



Testimony before the Joint Senate Hearing on Economic Development Incentives & Subsidies to Meet NYS Economic Development Goals

**Delivered by Kyle Strober, Executive Director, ABLI
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- Good Afternoon, Madam Chairwomen, Chairman, and NYS Senate Members of the Finance, Commerce, Economic Development and Small Business, and Investigations and Governmental Operations Committees.
- My name is Kyle Strober and I serve as Executive Director for the Association for a Better Long Island (ABLI). We are a regional economic development advocacy organization whose mission is to protect, improve and strengthen the LI economy for this generation and for those generations to come.
- ABLI is a major proponent for business subsidies and tax incentives. They are vital to attract and retain business and spur diverse housing options in a region that desperately needs it.
- I am also a Long Island raised millennial, who left the region to attend college in the Midwest and choose to return. According to various studies and reports, I might be a rarity.
- I recognize that this esteemed body of elected officials is well versed in the topic of business subsidies and tax incentives.
- So I'm certain you've all read reports that reveal the positive impact of economic development assistance across New York.
- Instead, I chose to use my three minutes to provide you with three real life examples that demonstrate how government assistance continues to provide a critical tool in protecting and preserving our regional economy.
- In 2007, Canon U.S.A., and its 1,260 jobs, averaging a salary of \$75,000, was looking to relocate its western hemisphere headquarters. The company had been eyeing a property in Jamesburg, N.J.
- Thankfully, and only because of business subsidies and tax incentives derived from all levels of government, federal, state, county and town.....

- Canon U.S.A remained on Long Island and. It resulted in an investment of over \$500m for a new headquarters, and increased its job total to over 1,511 which, today, have an average salary over \$110,000.
- The significance here, this was one of New York State's biggest investments ever on Long Island and it has paid major dividends.
- Another example is Wyandanch Rising.
- According to U.S. census tract data, Wyandanch is one of the most economically distressed communities on Long Island.
- Today, Wyandanch Rising is a \$600m mixed-use multifamily housing project that creates a true walkable downtown community around the existing LIRR train station.
- The project is currently underway, estimated to create 18,000 jobs and over 60% of the units are affordable.
- Governing Magazine profiled the project as a national model for suburban revitalization.
- This transformative project of national significance would not have been possible with the support of subsidies & incentives from all levels government.
- The last example is regarding the Contract Pharma Corporation.
- This company received its first tax incentive in the late 1980s and has grown from one manufacturing facility to 11 facilities on Long Island. They currently employ 1,363 people. Their owners live in Florida and the company has operations there as well.
- Most recently, in May 2021, they received a tax incentive of just over \$500,000 to improve its warehouse, lab & pharmacy at one location. They pledged to add 25 more jobs that will pay \$60,000 per year, on average.
- Contract Pharma didn't just meet that pledge, they exceeded it. And have a track record of likely exceeding their job creation numbers whenever they receive assistance.
- Long Island was once known for bending metal and crafting technology for the aerospace industry. Now, pharmaceuticals is Long Island's largest manufacturing sector, with double the number of employees as the second-largest sector.
- Without the support of subsidies & incentives, this company, like a list of others, might have called the Sunshine State their new home. And more importantly, a thriving new manufacturing sector might never have emerged on Long Island.
- My point is that business subsidies and tax incentives are strategically important investments in our local economies and vital to the long-term economic viability of our region.
- And all the various programs that provides this assistance are critical tools to spur economic development, from New York's ESD, NYSERDA, DOL to county & town IDAs to federal programs.

- To retain and attract businesses, as well as spur diverse multi-family housing projects, often times, it requires a mixture of several programs.
- As I wrote in a September 24, 2020, Newsday opinion essay, co-authored by my fellow panelist Mitch Pally...
- *“There is an intractable Long Island Gordian knot confronting the construction of multi-family housing and attracting & retaining businesses that will never be resolved unless we address a tax system that is unsustainable and a local zoning system that is suffocating. Until these two issues are resolved the use of the much maligned and totally misunderstood incentives provided by the region’s industrial development agencies will continue to be the only reliable means of bringing significant multi-family housing to market and attracting & retaining businesses.”*
- In sum, Long Island is a high cost, high tax region. And in a national, even global economy, we see that financial investors for new housing ventures, owners of manufacturing companies, and, especially, boards of large corporations, make their decisions based on whether local government is prepared to welcome them through incentives. With respect to committee members, the future of our economy rests on our ability to recognize that bottom line reality.