



Albany Office: Room 847, Legislative Office Building, Albany, NY 12248 • (518) 455-4767  
 Tonawanda Office: 3514 Delaware Ave. (at Sheridan), Kenmore, NY 14217-1298 • (716) 873-2540

news from  
assemblyman

**ROBIN SCHIMMINGER**

140<sup>TH</sup> ASSEMBLY DISTRICT

**FOR IMMEDIATE RELEASE:**  
March 5, 2010

**CONTACT:** Ken Berlinski  
Jill Schmelzer  
(716) 873-2540

**SCHIMMINGER BILL TO REPEAL "IDA TAX"**

At a press briefing joined by officials from several area industrial development agencies, Assemblyman Robin Schimminger, D-C-I-Kenmore, announced today that he will introduce legislation in the State Assembly to rescind the cost recovery assessment imposed on IDAs as part of the 2009-10 state budget.

"This new tax on IDAs is both unwise and unfair," said Schimminger, chairman of the Assembly Committee on Economic Development, Job Creation, Commerce and Industry. "It will only serve to undermine local economic development efforts throughout New York State at the very same time IDAs are being counted on to provide even greater support for local economic development efforts due to the recession and cutbacks in state programs."

Schimminger, who voted against the 2009-10 state budget in which the new tax was embodied, explained that state budget officials simply targeted a \$5 million budget savings then divided that amount among all the IDAs' total gross revenues to arrive at a 4.7 percent assessment.

"Not only is the 2010 tax being assessed retroactively on 2008 gross revenues, which made it impossible for any IDA to budget for this added cost, it's being imposed on pass-through revenues, such as PILOT payments and state or federal grants where the IDA holds the funds temporarily as a custodian or applicant and then passes on the revenue to the appropriate local taxing jurisdiction. IDA income is usually used to fund the operations of the agency, as well as economic development activities it conducts including paying for infrastructure elements of economic development projects, building industrial and technology parks, administering business marketing programs, conducting job fairs, and so on. The IDA tax will diminish or cripple these efforts," Schimminger said.

"The IDA Tax is another hidden tax on business which amounts to a 90 percent income tax on ECIDA's 2008 net income. ECIDA is 100 percent self-supported. Without that income it cannot adequately provide the resources needed to encourage investment, innovation, growth and

global competitiveness and to create a successful business climate that benefits the residents of our region,” said Al Culliton, Chief Operating Officer of the ECIDA.

“Repairing the state's fiscal situation will require thoughtful spending reductions and a commitment by Albany to reduce the burden on taxpayers - who have hit their limit on these types of 'cost-shifting,' job-killing quick fixes that continue to be proposed,” said Craig W. Turner, Senior Policy Director for the Buffalo Niagara Partnership. “The Partnership commends Assemblyman Schimminger for his consistent leadership in defense of Upstate economic development, which relies heavily on our IDAs as an effective business attraction, retention and expansion tool.”

“NYSEDC, New York's leading organization representing economic development professionals, commends Assemblyman Schimminger and other sponsors of this legislation, which would repeal an ill-conceived and punitive tax on economic development. The effective tax rate of this assessment for many IDAs is 100 percent, and represents 100 percent of operating budgets for many IDAs' for 2010. The tax is punitive, confiscatory, and will do material harm to economic development statewide,” said Brian McMahon, Executive Director of the New York State Economic Development Council.

“Economic development in New York is being hampered by a thousand cuts,” said Kenneth Adams, President and CEO of The Business Council of New York State. “This legislation eliminates a \$5 million tax on economic development efforts. It should never have been imposed in the first place, and we support its repeal.”

“When compared to the net income of IDAs in 2008, the effective rate of this tax is nothing short of confiscatory. The Erie County IDA , for example, had net income of \$251,000 in 2008, yet was assessed for \$226,240 – an effective tax rate of 90 percent. In other instances, the tax represents 100 percent or more of an IDA’s operating budget,” Schimminger said. “In these difficult times, we need to do all we can to encourage economic development and job creation, not undercut such efforts.”

Schimminger is presently circulating the bill for Assembly co-sponsors and said that it is identical to legislation introduced in the Senate earlier this week by Senator David Valesky, D-Oneida.