



NEW YORK STATE SENATOR

Sean M. Ryan

Senator Sean Ryan, Assemblymember Harry Bronson Introduce Bill To Stop Giveaways Of Tax Dollars Meant For New York Schools

SEAN M. RYAN February 8, 2023

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SENATOR SEAN RYAN, ASSEMBLYMEMBER HARRY BRONSON INTRODUCE BILL TO STOP GIVEAWAYS OF TAX DOLLARS MEANT FOR NEW YORK SCHOOLS

Legislation Would Prevent IDAs From Granting Tax Abatements that Cost New York Schools at Least \$1.8 Billion in 2021

ALBANY – Today, February 8, 2023, New York State Senator Sean Ryan and Assemblymember Harry Bronson, respective chairs of the Senate and Assembly committees on economic development, joined state and national advocates for responsible economic development to announce legislation ([S.89/A.351](#)) to prevent industrial development agencies (IDAs) from waiving taxes that would otherwise be received by a school district.

Click [here](#) for a video recording of the press conference

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.

Schools in New York State lost at least \$1.8 billion in fiscal year 2021 to corporate tax abatements, according to [a study released today](#) by Good Jobs First, a Washington-based non-profit group focusing on economic development tax policy. That makes New York schools by far the biggest known losers to abatements, more than three times second-place South Carolina. The \$1.8 billion in revenue losses are spread among 318 of the state's 685 public school districts. In all but five of those 318 districts, the losses are reported directly by the independent school district. In the "Big Five" cities (New York, Buffalo, Rochester, Syracuse and Yonkers), the school losses are computed as a share of overall city losses.

Tax abatements cost an average of \$541 per pupil per year among the affected school districts, which puts New York in the country's top five. But that average masks a wide range. For example, losses are just \$3 per student per year in West Genesee, where the

student body is 85% white, but over \$5,000 for Peekskill, where nearly nine out of ten students are of color and over three-quarters qualify for free or reduced-price lunches. And from \$5 per student per year in Hoosick Falls, which is almost all-white, to \$2,000 per student for Uniondale where almost all attendees are of color.

Senator Sean Ryan said, “We all know that our state’s schools are engaged in a constant battle for the resources they need to provide our children the quality education they deserve. What most people would be surprised to learn is that property taxes are their primary source of revenue. When IDAs promise to waive a corporation’s property taxes, they are stealing money meant for school districts and exacerbating budget gaps. This forces us to increase school funding to close those gaps and sticks taxpayers with the bill. Prohibiting IDAs from waiving school taxes will support education, lower New Yorkers’ tax bills, and prevent corporations like Amazon from playing IDAs around the state against one another to get the best deal.”

Assemblymember Harry Bronson said, “Public education is key to opening opportunities; that is why I have fought so hard to secure funding for our schools and for our children. Public education is largely funded through real property taxes. Schools rely on this revenue, yet they lose it when IDAs reduce business property tax obligations. These deals made by the IDAs may benefit business, but any supposed benefit is on the backs of our students, and all too often students of color. The report from Good Jobs First shows the damage to school funding and the educational process when school districts are excluded from the IDA negotiating process. The report is a clarion call to action, and I am pleased to sponsor this vital legislation introduced with Senator Ryan.”

Greg LeRoy, Executive Director of Good Jobs First, said, “Our findings are the latest evidence of New York State’s failed economic development system. When governments disinvest education in the name of economic development, they actually harm their business climates.

If New York aspires to be a 'sticky' place for promising companies in the 21st century, it must have a highly educated workforce."

Andy Pallotta, President of New York State United Teachers, said, "Our students, communities and educators deserve to receive the funds that are due to them so we can focus on what is our most important goal: educating the next generation. As pointed out by Good Jobs First's research, this is an issue of equity and we support efforts to make sure all of New York's students have the opportunity for a world-class education. Education is not only the great equalizer, it is the real economic driver into New York's future."

Dr. Elizabeth Marcello, Senior Research Analyst for Reinvent Albany, said, "We strongly support the Ryan/Bronson bill. IDA tax breaks are a triple whammy of terrible tax policy. They do not work, they are unfair to other taxpayers, and they take funding away from public schools. IDA tax breaks aren't free money. Economists call them 'tax expenditures' because they are a form of off-budget spending that takes public funding away from schools and other basic services."

Ron Deutsch, Director of New Yorkers for Fiscal Fairness, said, "This groundbreaking report from Good Jobs First should be a wake-up call for legislators and parents alike. Nearly \$2 billion in property tax revenue is being diverted from our schools and provided to wealthy corporations with highly dubious outcomes and benefits to the community. Kudos to Senator Ryan and Assemblymember Bronson for introducing legislation that would prevent IDAs from doling out school revenue like candy and giving away our kids' future."

Michael Kink, Executive Director of the Strong Economy For All Coalition, said, "State lawmakers need to take action: it's time to stop wasteful giveaways by local IDAs that defund our local schools and drive-up property taxes. We call on the Senate and Assembly to include the Ryan-Bronson legislation in their one-house budget bills and make them a top priority for

this year's state budget, due April 1."

Jasmine Gripper, Executive Director of Alliance for Quality Education, said, "The State is finally fully funding Foundation Aid to conclude a 30-year legal and legislative fight. It's rather unfortunate that all this time, it's been giving billions away in the form of unnecessary local IDAs. All this money could be better spent in our public schools, to expand early childhood education, not as giveaways that return nothing to the local community. Senator Ryan and Assemblymember Bronson's bill will ensure schools and teachers have the public funds necessary to support every student's well-being. It's time for New York's long history of prioritizing corporations over communities to end."

The Reverend Peter Cook, Executive Director, New York State Council of Churches, said, "There are far more beneficial ways to foster economic development than giving 1.8 billion away from our public schools for corporate tax breaks. A better approach is to keep our public schools strong and well-funded so that communities are more attractive to corporations wanting to relocate or remain in the community. Our children should not become unwitting philanthropists for ill-conceived economic development projects. Moreover, homeowners, who pay the highest property taxes in the nation, expect municipalities to be good stewards of the tax dollars they receive and do not look kindly on the upward pressure placed on their tax bills from unwarranted corporate tax breaks."

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