



NEW YORK STATE SENATOR

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## Summary of Upstate Senate New Jobs Now Roundtables

WILLIAM T. STACHOWSKI February 22, 2010

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### **MAJORITY COUNSEL & PROGRAM**

Summary of Upstate Senate New Jobs Now Roundtables

The Senate Majority, led by Economic Development Committee Chairman Senator William Stachowski launched and led a series of Jobs and Economic Development Roundtables across Upstate New York from Thursday, 2/18/10 – Friday 2/19/10.

### **Common Themes/Points Most Often Repeated:**

- **Theme: We need leadership to really address the cost of doing business in the state**
  - Comment: Diesel tax in NYS is way too high, higher than other states so other companies fuel up out of NYS and then come into NYS.
  - Comment: Workers comp in NYS is for \$12 for every \$100 dollars earned and Massachusetts it is \$4 per every \$100 earned

- Comment: Workers comp tax is a big hit, 11/per hour of tax for every hour of work, 3.50 of that is purely from NYS at least hold steady on current taxes, workman's comp 1.85
- Comment: Foreign companies want indigenous components in some products, 7/hr is lost purely on mandate and tax cost because of NYS.
- Comment: Why are we taxing IDA's? If their job is to create growth why shoot yourself in the foot?
- Comment: For the previous 14 years healthcare and energy costs were the number one concerns of business in NYS, now the top concern is state governments mandates, costs, and restrictions
- Comment: Get rid of the IDA tax and do not approve the proposed a 5% raise in IDA tax. We need to repeal that tax.
- Comment: if the state wants to attract businesses, why not pre-permit? Since time is such a critical issue in NYS, why not lay the groundwork for these companies before they lose their edge?
- Comment: The driving complaint in the North Country is electrical rates and workers comp, companies are mortgaging excessively to stay in business

- **Theme: NYS business assistance is too hard to find, fragmented and difficult to maneuver**

- Comment: Very hard to find out what programs are available, only larger companies have the resources to find all these programs, overwhelming paperwork, it's a maze of NYS programs.

- Comment: Poor communication, no one knows what available, various departments don't know what other departments are up too, we need a central database, call center, website, something like that
- Comment: Why hasn't economic development agency consolidation happened? It's an easy way to save, should be a no brainer,
- Comment: It only seems logical to consolidate and streamline the plethora of econ development agencies, would also assist in communication issues and ease of finding assistance
- Comment: bottom line, its exceedingly difficult to get stuff through Albany, some grants have taken 5 years to get contract
- Comment: Syracuse teaching college wanted to expand to upstate NY, very in depth, inexpensive plan, universally approved, but where do you go with an idea? There's no mothership in Albany to go to

- **Theme: Aside from programming and costs, NYS is not an easy place to do business**

- Comment: Permitting in NYS is a nightmare.
- Comment: If the state wants to attract businesses, why not pre-premit? Since time is such a critical issue in NYS, why not lay the groundwork for these companies before they lose their edge?
- Comment: The general malaise is created by multiple layers of rules and regulations crippling small business, one or two regulators make sense, dozens don't, there is a high degree of multiplicity

- Comment: Excessive environmental and other regulation has prevented a number of possible expansions, i.e. solar panel plant in St. Lawrence county

- **Theme: NYS business assistance is delivered inconsistently and can't be counted upon**

- Comment: We still have not received our Empire Zone Credit benefits from 2 years ago, and as a result, have cancelled a second \$10M capital expansion project for our facility.
- Comment: Companies in empire zone are meeting their standards and NYS is not following through on their promises
- Comment: Businesses need predictability in the process, if businesses have to play guessing games to determine what's on the table, no effort will work
- Comment: There is no sense of confidence that programs have any longevity.
- Comment: NYS has a take and then give reputation

- **Theme: The successful NYS Economic Development programs are being phased out/Our tools don't match our needs**

- Comment: Empire Zones were an excellent economic development tool
- Comment: Empire Zones credits are critical in a company's success - like Byrne Dairy who just invested \$56 million in a new plant because of their EZ benefits.

- Comment: Business tax reductions in the end create higher revenue for the state more quickly. Continue the Empire zone program.
- Comment: Empire Zone was the primary factor in keeping our company in WNY, other states had more tempting offers, changing or eliminating Empire Zones would not sit well, we could easily shift to other sites, it's difficult to even GET power to our facility, we have poor infrastructure that is 60-70 years old.
- Comment: It used to be easier to get access to water and sewer, these kinds of grants can easily help small business grow, some restaurants have to cap their size because of septic limitations
- Comment: Governors film tax credit is exclusive to NYC. Ridiculous waste of NYS economic development dollars.

- **Theme: NYS cannot compete with other states and doesn't prioritize expanding or retaining current economic base**

- Comment: The comfort of knowing Empire Zones will continue to be around is critical to expanding, ESDC isn't really focused on expansion
- Comment: NYS does a better job with incoming business, companies looking to expand may have NDAs (non disclosure agreements), preventing them from going to the state about the expansion
- Comment: small businessmen feel like they have no voice, people want to stay in NY but they can't

- Comment: Marcellus Shale development has been approved and is flourishing in other states (PA) the NYS environmental review process is killing development, other states have successfully protected water supplies, etc.
- Comment: The geographic boundaries of the empire zone program put us at a disadvantage to other states

- **Theme: We need a much greater focus on workforce development and training**

- Comment: When jobs DO become available, what training is there? Central job training might be much more cost effective, HSBC preps loan officers well in advance
- Comment: With global competition we need superior work forces, central clearinghouse for training
- Comment: If business want to modernize, they need a retrained workforce to compete and produce in a technologically based environment
- Comment: We cannot convince (our Community College) to put out the volume of tech people that the state needs, firms are doing their own training the demand is so great, lots of companies would be thrilled to hire in certain areas, community colleges cannot retool their programs fast enough,

- **Theme: We are not recognizing regional economies. We must revive/Institute a regional approach to economic development**

- Comment: Executive/Governor strategy utterly fails agriculture and tourism

- Comment: Regional autonomy works much better, and garners better buy-in
- Comment: Would like to see a revival of distinct economic regions, i.e. the Governor Spitzer plan
- Comment: NYS has a variety of economic regions, a one size rubric doesn't fit all
- Comment: Upstate blueprint funding has shrunk, and this is a problem. We need funds dedicated to Upstate NY.
- Comment: One size doesn't fit all for tourism either, mom and pop Adirondack operations don't compare to big convention center projects in Buffalo, Albany, NYC
- Comment: As a regional strategy, small scale renewable energy might be a better option than large scale projects, backyard wind turbines, solar panels, ag waste, power at government buildings
- Comment: There is rough sort of regional optimism, but terrible pessimism about NYS as a whole, business owners think they are in a jobless recession
- Comment: Central NY and the North Country "have their hair on fire" they require additional resources to maintain the status quo

- **Theme: A "downtowns" strategy is critical to economic development**

- Comment: Upgrading housing stock creates and sustains jobs, housing rehab adds value, boosts revenue , a small investment (\$1 million/year) can easily create 20-30 jobs directly
- Comment: Like RESTORE, try to reform urban based programs to create capital and jobs in urban areas.

- Comment: If downtowns are blighted, who's going to want to move in?

- **Theme: NYS itself should utilize NYS companies**

- Comment: When the state has RFP grants, they should restrict or at least encourage the use of NYS products or at the very least US products, why import when we can develop products at home?
- Comment: NYS has certain divisions that are competing with private business, millions of dollars would be saved, and the employee would find open arms in the private sector, there's no reason for NYS to be in these fields, drilling being a prime example, efficiency is also lacking
- Comment: (Our company) had difficulty getting a contract in NYS, because an outside vendor favored an incumbent competitor.
- Comment: NYS should give preferential treatment to NY companies, in just one instance, a million dollar contract was lost, why not kill the vendors, removing these kinds of obstacles can easily create jobs quickly
- (Note: this kind of story was repeated in each roundtable – NYS consistently awarding state contracts to out of state companies)

- **Theme: We are underutilizing our higher education institutions as economic engines**



- The Task Force on Diversifying The New York State Economy through Industry-Higher Education Partnerships sets forth a list of recommendations which we strongly support.
  - The Senate should review this report (dated December 14, 2009) carefully and consider adopting their recommendations.
  - The potential of a combined medical and educational industrial complex is huge and one only has to look at the Cleveland Clinic or UPMC ( University of Pittsburgh Medical Center) to see the results with new business, new jobs, and new growth. All of this by the way leads to a stronger and more lucrative tax base for the state.
  - This is a longer-term view but there are several areas in New York State that are ripe for this development. If the State has any money to put into real incentives this is the place where the return on the investment is greatest
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- **Theme: RESTORE NY was a successful program that should not be allowed to expire**
    - Comment: RESTORE program was very helpful, building around the demo'd site picked up, went from a blighted to developed area, created immediate jobs
    - Comment: Need more of upstate cities and growth in upstate cities. Keep funding RESTORE NY and keep it going.
    - Comment: Take stimulus money and put into RESTORE NY program.

- **Theme: Jobs cannot be the only metric we are using to determine our economic development funding priorities and strategies**
  - Comment: Incentives of any kind will help employers hire more people but the Senate needs to understand that it's not the number of jobs but also the payroll for those jobs should be counted.
  - Comment: We have hired four PhD's in the last year two of whom have strong local ties. We could've hired three times that number for low-paying jobs but those four PhD's will create new products and systems for (our company) or other companies and provide organic growth which in turn will lead to more manufacturing jobs
  
- **Theme: NYS must do a better job of funding and supporting existing commercialization efforts**
  - Comment: Centers for Excellence are an engine for change in NYS. They see great success in their commercial incentive program. They need assistance in getting their technology across the state.
  - Comment: New technology seed fund is a must in the budget. The goal is to build capacity across NYS to build capital across NYS. DO NOT LIMIT TO UNIVERSITIES ONLY.
  - Comment: We must provide seed capital assistance to companies that would enter into a new research development program with universities. Creates jobs at a high rate higher than anywhere else in the state.

- Comment: Spurring commercialization and scientific research is critical to revitalizing the NYS economy

- **Theme: Excelsior is a poor replacement and inadequate for NYS Economic Development needs**

- Comment: Paterson strategy utterly fails agriculture and tourism
- Comment: Excelsior Program 50 jobs threshold is too high
- Comment: 50 jobs threshold is absurd, rural areas almost never create that many jobs, particularly in areas like the Adirondacks, etc
- Comment: Concern about excelsior jobs program. We need to keep jobs here and help companies that are here first before going out to get more companies.
- Comment: Excelsior program looks like it is only for tech and nano tech companies and no one else. That is a problem
- Comment: Tweak programs in a way that rewards capital investment in companies that are here NOW and then work to get more companies.

- **Theme: Agriculture and Agribusiness are major economic engines, but are underappreciated**

- Comment: agriculture is basically ignored as a major industry in New York State
- Comment: Agriculture business is critical to upstate NY.
- Comment: Agriculture/farmers are facing a tough year. Farmers need credit availability.

- Comment: We are at a tipping point on whether farmers will last in NYS or not.
- Comment: Stabilizing milk prices can keep rural NY alive

- **Theme: Our transportation costs and aging infrastructure act as a barrier to growth**

- Comment: Top of NYS has no transportation corridor, they have good hydropower but are lacking in transport infrastructure, would like to see better infrastructure for biofuels
- Comment: A standalone highway across the five northern counties would be phenomenal for the north country
- Comment: Sections of highway could be added ASAP to reduce commuter times and transport costs

- **Theme: Albany is out of touch with the needs of employers**

- Comment: We can't survive any longer with finger pointing
- Comment: We are expected to tighten our belts and lay off employees, cut costs, but NYS does not have to do the same, and then they increase costs for us
- Comment: Albany is dysfunctional, shameful, and disrespectful to those of us working to employ people in New York.

- Comment: Reliable broadband in the north country is reliable, some stim success, but we need programs that show both individuals and businesses how they can get value out of broadband networks