

Still Time to Enact Economic Transparency Measures

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Last week, the state Legislature approved Gov. Andrew Cuomo's request to spend about \$6.5 billion on a grab bag of economic development projects and business tax breaks — more than three times what the state will spend on clean drinking water. Unfortunately, left out of the budget were common sense transparency and accountability measures that are badly needed to ensure economic development funding is easy to track, and that projects are a good investment for taxpayers.

The governor and lawmakers should be feeling significant pressure to enact meaningful reforms. This is the first state budget since nine people — including top aides to the governor — were arrested last October for allegedly rigging \$800 million in upstate economic development funds.

That scandal highlighted what federal and state prosecutors called "systemic problems" with how billions of state economic development funds are awarded. This really matters because, based on the size of the state economy, New York spends about twice as much as other states do on economic development. Yet, despite the scope of this public investment, New York's subsidy programs lack basic transparency and contracting safeguards.

The upstate scandal made front-page news, but for years fiscal watchdog groups from the left and right of the political spectrum and investigative journalists have been raising fundamental questions like: Why is it so hard to get basic information about who is getting what? Why are there no apples-to-apples comparisons on job creation or leveraged investment? Why isn't there a single definition of "job?" Why does the state use unaccountable non-profits to steer so much money?

If there is good news here, it is that the governor and Legislature can still rise to the occasion and put in place some basic safeguards this legislative session.

Encouragingly, both the Senate and Assembly included a version of a "Database of deals" in their budget bills, which would allow the public to see the diverse forms of subsidies that a business is getting from taxpayers. Both houses also discussed something akin to a unified economic development budget — which clarifies all forms of subsidies during the budget process. Also cause for some optimism is that rank and file members of both houses have been vocal about the need for major economic development reforms. The governor also proposed limited reforms in the executive budget.

Fixing "systemic problems" is not going to be easy, but some important steps forward are actively in play and have a chance of being enacted this session. These are some basic, commonsense measures the governor and Legislature should be focused on getting done now:

Database of deals: Show every state subsidy a company is getting, including tax benefits. Six states have such a database. Without this, the public does not know how many benefits businesses are receiving.

Unified economic development budget: List all economic development programs in one place to make clear to legislators and the public the totality of the state's subsidies.

Procurement reform: Legislation sponsored in the Legislature by Sen. John DeFrancisco, R-Syracuse, and Assembly Member Crystal Peoples-Stokes, D-Buffalo, includes many of the clean contracting reforms proposed by Comptroller Tom DiNapoli and watchdog groups. It would ensure proper oversight of the bidding process.

When it comes to economic development spending, it can't be business as usual. The governor and Legislature need to restore the public's trust by providing some basic transparency and accountability, and they can start right now