



Key Facts about IDAs

New York State's 114 Industrial Development Agencies (IDAs) provide aid to private businesses to locate or expand in the state. In exchange for tax exemptions and tax-exempt bond financing, companies often agree to create or retain a certain number of jobs. Too often, however, these businesses fail to meet their commitments, or create low-wage work that doesn't promote real economic growth. Performance standards, accountability measures, and transparency reforms are needed to ensure that IDAs do not waste public dollars.

\$182 million in IDA tax breaks went to companies that cut jobs, failed to create any new jobs, or didn't promise to create any jobs

- IDAs continue an annual trend of **increasingly ineffective spending**.
 - ⇒ **38%** of net spending resulted in no job promise, no job creation or a loss of jobs in 2010, up from 25% in 2009.
 - ⇒ **48%** of IDA projects lost jobs or failed to create jobs in 2010, up from 38% in 2009.
- With the amount of money wasted on these projects we could have:
 - ⇒ Retrofit nearly 33,000 homes in NY, creating nearly 3,000 jobs in the hard hit construction industry and saving NY residents over \$33 million in energy costs.¹

A legacy of failure: Over one-half of all projects that ended in 2010 failed to create a single job

- 175 subsidy agreements that ended in 2010 lost jobs. These businesses originally agreed to create a total of 7,865 jobs. Instead, they **lost 7,896 jobs**.
- Of the 31,325 jobs agreed to be retained by projects ending in 2010, **only 118 net jobs were retained**.

IDAs continue to maintain high spending while state and local budgets are slashed

- IDAs have maintained high spending on net tax exemptions, spending **\$483 million** in 2010. Since reporting began in 2003, IDAs have spent a total of nearly **\$4 billion** in net tax exemptions.²
 - ⇒ If NY had instead spent \$4 billion on direct job creation efforts rebuilding our state's crumbling infrastructure, we would have created nearly 150,000 jobs and increased the attractiveness of our state to many more businesses seeking to relocate or remain here.³

Local governments are increasingly picking up the tab for corporate tax exemptions

- In 2003, 77% of exemptions came from local rather than state coffers. In 2009, local governments' share of exemptions rose to 85%. In 2010, it increased to 88%. **In several counties, over 25% of taxable property is exempt from local taxes due to IDAs**. As a result, local residents must choose between increased property taxes or service cuts.⁴
- **Local governments lost \$426 million** in tax revenue in 2010, including \$200 million lost to local school boards.
 - ⇒ Since 2003, school districts have lost \$1.4 billion that could have been used to educate nearly 80,000 children.⁵
- **Since 2003, there has been an 84% increase in tax revenue lost to local governments**, from \$231 million to \$426 million in 2010.
 - ⇒ Overall, for every \$1 given in net IDA tax exemptions in 2010, schools lose 41 cents.

¹ Author's calculation, based on Center for Working Families, Green Jobs/Green Homes NY, available at <http://www.workingfamiliesparty.org/wordpress/uploads/2009/04/green-jobs-green-homes-ny-summary.pdf>

² All IDA data based on F.Y. 2009 data collected by the NY State Comptroller. For more information, please contact Josh Kellermann at 212.701.9483

³ Author's calculation, derived from Phillip Harvey, *Back to Work: A Public Jobs Proposal for Economic Recovery*, Demos, March 2011

⁴ New York Office of the State Comptroller, Annual Performance Report on New York State's Industrial Development Agencies, 2011.

⁵ New York's average cost per pupil in 2010 is \$18,126, according to 2011 US Census Bureau, available at <http://www.census.gov/newsroom/releases/archives/governments/cb11-94.html>