



ANDREW J. RUDNICK,
PRESIDENT & CEO

January 28, 2008

Hon. Dale Volker
New York State Senate
427 State Capitol Bldg
Albany, NY 12247

Dear Senator Volker:

Today's Buffalo News editorial, "Revise state's IDA laws," regarding Assembly bill A.8703, painted a rather rosy picture of what is actually a tremendously onerous bill. Once again, the Buffalo Niagara Partnership is in firm opposition to this bill, and I urge you to oppose it if similar language is introduced in the State Senate.

Sadly, A.8703 pushes a social agenda embraced by the Assembly Majority at the expense of worthwhile IDA programming, specifically the ability for IDAs to incentivize civic facilities such as certain not-for-profit entities and senior health care facilities. Given the stipulations outlined in the bill as written, the lesser of two evils when it comes to economic development in Upstate New York is to allow the civic facilities component to sunset. That's how bad A.8703 is.

The positive impact of IDAs continues to be threatened by legislation such as A.8703 that attaches burdensome requirements to their attraction and retention activities. It is absolutely vital to understand that the "customer" in economic development is the private sector. By adding changes to IDA functions that do not increase the benefit to their customers, the IDA's ability to deliver services will deteriorate – at the costly expense of dwindling business investment and growth.

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 that already puts Upstate New York at a disadvantage. Whether your reform effort is Unshackle Upstate or the Senate's Upstate NOW, there is no room in Upstate's economic development revitalization for anti-business regulations such as those outlined in A.8703.

In the bill summary for A.8703, its purpose is stated as "To increase the accountability and improve the efficiency and transparency of the operations of Industrial Development Agencies (IDAs)." A worthy goal, and one that the Partnership supports. To that end, let me reiterate that IDA efficiency going forward is dependant on targeting incentives to encourage growth and development in opportunities with the best chance for success. The Buffalo News editorial is correct that changes are needed. Unfortunately, A.8703 is far from the right direction.

Instead, 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. 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.

Second, individual regions must have the opportunity to determine which targeted industry sectors offer them the greatest opportunity for private sector investment and growth, and utilize the IDAs as a tool for incentivizing those industries. 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 in this way – in a manner consistent with regional planning – the IDAs can optimize their effectiveness in regional economic development.

The IDA system is designed to be a tool for economic development in New York State – to mitigate the regulatory environment the business community faces. While we would prefer vast reform of state policies and regulations that place burdensome costs on businesses – and continue to advocate for that reform through Unshackle Upstate – in truth, we need the IDAs to function as a mechanism for new investment. The last thing Upstate needs is regulation on the programs that are supposed to be the solution for the statewide regulation that exists.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'AJR', with a horizontal line above it.

Andrew J. Rudnick