

**Testimony Before the New York State Senate
Senate Select Committee on Budget and Tax Reform
Re: Empire Zones**

Senator Liz Krueger, Chair

April 30, 2009

**Presented by Judy Seil
Monroe County Planning and Development Director**

Good afternoon and thank you for taking the time to hear the views of Monroe County on this critical issue.

My name is Judy Seil and I am the Director of Planning and Development for Monroe County as well as the Executive Director of the County of Monroe Industrial Development Agency (COMIDA). I have been in economic development for over 17 years with Monroe County and previous to that I was a commercial loan officer at a local bank for 10 years. The past 8 months have been very trying for the local business community. However, I must say we have seen businesses continue to expand and grow although not at the pace in the previous 4 years. We need to have incentives in NYS in order to compete with our neighboring states and globally. Businesses have choices and with NYS being the 49th highest taxed state, the choices may not be NYS when the next decision needs to be made. The franchise tax is only one of the numerous taxes businesses have to pay. That coupled with rising real estate taxes, health care costs, energy and workers' compensation make it difficult for businesses to make the money they need to invest in future expansion and personnel.

Our economic development department manages the Monroe County Economic Development Zone. New York State's Empire Zone program was created to stimulate economic growth through a variety of State tax incentives designed to attract new businesses to New York State and to also enable existing businesses to expand and create more jobs for residents. The role of the Empire Zone program has grown increasingly important as we continue to lose jobs and businesses to other states and foreign competition due to New York State's extraordinarily high tax burden.

High taxes, coupled with rising energy and health costs places New York in a weak competitive position when vying for business. By offering tax credits and benefits,

the Empire Zone program helps to level the playing field for businesses in New York by allowing us to remain competitive in the ever-expanding global economy.

Monroe County's local economy is greatly strengthened by its Empire Zone projects. It is a critical economic development tool that has been significant in attracting new businesses to our area, as well as encouraging businesses already with presence here to expand their operations.

As of 2007, Monroe County's Empire Zone program was home to 112 companies, creating 6,138 jobs for local residents. These companies pay \$329 million in wages and induce \$154 million worth of investments in Monroe County.

For example, companies such as Adecco and CooperVision each previously had a small local presence in Monroe County. When looking to expand their business operations; they chose to do so in Monroe County solely because of the benefits provided by the Empire Zone program. These two expansions alone retained 964 local jobs, impacted 206 jobs, and will create 289 new jobs for local residents.

Callfinity is a company that was founded in Boston and moved to Monroe County in 2004 because of the incentives offered through the Empire Zone program allowed our region to compare favorably with other states. Callfinity brought with them almost 30 jobs to Monroe County and continue to grow and make investments that would not be feasible without the benefits of Empire Zones.

The recent reforms outlined in the State Budget bill to the Empire Zone program will negatively impact Monroe County's ability to remain competitive in attracting and retaining companies in our region. The new provision which allows all companies currently within an Empire Zone to be subjected to a new review of their certification status drastically hinders New York State's ability to remain a competitive, viable place to do business.

Many companies within Monroe County certified in an Empire Zone could their certification under this new provision. Once a company loses its Empire Zone benefits, they are liable to close-up shop and flee New York State entirely for a region with an improved business climate. Monroe County can not afford to lose thousands of jobs and millions of dollars in investments in our local economy.

I would also like to briefly address the detrimental effect the Hoyt/Thompson bill will have on IDAs across NYS. The two economic development tools that attract and keep businesses expanding in NYS are the Empire Zone and IDAs. The Hoyt/Thompson bill raises the cost for a business to construct their facility while at the same time will put the company at a competitive disadvantage of requiring the company to pay a minimum wage of \$15.42. The bills require that the company must pay the median wage for the metropolitan statistical area which in our area is \$15.42. We recently approved a local project in which a company was making a \$1.5 million investment to their facility and applied the \$15.42 to the company's current employees and new employees. The payroll of the company in year one increased by over \$500,000. The total benefit the company

was receiving over a 10 year period through the IDA was \$180,000. Simply put, no smart business person is going to spend \$500,000 in year one to save \$180,000 over 10 years.

Due to the over-taxed nature of our State, Monroe County is relatively limited in its capacity to attract new business. The Empire Zone and IDA are significant assets to Monroe County in its job creation and retention efforts. Amidst this current economic crisis, it is critical that we continue to look for ways to facilitate job creation and growth for local residents, not impede it.

Thank you for the opportunity to address the committee today.