



## JOBS Act: Frequently Asked Questions

### **Will the JOBS Act cause employers to leave New York?**

No. The JOBS Act simplifies and streamlines New York's complex economic development system by creating a single application, a single financial assistance agreement, and a single reporting system. For large projects only, the JOBS Act requires 50% local hiring – a reasonable request given New York's high unemployment rate.

The JOBS Act will make New York's economic development system more approachable for small businesses, less susceptible to gaming by big businesses, and more capable of creating the local jobs that New Yorkers need. The JOBS Act creates a framework for a performance-based economic development system that sets goals and tracks them, which will ensure that New Yorkers get their money's worth from these important investments.

### **Will the JOBS Act consolidate or eliminate economic development programs?**

No. The JOBS Act does not pick winners and losers, it simply requires reporting on a common set of questions.

Currently, it is difficult to assess whether New Yorkers are getting a return on their investment in many economic development programs. This legislation will provide a baseline of information that will allow the public and policymakers to evaluate the performance of various subsidies and programs. What policymakers do with these evaluations is not the purview of the JOBS Act.

### **Is the JOBS Act revenue neutral?**

The accountability requirements in the JOBS Act would likely result in increased revenue to state and local governments. By instituting strong clawback provisions, New Yorkers could recapture money from companies that are failing to live up to their agreements.

The latest reporting on Industrial Development Agencies (IDAs) shows that one-third of net subsidies failed to meet their job creation targets or made no job promises at all, costing taxpayers \$162 million in 2011. If other programs perform similarly to IDAs, one-third of \$7 billion spent annually in New York, or \$2.3 billion, could potentially be recaptured and repurposed each year.

The JOBS Act builds on an already-existing reporting system, the Public Authorities Reporting Information System (PARIS). This system already tracks certain local and state economic development programs, and would only need to be expanded to accept other programs and add certain categories of information.

There is significant administrative waste in the current economic development system because each program has its own reporting system. ESDC has different reports for each of its programs. Each of the 114 IDAs is supposed to report data on its website (many fail to do this), while also reporting into the PARIS system. The State Comptroller and the Authorities Budget Office jointly compile IDA data and create reports. The Department of Tax and Finance provides reports on some of its programs. The Governor's Office of Motion Picture and Television Development produces its own report. Regional Economic Development Councils produce their own reports. The consolidation of data into a single website, managed by a single entity, would eliminate the need for each entity producing its own unique report, and would create a single template for reporting that would streamline the work and save time.

### **Hasn't the economic development system been reformed recently?**

Recent reforms have improved the transparency and accountability of some economic development programs, but reforms have largely been piecemeal and have not gone far enough.

The Public Authorities Reform Act of 2009 increased transparency in public authorities like IDAs and Local Development Corporations (LDCs), but reporting is still poor or non-existent from many authorities, and there are several economic development programs not covered by this reform effort.

Regional Economic Development Councils developed a Consolidated Funding Application that applies to several economic development programs, but the Councils coordinate less than 10% of the subsidy spending in the state. Earlier this year, Governor Cuomo restricted state funding for some IDA projects and instituted clawbacks for the state sales tax exemptions provided by IDAs, but again, these changes only impact a small fraction of economic development spending.

### **How will this bill impact Regional Economic Development Councils and Start-Up NY?**

The provisions of the JOBS Act would apply to all economic development programs that provide financial assistance to businesses, including tax exemptions, tax credits, tax-exempt bonds, and more. Where programs already implement best practices in the industry, such as comprehensive reporting, utilizing standard applications, benchmarking performance goals, they will have to change very little in order to comply with the JOBS Act.

### **Won't this bill prevent localities from being able to have control over economic development decisions?**

This bill maintains local control over spending. It establishes a common application and financial assistance agreement for both local and state spending, which should streamline program administration for local areas, but will not decrease the power of locals to direct funds to where they are needed.

Improved accountability mechanisms, such as requiring affected local taxing jurisdictions to approve of subsidies, will increase the voice of localities in economic development decision making.

### **Would a local hire program be too burdensome on businesses?**

It is common sense that publicly-funded economic development projects should hire locals whose taxes helped to pay for the project in the first place. Local hiring also generates a higher local revenue stream that can help to offset the cost of the subsidy. New York has a 14% statewide unemployment rate. By ensuring that a reasonable amount of local residents are hired at a project funded by local taxpayer dollars, the JOBS Act helps to address the unemployment crisis in our state, and ties local residents to the success of each project.

Some economic development agencies already have requirements around local hiring. For example, both the Erie County and Niagara County Industrial Development Agencies require that companies receiving certain types of tax abatements or project aid hire locally.

In order to avoid placing undue burdens on small businesses, the local hire provision in the JOBS Act only applies to businesses receiving subsidies of over \$100,000. Flexibility is also allowed by requiring only that 50% of workers come from the area in which the project is located and by using larger geographic areas to expand the labor pool that would qualify as local.