

I urge you to vigorously and vocally oppose A.8703.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Rudnick". The signature is stylized and cursive.

Andrew J. Rudnick