



Key Facts about IDAs

New York State's 113 Industrial Development Agencies (IDAs) provide aid to 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.

\$162 million in IDA tax breaks went to companies that lost jobs, failed to create a single job, or never made any job creation promises

- IDAs continue an annual trend of **ineffective spending**.
 - ⇒ **33%** of net spending resulted in no job promise, no job creation or a loss of jobs in 2011, up from 25% in 2009, and slightly down from 38% in 2010.
 - ⇒ **46%** of IDA projects lost jobs, failed to create jobs, or had no job promises in 2011, up from 38% in 2009, and similar to 48% in 2010.
- With the amount of money wasted on these projects we could have:
 - ⇒ Retrofit nearly 30,000 homes in NY, creating over 2,500 jobs in the hard hit construction industry and saving NY residents \$30 million in energy costs.¹

A legacy of failure: Over one-half of all projects that ended in 2011 failed to create a single job

- 94 subsidy agreements that ended in 2011 lost jobs. These businesses originally agreed to create a total of 5,971 jobs. Instead, they **lost 17,017 jobs**.
- Of the 52,565 jobs agreed to be retained by projects ending in 2011, **these projects lost 1,166 net jobs**.

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

- IDAs have maintained high spending on net tax exemptions, spending **\$490 million** in 2011. Since reporting began in 2003, IDAs have spent a total of over **\$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 2010, local governments' share of exemptions rose to 88%. In 2011, it only slightly decreased to 82%. **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 \$401 million** in tax revenue in 2011, including \$211 million lost to local schools.
 - ⇒ Since 2003, school districts have lost \$1.6 billion that could have been used to educate nearly 90,000 children.⁵
- **Since 2003, there has been a 74% increase in tax revenue lost to local governments**, from \$231 million to \$401 million in 2011.
 - ⇒ Overall, for every \$1 given in net IDA tax exemptions in 2011, schools lose 52 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. 2003-2011 IDA data collected by the Office of the New York 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>