



NEW YORK STATE SENATOR

Sean M. Ryan

## Senator Sean Ryan, Assemblymember Jon Rivera Urge Action To Close IDA Retail Ban Loophole

SEAN M. RYAN January 27, 2023

| ISSUE: IDA REFORM, INDUSTRIAL DEVELOPMENT AGENCIES, NYS SENATOR SEAN RYAN



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*Niagara County IDA Projects Highlight Need to Reform IDA Retail Ban*

*State Legislators Aim to Change Laws that Give Industrial Development Agencies Broad Discretion Over Tax Exemptions*

**NIAGARA FALLS, NY** – Today, January 27, 2023, New York State Senator Sean Ryan and Assemblymember Jon Rivera urged action to close a loophole that is being exploited by the Niagara County Industrial Development Agency to subsidize fast food restaurants. The legislators want to reform laws that give IDAs broad discretion to waive taxes for select businesses, often resulting in wasteful subsidies for projects that do not provide adequate benefits to the region.

Earlier this month, the Niagara County IDA gave preliminary approval for sales tax breaks and a five-year PILOT agreement for the developer of a proposed A&W Restaurant in Niagara Falls. The IDA also approved sales tax breaks for the same developer for a Moe's Southwest Grill restaurant. In total, the Niagara County IDA is slated to approve \$172,000 for the two restaurants that are expected to create just 20 full-time jobs between them. In an [interview for an article published last week](#), the developer for both projects admitted the restaurants would have been built with or without the subsidies.

New York State implemented a ban on subsidies for retail projects in 2013, but it included language allowing exceptions for projects in “highly distressed areas” and “tourism destination projects.” The language detailing these exceptions is very vague, however, allowing for a broad interpretation by IDAs that has led to many questionable – and sometimes clearly wasteful – project approvals.

IDAs are intended to incentivize economic development by attracting businesses and creating new jobs. They have offered billions of dollars of incentives in New York since they were established in 1969 as a way to attract good-paying jobs back to the state. However, the only data the state receives regarding job creation and economic benefits as a result of IDA activity is self-reported, leading many to question the effectiveness of their subsidies. The incentives offered by IDAs often include the waiving of taxes that would otherwise have been received by local school districts. With many schools in New York lacking the resources

to attract and retain educators, Senator Ryan has introduced a bill ([S.89](#)) that would prevent IDAs from waiving school taxes in order to attract businesses.

**Senator Sean Ryan** said, “The Niagara County IDA is clearly skirting the state’s ban on IDA subsidies for retail projects. The ban we enacted in 2013 had exceptions which were only intended to support projects that would provide high-paying jobs to help improve economically distressed areas. Subsidizing fast food restaurants is not a viable economic development strategy, and it is the very thing we attempted to root out with our 2013 reforms. We need to stop IDAs from granting subsidies for projects that won’t benefit anyone except the developers and the IDAs themselves. This is an egregious waste of taxpayer dollars and the Niagara County IDA should scrap this plan immediately.”

**Assemblymember Jon D. Rivera** said, “These kinds of tax breaks represent government subsidies at their worst. Two subsidized chain restaurants won’t bring meaningful public benefit, nor will they bring a significant amount of consumer dollars into an area badly in need of investment. Projects such as these, which would be constructed even without subsidies, should not be considered viable options for government funding. If we’re to reverse the decades-long trend of divestment and neglect in Niagara Falls, we must prioritize dollars and attention on local business owners and entrepreneurs who will create the kind of community we want to see built here.”

**Niagara Falls City Council Member Donta L. Myles** said, “Attracting new businesses is important for our city, however it is unacceptable that the Niagara County IDA is subsidizing projects that would have been built with or without our tax dollars. It is especially egregious when we have local struggling businesses that have weathered the storm of the COVID pandemic; they could certainly use this type of financial boost, being that they are the lifeblood of our city. I thank Senator Ryan and Assemblymember Rivera for speaking out against this wasteful spending of Niagara County taxpayer dollars.”

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- Delivered to Governor
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Relates to waiving school taxes by a town, city, or county industrial development agency

December 28, 2022

In Senate Committee **Local Government**

Sponsored by **Sean M. Ryan**

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