

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Resolution No. 10-02-10
February 23, 2010

OPPOSING NYS DIVISION OF BUDGET'S COST RECOVERY CHARGE

WHEREAS, the 2009-10 New York State Budget contained a maximum \$5 million statewide "cost recovery" tax on IDAs, the purpose of which was to "reimburse to New York State an allocable share of state governmental costs attributable to the provision of services to industrial development agencies," and

WHEREAS, in order to carry out this directive, each Industrial Development Agency with 2008 Total Gross Revenue (as determined by NYS Authority Budget Office's PARIS) greater than \$5,000 has been assessed a Cost Recovery, in an amount equal to approximately 4.7% of its gross revenues, and

WHEREAS, the St. Lawrence County Industrial Development Agency has been assessed for administrative services in the amount of \$27,912,

WHEREAS, it is the opinion of the St. Lawrence County Industrial Development Agency that the assessment is arbitrary at best, punitive, unfair and severely flawed for the following reasons:

- 2008 revenue may have already been invested in 2009 or 2010 economic development projects and activities, and the IDAs were not notified of their assessment by the statute-mandated deadline of November 1, 2009;
- The fee is a disincentive for IDAs to seek out grants and other sources of revenue, which may be passed along in support of IDA and other economic development projects;
- The cost recovery charge is arbitrary and redundant, as IDAs are already required to pay the Bond Issuance Charge (enacted as a cost recovery source for revenue for the State, specifically the Authority Budget Office);
- The funds collected from the cost recovery charge is more than 300 percent greater than the total budget of the Authority Budget Office, the administrative agency that oversees IDAs, and consequently the charge does not reflect any rational basis for actual costs incurred by the State for providing services to IDAs;
- The cost recovery charge is punitive, as the sponsoring municipalities will be required to either (a) make larger contributions to support their lead economic development organizations and offset this tax, or (b) reduce economic development services; and neither outcome should be acceptable to the State of New York;
- The lack of economic activity in the State due to the recession, the State's uncompetitive business climate, and the sunset of the IDA nonprofit law in 2008 has caused income of IDAs to fall significantly in 2009, and next year's assessment on IDA gross income will have to apply a much greater percentage tax in order to generate \$5million, and thereby depleting IDAs of operating capital, limiting their ability to be self-sufficient and doing material harm to local economic development efforts; and
- The cost recovery charge is bad public policy. IDA fee-based income is used to support important local job creation initiatives, including paying for the operation of the IDA; paying for infrastructure of economic development projects; building industrial and technology parks; administering business marketing programs; and conducting job fairs,

to name a few. The State assessment will dismantle these programs and have a resulting negative economic impact on the State and our communities at the very same time that IDAs are being asked to support local efforts more than ever due to the recession and cutbacks at the State and local levels, and

WHEREAS, the Agency believes that, instead of mandating the cost recovery fee as a vehicle to generate revenue for the State, that an extension of IDA nonprofit law would, in addition to benefiting economic and social service agencies, generate 15 times the revenue for the State than this tax is intended to generate,

NOW, THEREFORE, BE IT RESOLVED that the St. Lawrence County Industrial Development Agency formally opposes the cost recovery charge for the reasons noted above, and

BE IT FURTHER RESOLVED that the Agency encourages its State Legislators to reinstate IDA nonprofit legislation, and

BE IT FURTHER RESOLVED that while the St. Lawrence County Industrial Development Agency authorizes the establishment of the following budget line item:

6460.504 Public Authority Assessment Fee \$27,912, it wishes to formally reiterate its opposition to the State's assessment process.

Move:	Blevins			
Second:	Hall, LaBaff, Morrill, Staples, Weekes			
VOTE	AYE	NAY	ABSTAIN	ABSENT
Blevins	X			
Hall	X			
LaBaff	X			
McMahon				X
Morrill	X			
Staples	X			
Weekes	X			

I HEREBY CERTIFY that I have compared this copy of this Resolution with the original record in this office, and that the same is a correct transcript thereof and of the whole of said original record.

/s/ *Natalie A. Sweatland*

Natalie A. Sweatland
02/23/2010