THE DIRTIEST DOZEN

NEW YORK’S WORST "Economic Development" DEALS
New York State is one of the most prolific users of so-called “economic development” incentives in the country, spending some $10 billion annually at the state and local level on subsidies to select businesses. For all that, New York has very little to show other than empty factories, underwhelming job-creation numbers, and a slew of corruption scandals.

Instead of addressing these obvious problems, Gov. Hochul has proposed to double spending at the Empire State Development Corporation — literally doubling down on failure.

It’s time to try something new. But to truly reform the economic development system so that it focuses on people, communities, and local businesses, policymakers have to understand what went wrong.

This paper covers 12 of the worst New York economic development deals: a dirty dozen of failure. This is just the tip of the iceberg, but it provides a sense of the many ways in which New York’s dependence on corporate subsidies has done the state’s residents wrong, and why a complete overhaul of the system is such an urgent priority.
NEW YORK’S MOST EXPENSIVE SUBSIDY:
$4 MILLION PER JOB

Plug Power: The most expensive economic development deal in New York history on a per-job basis, the clean energy corporation Plug Power received nearly $270 million to create just 68 jobs at a plant at the Science and Technology Advanced Manufacturing Park site in Genesee County – and that amount doesn't factor in the costs of local infrastructure to service the plant. The total cost to taxpayers is $4 million per job.

SUBSIDIES RECEIVED:
$270 MILLION

TO CREATE JUST:
68 JOBS

Another Buffalo Billion boondoggle
Agency developing a high-tech industrial park in Genesee County has little to show for nearly $27 million in spending. No tenants, no infrastructure - but the boss is making a good buck.

By Mark Scheer
Semiconductor Shell Game:
The STAMP site – which cost taxpayers $26 million to build – is part of a much larger failed push to attract a semiconductor manufacturer to New York that also includes the $3.2 million White Pine Commerce Park in Onondaga County, which has had no tenant for 20 years. State officials have proposed massive subsidy packages for semiconductor corporations to come to one of those two largely empty sites, including $1.9 billion for a Samsung plant that ultimately went to Austin, Texas. Gov. Hochul is reportedly currently negotiating with a semiconductor manufacturer to move to STAMP, though she refuses to identify which one. The state also paid the largest cash grant ever awarded in the U.S. to the semiconductor firm GlobalFoundries, as part of a massive $1.4 billion incentive package.

COST TAXPAYERS: $26 MILLION

OUTCOMES: 0 JOBS, 0 TENANTS

Clay, N.Y. -- The Onondaga County Industrial Development Agency has agreed to spend $900,000 to buy 106 acres of land for the publicly owned White Pine business park.

With the $900,000 purchase, the agency will have spent a total of $3.2 million acquiring land for the business park, dating back to the 1990s.

The park has attracted no companies who want to move there.
Billions for a Billionaire
Don’t Pay Off for New Yorkers

Tesla and Solarcity:
Former Gov. Andrew Cuomo’s Buffalo Billion revitalization plan centered around a state-funded $950 million solar panel plant for SolarCity, a subsidiary of Tesla, in South Buffalo. The plant currently employs far fewer workers than the 3,000-plus predicted by the governor. A state audit found the state’s investment has produced only 54 cents on the dollar for the public.
New York State has also begun to sell off more than $200 million in manufacturing equipment that it bought for the Tesla and Panasonic solar manufacturing facilities.

Cost Taxpayers: $950 Million

New York State has begun to sell off more than $200 million in equipment bought for the manufacturing facilities.

New York cutting its losses on high-tech equipment purchased with Buffalo Billion

BY RYAN WHALEN | BUFFALO
UPDATED 6:55 PM ET OCT. 18, 2021

BUFFALO, N.Y. -- New York state is cutting its losses on more than $200 million in equipment it purchased as part of the Buffalo Billion.
The Rest of the Buffalo Billion: The Tesla investment was part of a much larger failed initiative from Cuomo and Hochul named the Buffalo Billion, a $1 billion spending plan intended to bring tech and manufacturing companies to the Buffalo area. Instead, what the public received was lower rates of tech and manufacturing sector employment in the region and a slew of administration insiders and developers convicted of corruption charges for steering public funds to particular corporations and individuals. As then-U.S. Attorney Preet Bharara put it, “the bids were rigged and the results were preordained. Companies got rich and the public got bamboozled.”

COST TAXPAYERS: $1 BILLION

OUTCOMES: DEVELOPERS CONVICTED OF CORRUPTION

Employment in the technology sector actually fell in Western New York between 2011 and 2017, despite the infusion of Buffalo Billion money.

OUTCOMES: Lower rates of tech and manufacturing sector employment.

Tesla gets an extension to meet its job target in Buffalo

David Robinson  Apr 28, 2021 Updated Dec 28, 2021 17

The Tesla factory at RiverBend.
Derek Gee/News file photo
A TOTAL FLOP: CUOMO’S MULTI-MILLION DOLLAR FILM STUDIO

The Central New York Film Hub:
The Central New York Film Hub is a movie studio outside Syracuse, which cost $15 million in public funds to build, but was sold for just $1 to a new corporation set up by Onondaga County itself, despite Cuomo boasting in 2014, “Who would have ever figured: Hollywood comes to Onondaga, right?” No major films were ever shot at the studio.

COST TAXPAYERS:
$15 MILLION

OUTCOMES:
No major films were ever shot at the studio.

New York Spent $15 Million to Build a Film Hub. It Just Sold for $1.

A state-built film studio near Syracuse, N.Y., was designed to lure Hollywood to Onondaga County, but it has not lived up to expectations. Heather Ainsworth for The New York Times

By Jesse McKinley
June 1, 2018

ALBANY — A $15 million state-built film studio outside Syracuse, which promised to produce hundreds of jobs and bring Hollywood’s glitter to Central New York, hit an inglorious milestone on Friday with its sale to a new corporation set up by Onondaga County to manage it.

The price? $1.
Massive Giveaways to Amazon:
New York localities have given away huge subsidies to Amazon to help the e-retail platform build out its distribution and warehousing network, including $150 million from Gates, $70 million from Clay, $21 million from Montgomery, $20 million from Greece, $18 million from East Fishkill, $13 million from Schodack, and $6 million from Hamburg. As many analysts have pointed out, these handouts undermine local businesses, harm workers, and have nothing to do with where Amazon chooses to locate, as those decisions are based on many other factors such as access to Prime customers, the area’s disposable income, and access to transportation infrastructure. Currently, known Economic Development Subsidies Awarded to Amazon.com in New York State as of March 1st, 2022 cost New York localities $400 million.

2013–2022 COST STATE LOCALITIES:
$400 MILLION

“...It doesn't make sense for the government to hand out tax incentives, because if Amazon wants to be there, they're going to be there, period.”
**Facilitating Fraud: Corrupt Company Chases IDA Payoff**

**Medline Lies:** Medline, a manufacturer and distributor of pharmaceutical supplies, threatened to move a warehouse project in Montgomery to New Jersey or Pennsylvania if its application for a local IDA tax break was rejected. When it didn’t receive the tax break, Medline built the warehouse anyway, highlighting that development incentives almost always play no role in corporate location decisions. Sen. James Skoufis has referred a case against Medline to the Orange County DA for potential prosecution for lying on government documents.

**Outcomes:**

When Medline didn’t receive the IDA tax break, the warehouse was built anyway.
8 YET ANOTHER EMPTY TAXPAYER-FUNDED FACTORY SCAM

Soraa LED Lighting: The state built a $90 million factory for the Soraa LED lighting company, which walked away from the deal with no penalty, and which spent none of its own money on the project. The state then committed up to $15 million more so NexGen Power Systems, a semiconductor company, would retrofit and lease the plant. NexGen then received $3 million more in property tax reductions, as well as tax breaks on equipment and construction materials.

COST NEW YORK: $90 MILLION

OUTCOMES: The company walked away from the deal with no penalty, and spent none of its own money on the project.

MORE STATE SPENDING: $15 MILLION, AND THEN $3 MILLION MORE IN ADDITIONAL TAX CUTS

NY taxpayers built $90M factory in DeWitt for firm that walked away, didn’t create a job

Updated: Jan. 30, 2019, 12:09 p.m. | Published: Jan. 04, 2018, 2:30 p.m.

By Rick Moriarty | rmoriarty@syracuse.com

DeWitt, N.Y. -- In 2014, the development arm of SUNY Polytechnic Institute agreed to build, with $90 million in state money, a factory in DeWitt for an LED light bulb manufacturer.

The company, California-based Soraa, agreed to create 250 full-time, high-tech jobs at Collamer Crossing Business Park and to encourage Soraa contractors and suppliers to create another 170 jobs in Central New York.

In return, the company would be allowed to lease the factory for $1 a month for 10 years.

But the deal with SUNY Poly’s Fort Schuyler Management Corp. did not require Soraa to spend any of its own money to build or equip the factory. And it contained no penalties if the company did not occupy the building or create the promised jobs. The company never even signed a lease.
**MILLIONAIRES’ HORSES GET MORE THAN FARMERS OR VETERANS**

**Horse Racing Subsidies:** New York has directed $2.9 billion in subsidies to horse racing in the name of economic development since 2004. The subsidies have failed to enable racing to be self-supporting or fulfill its constitutional mandate to provide a reasonable revenue to the state from wagering. As a thorough Times-Union investigation pointed out, the amount horse racing is subsidized is “more than twice the money New York budgeted for the state Department of Agriculture in the same time period, and 13 times what it spent on veterans’ services.” But, the state has never independently verified the amount or quality of jobs that racing claims—or the actual economic impact the sport provides.

**SUBSIDIES SINCE 2008: $2.9 BILLION**

**BONUS: BILLIONAIRE TEAM OWNERS DON’T NEED PUBLIC SUBSIDIES**

**Dishonorable Mention: Sports Subsidies:** Every independent analyst and economist who has looked into subsidies for sports stadiums has come to the same conclusion: They don’t provide benefits to the local community and just line the pockets of billionaire team owners. That hasn’t stopped New York from sinking billions of dollars of public money into stadiums new and old, including $1.2 billion for Yankee Stadium, $614 million for Citi Field, and hundreds of millions of dollars for the Barclays Center. The state legislature and the Hochul administration are currently considering an up to $1 billion subsidy for a new Buffalo Bills Stadium.
STATE SUBSIDIES FOR REAL ESTATE BILLIONAIRES & LUXURY HOUSING

421-a Housing Handout: The 421-a housing handout is consistently the most expensive tax break in New York State, costing $1.7 billion in fiscal year 2021 alone – 10 times more than it cost in 2001 – and doling out tax breaks to developers that last for literally decades. For all that money, New York gets little in the way of housing affordability, with most of the units subsidized by the program still far too expensive for the renters who need affordable housing. 421-a is scheduled to expire at the end of the year.

IN 2021, THE 421-A TAX BREAK COST NEW YORK STATE: $1.7 BILLION

OUTCOMES:
Most of the units subsidized by the program are far too expensive for the renters who need affordable housing.

Hochul’s Proposed 421-A Replacement Is In For a Fight, Key Lawmakers Signal
Colin Kinniburgh / February 7

“By April 1, it will be out or modified. It will not be this program,” one legislator predicted.

After Governor Kathy Hochul delivered her State of the State address in early January, housing organizers issued a bitter rebuke.

“On housing, Governor Hochul is continuing the worst of Cuomo’s legacy,” said the Housing Justice for All coalition in a statement. The group singled out one policy in particular: the 421-a tax break for real estate developers, which Hochul promised to let expire—only to replace it with a new, substantially similar tax break.
MORE NEEDLESS SUBSIDIES FOR VALUABLE MANHATTAN REAL ESTATE

Penn Station Boondoggle:
One of Gov. Hochul’s top priorities is the redevelopment of Penn Station and Madison Square Garden, which involves a likely massive – and to date undisclosed – subsidy to the developer Vornado that could total billions of dollars. The state is also on the hook for any potential cost overruns. Already, Madison Square Garden is the recipient of a massive $44 million annual tax break that has cost the city more than half a billion dollars in total.

COSTS OF SUBSIDIES UNDISCLOSED

The state is on the hook for cost overruns.

Here’s the deal: A developer is willing to pay for the cost of a new train station in return for rights to build new office space. Sounds good, right? Yes, except we don’t know how much the train station costs, how much money the developer is paying, how much money the developer is making, or how big the development is going to be.

Plus, who’s the backstop for such an ambitious proposal if it doesn’t work out? You, the taxpayer.

That is exactly the deal New York State is about to make. Except the project that Empire State Development is set to approve would not be just a little bit of office space; it would be 10 new towers totaling more than 18 million square feet of new office space.

If approved, the project around Penn Station, proposed by former Gov. Cuomo, would be one of the largest commercial developments in the history of New York, the size of a new Hudson Yards smack in the middle of Manhattan. In theory, the...
HUDSON YARDS COST US BILLIONS — ANOTHER SUBSIDY FOR A BILLIONAIRE

Hudson Yards: Hudson Yards developers benefit from $1.1 billion in IDA handouts, a total that is likely to climb higher as more commercial and retail buildings are constructed. The area also benefited from billions of dollars in special infrastructure favors that could have been spent on broader city benefits. Researchers had to use open records law to access some of the numbers, as they weren’t all publicly disclosed.
HOW TO PUT OUR DOLLARS TO WORK FOR ALL NEW YORKERS

Make a real investment of at least $30 billion dollars in the communities most impacted by the COVID-19 pandemic.

1. Reverse years of austerity cuts to critical frontline health and human services, including mental health and crisis services, overdose treatment and prevention, public benefits, harm reduction and supportive services for New Yorkers in need.

2. Invest in community-based resources to respond immediately to specific incidents of gun violence instead of investing in more prisons, jails, policing or rollbacks to bail reforms.

3. Devote $15-20 billion per year to addressing the climate crisis.

4. End Cuomo-style “economic development” that favors the ultra-rich over working-class New Yorkers.

Additional policy suggestions can be found here:
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NEW YORK’S WORST
“Economic Development”
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