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## Tax-free plan approved for near colleges

*By Joseph Spector*

A – LBANY – Businesses who locate near college campuses would have to pay no taxes for 10 years under legislation backed Friday by the state Legislature.

The proposal is one of Gov. Andrew Cuomo's top economic-development initiatives, but the plan faced criticism as a giveaway to certain companies.

Cuomo last month unveiled what is now called Start-Up NY, which will seek to lure companies from out of state into New York. High-income earners would have to pay income taxes after five years.

The tax-free program is part of what Cuomo on Friday called the largest incentive to create upstate jobs in state history. The Legislature was also adopting legislation to allow for four upstate casinos and to create a financial restructuring panel for local governments.

"That will be the most comprehensive package for upstate economic development. Period," Cuomo said on "The Capitol Pressroom," a public-radio show.

The Democratic-led Assembly passed the bill, 98-44. The Senate was expected to pass the bill late Friday night.

The upstate economy has struggled. In the 10-county downstate region, private-sector jobs grew by 2 percent over the past year, the state Labor Department said Thursday. In the 52 counties upstate, the job growth was 0.8 percent.

So the tax-free program is tailored to upstate, but also includes incentives for businesses to locate in New York City and its suburbs.

Assembly Majority Leader Joseph Morelle, D-Irondequoit, Monroe County, said it makes sense to build the upstate economy around its colleges, which are among the largest employers throughout the region and are research incubators.

"In order to take advantage of an innovation-based economy, we have to look to the greatest asset we have in upstate New York -- and that is extraordinarily high-quality, higher-education institutions," Morelle said on the Assembly floor.

Companies approved for the program will not pay any taxes, such as property, sales and income taxes. But for the second five years, employees will pay no taxes on income up to \$200,000 of wages for individuals. The number of new jobs eligible for the income tax breaks will be capped at 10,000 a year.

The legislation requires the new business to be "aligned with or further the academic mission of the campus," Cuomo said in a news release. The program will not include retail or wholesale businesses, or restaurants. In the New York City area, including Westchester County, the companies must be a high-tech businesses or a new start-up.

Every SUNY college north of Westchester County can develop tax-free zones, which can be as large as 200,000 square feet and located within one mile of a campus. Some private colleges could also be eligible.

There will also be one tax-free zone in each of the New York City boroughs near city colleges, as well

as 75,000 square feet in each of the downstate counties, including Westchester.

“SUNY’s power to revitalize New York’s economy is now ready to reach its full potential,” SUNY Chancellor Nancy Zimpher said in a statement Wednesday.

The program has been criticized. Unions and conservatives, in a rare agreement, said the program would hurt existing businesses and is another tax handout to companies. The state spends about \$7 billion in a year on tax breaks because it’s one of the most heavily taxed states in the nation.

“New York State’s past experience with geographically-targeted business tax incentives should raise huge red flags regarding the efficacy of the proposal as an economic development strategy,” according to a report last week from the Fiscal Policy Institute, a labor-backed think tank.

The Tax Foundation, a business group in Washington D.C., has annually named New York as having one of the worst business climates in the country.

Assemblyman Christopher Friend, R-Big Flats, Chemung County, said the measure doesn’t do enough to help existing businesses.

“I think we all know what the issues are. The real issues are the constantly changing regulations in the state,” he said on the Assembly floor.

The state Conservative Party said the program is misguided.

“Government should not be deciding what business receives government handouts that give them advantages over other businesses,” the party said in a statement. “The Conservative Party is opposed to the artificial support of businesses created by eliminating every tax for certain government favored business.”

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