



NEW YORK STATE LEGISLATURE
Senate Finance Committee
Assembly Ways & Means Committee

Senator Liz Krueger, Chair
Assembly Member J. Gary Pretlow, Chair

HEARINGS ON THE 2024-25 EXECUTIVE BUDGET PROPOSAL:
ECONOMIC DEVELOPMENT

Testimony of
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Good afternoon chairs and members of the committees. My name is Michael Kink, and I serve as counsel to the Center for Popular Democracy as well as the Executive Director of the Strong Economy for All Coalition.

Thank you for the opportunity to present testimony today on behalf of the Center for Popular Democracy.

The Center for Popular Democracy works to create equity, opportunity and a dynamic democracy in partnership with high-impact base-building organizations, organizing alliances, and progressive unions. CPD strengthens our collective capacity to envision and win an innovative pro-worker, pro-immigrant, racial and economic justice agenda.

We work with a remarkably strong cohort of [50 affiliates and partners in 131 cities across 34 states](#), Puerto Rico and Washington, DC who unapologetically demand transformational change for Black, brown and low-income communities. We upend politics as usual to forge a representative, multiracial government and society where we all thrive – no exceptions.

We oppose the free-range continuation of so-called “economic development” programs laid out in Governor Hochul’s 2024-25 executive budget proposal.

The alarming fact is that the Governor and her staff apparently didn’t read or pay attention to the landmark study performed for her administration that demonstrated most of these programs don’t work at all.

Section 180 of Article 8 of the New York State Tax Law tasked the Department of Taxation and Finance with arranging the completion of a third-party analysis of the tax credits, deductions, and incentives offered in New York State, which relate to economic development, and the results of this study, completed by PFM Group, are remarkable.

The study, released last year, looked at 25 state and local so-called “economic development” programs here in New York and found that the vast majority – 21 out of 25 – provided **no net positive return to the state at all**. These programs were purely giveaways to private companies, with no return to the broader public

- **Let’s say that again: 8 out of 10 so-called “economic development” programs provide absolutely nothing to benefit New York workers, New York families or New York’s economy.**

Only four of our programs provided a minimum of positive return on investment – and not one of these programs had a higher ROI than investments in early childhood education programs.

Three programs were found to provide a dollar and a quarter or a dollar and a half in return for every dollar, and one provided five and a quarter.

But the Federal Reserve Bank of Minneapolis has demonstrated that early childhood investments could actually be classified as economic development: they provide an amazing [return on investment](#), up to [sixteen dollars in benefits](#) every year for every dollar of public money targeted towards high-quality education and care.

Nobel Prize winning economist James Heckman has outlined the details of how public investments in children and families rack up [big benefits](#) for children, for parents – for all of us. And Lynn Karoly, senior economist at the RAND Corporation, has demonstrated how [benefits continue to grow over time](#).

We recommend a five-year wind-down of all so-called “economic development” tax giveaways, and a five-year ramp-up of the same amount of money in public investments in public goods like early childhood education, affordable housing, K-12 and higher education, health care, social services and public renewables.

At the end of five years, we’d have over [\\$11 billion per year](#) in new investments in the things our state needs the most – and the private sector will do just fine without taxpayer subsidies.

- The Legislature should **reform and reprogram** the [\\$11 billion-plus](#) in current “economic development” spending and billions in new planned spending away from corporate subsidies and donor giveaways into investments in people and communities
- The Legislature should **reject** Governor Hochul’s plan to spend more money at ESDC and redirect it towards public goods and public investments.

The safest and most thriving neighborhoods across the state don’t have the most jails, or the most patrols, or the harshest laws. What they have are the most resources and investments for healthcare, childcare, and education, the most green spaces, and the best jobs.

We don’t need more [corruption](#) and [quid-pro-quo](#) development deals -- we need long-term investments in New Yorkers and our communities that deliver tangible benefits like higher wages, increased affordability, and family supports.

We don't need the same constellation of [billionaires](#), [big corporations](#) and [lobbyists](#) that have turned "economic development" into a [ten-billion-dollar slush fund of public money](#) used to grow the fortunes of the ultra-rich -- we need lawmakers and Governor Hochul to step up and use public resources to benefit the public.

HOW FEDERAL BUDGET CUTS WILL HURT OUR FAMILIES AND OUR COMMUNITIES – AND HOW ALBANY CAN PROTECT US

It's particularly important to wind down wasteful corporate giveaways because our state is facing huge cuts in federal funding.

Republicans in Congress are currently working with Trump and Musk to [cut up to \\$2.5 trillion](#) in public programs to fund [\\$4.7 to \\$5.5 trillion](#) in tax cuts for the super-rich and wealthy corporations – they're taking money from our families to give more tax breaks to billionaires.

Federal budget cuts and DOGE attacks on federal agencies will hit low-income and working-class New Yorkers hard, every single day.

MEDICAID

- All health care will be harder to get and more expensive, and medically-necessary care will be denied. Everyone on Medicaid or Obamacare will face longer waits, higher costs and flat-out denial of care. Folks with private insurance will see local hospitals, health clinics and doctors offices collapsing from lack of needed funding.

Over seven million New Yorkers (about 40% of the population) here in New York rely on Medicaid for vital physical, mental, and behavioural health coverage, including

- 816,000 seniors;

- 597,000 people with disabilities;
- 1,901,000 children;
- 1,119,000 adults;
- 2,672,000 additional adults covered through the ACA's Medicaid expansion.

FOOD ASSISTANCE

- Everyone who receives SNAP benefits will see cuts to aid, limits on what you can buy, and new regulations and rules designed to kick you off benefits. Local stores, farmers and food banks will see huge drops in customers and payments, putting many out of business.

Last year food assistance programs like SNAP helped [three million New Yorkers](#) (roughly 1 in 7 of all residents).

- More than half are in families with children;
- Just under half are in families with older adults or disabled;
- One in three are in working families.

SOCIAL SECURITY AND DISABILITY BENEFITS

- Elon Musk and his DOGE team have taken over access to federal payments systems and the personal benefits and bank information of everyone who receives any federal benefits, as well as aid to state and local governments, school districts, hospitals and nonprofit service agencies. They've laid out plans to cut funding and stop payments no matter what Congress and the courts say – and they already have our information.

HOUSING

- Congress will cut federal funding for low-income and supportive housing, and new laws and regulations will be implemented to cut off assistance and stop support to individuals and government agencies.

Local plans for affordable and homeless housing will be stopped, and current aid will be slashed or ended. This is likely to drive rents up, evictions up, homelessness up and repairs will be delayed or never done.

PUBLIC EDUCATION

- Public schools in New York will have to cut services for students with disabilities, cut school lunch aid, and cut services for low-income students. Local funding inequities will widen, and federal school privatization could lead to billions of dollars more in cuts to public schools. Early childhood and Head Start funding will be slashed, teachers will be fired, and families will face immediate loss of child care.
- Aid to colleges and universities will be slashed, tuition will go up, financial aid will go down, and course offerings will be slashed as professors and staff lose jobs and pay, leading to local economic downturns and failure of local businesses.

TRANSPORTATION

- Bus and subway fares will go up, routes will be cut, maintenance will be slashed and workers will be fired. Local roads and bridges will be more dangerous as maintenance slows or stops and infrastructure contracts are suspended or ended and workers are fired. Amtrak trains may be privatized, leading to higher fares and less services. MTA trains will operate on reduced schedules, with less maintenance and less staffing.

SUPPORT FOR IMMIGRANTS AND IMMIGRANT COMMUNITIES

- Funding for immigration services and support will be slashed, and legal assistance for immigrants will be cut or ended. Local governments will lose aid for education, housing, transportation,

clean water infrastructure and police if they don't fully cooperate with federal attacks on immigrants and immigrant communities.

Nonprofits and faith groups serving immigrants will be defunded and local economies will face deep downturns from lack of employment and funding.

SUPPORT FOR SENIORS AND PEOPLE WITH DISABILITIES

- The cascading impact of cuts to health care, disability services and elimination of legal protections under federal law will lead to suffering, homelessness and death for seniors and for adults and children living with disabilities. Local Social Security office will be closed. Health care will be denied, cut or rationed, new medications will go to only those wealthy enough to afford them, and home care and nursing home services will be denied or massively cut, leading to new expenses, new burdens and new stress on families and communities.

The Legislature and Governor Hochul must stop these awful across-the-board attacks from hurting New York communities – you've got to step up and fill in the cuts so our people can survive. Eliminating wasteful corporate giveaways is a good place to start.

New York State is one of the most prolific users of so-called "economic development" incentives in the country, spending over \$11 billion annually at the state and local level on subsidies to select businesses. For all that, our state 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, Governor Hochul has repeatedly moved 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.

In 2022, we worked with partners to publish a report on “the dirtiest dozen” – [New York's worst economic development deals](#).

It's remarkable – New York has:

- Wasted over \$4 million dollars per job in a single deal – we literally could have paid each of the 68 workers hired four million dollars and have them set for life, but we gave the money away to a private corporation that hasn't made a profit in the decades it has been in existence;
- Spent nearly \$150 million on empty buildings and office parks with no job creation;
- Paid hundreds of millions of dollars for equipment later scrapped and sold by private businesses;
- Provided billions in taxpayer subsidies to pad the wealth billionaires like Jeff Bezos, Stephen Ross and Steven Roth.

Our current so-called “economic development” programs have drawn criticism from the [left](#), [right](#) and [center](#) for ineffective spending and straight-out corruption.

State leaders, including both former Governor Andrew Cuomo and current Governor Kathy Hochul, have thrown money at private businesses in wild and wasteful ways.

- A data and call center in Lockport got a half-billion in subsidies amounting to [\\$2.4 million for every job](#) created.

- A money-losing start-up just got a quarter billion in subsidies to create 68 jobs in rural Genesee County – that’s a ridiculous [\\$4 million per job](#).
- And out-of-control economic development programs have been marked by a string of corruption convictions for fraud, bribery and misuse of public funds, from [Syracuse](#) to [Buffalo](#) to [Long Island](#).

Extensive [State Senate hearings](#) demonstrated that officials at the relevant agencies still [don’t have any clear standards](#) for awarding subsidies and don’t keep track of returns on investment, if any. Beneficiaries of some subsidies claimed they were “successful” because they returned pennies on the dollar.

To deliver the economic opportunity that New Yorkers want and deserve, the Legislature must make sure that public resources actually work for the public.

Our state budgets continue to prioritize corporate giveaways, while balancing the budget on the backs of working New Yorkers and failing to invest in the services and programs that keep all New Yorkers safe and thriving.

New York’s wealthiest profit from our work, our communities, and our public infrastructure - as a result of our backwards tax system, they are able to avoid paying what they owe. We need to restructure our tax system so that a middle-class family isn’t paying the same rates as a millionaire, and so-called “economic development” grants don’t defund schools and services to pad the profits of huge private businesses.

That’s why we’re calling on our State legislators to do the right thing and ensure that ultra-wealthy New Yorkers and wealthy corporations pay back into the system they profit from. We deserve budgets and economic

development policies that uplift and prioritize middle, working-class, and low-income New Yorkers.

Real reform will take time -- but there's a few places to start, this year:

REFORM AND REPROGRAM ALL “ECONOMIC DEVELOPMENT” SPENDING

- Re-evaluate and re-program the [eleven billion dollars](#) currently spent on burned-out “economic development” programs that consistently over-promise and under-deliver and invest it directly where we know it's most needed, into people and communities.
- Investing in childcare, higher education, mixed-income affordable and homeless housing, health care and climate justice will pay off now by making New York more affordable, creating tens of thousands of good-paying union jobs, and in the future with expanded economic opportunities and cost savings.

STOP TAX CREDITS

- No More Business Tax Credits: Business tax credits generally don't work to boost the economy, invite corruption, and rob the state of revenue – impose a 90-day sunset on all current tax breaks in next year's budget.

STOP IDA GIVEAWAYS

- No More Tax Breaks: Eliminate the ability of IDAs and other economic development projects to give property tax, sales tax, and mortgage recording tax breaks to businesses in next year's budget.

- Pass legislation to block IDAs that defund schools & subsidize warehousing: Legislation carried by the chairs of the economic development committees and the chair of the Black, Puerto Rican, Hispanic & Asian caucus would eliminate IDA grants that defund public education or subsidize wildly profitable companies like Amazon – they should be passed by both houses and signed into law.

STOP DIRECT GRANTS TO PRIVATE COMPANIES

- No More Grants: The state should not grant money to businesses as part of economic development initiatives. Where state financial support is necessary, we can do it with loans and tax-exempt bond financing.
- End wasteful subsidies to billionaire developers for luxury housing, and don't renew such programs in the future.

START INVESTING IN PEOPLE AND COMMUNITIES

- Investing in early childhood education & child care provides some of the highest returns of any investment states can make.
- Nationally and in New York there remains a massive worker shortage. By investing childcare we would enable thousands of parents to re-enter the workforce.
- New York continues to suffer from a worsening housing affordability crisis. New York can create thousands of jobs and create thousands of affordable homes by investing in a truly affordable and effective green social housing program – and shouldn't subsidize luxury housing for millionaires and billionaires.

- By investing in higher education, New York would make itself more attractive to businesses looking to grow and entrepreneurs looking to start new businesses

VOID ALL DEALS WITHOUT CLAWBACKS

- Apply clawback and public transparency requirements to all existing state and local “economic development” -- New Yorkers deserve an ironclad money-back guarantee on job-creation promises.
- Any contract or subsidy agreement that doesn’t require performance is void against public policy and law, and no subdivision of government has the legal authority to just give cash to companies for nothing.

VOID ALL DEALS WITH NON-DISCLOSURE AGREEMENTS

- Apply full public disclosure requirements to all existing state and local subsidy deals – no subdivision of government has the power to enter into secret dealings, and any attempt to do so is void against public policy and law.
- Bar any “economic development” grants to campaign contributors, and require black-out periods for campaign contributions before and after applications for state grants.

END ALL STATE AND LOCAL SUBSIDIES FOR WAREHOUSE & LOGISTICS FACILITIES, INCLUDING AMAZON

- Good Jobs First, a national watchdog group, has [demonstrated](#) that Amazon’s siting decisions are entirely dependent on a corporate algorithm that calculates the geographic distribution of customers,

delivery times and current and anticipated sales volumes – it has nothing to do with subsidies.

- Warehouse and logistics facilities are among the most [lucrative and in-demand](#) of all real estate developments, and they're attracting large amounts of private capital. There's absolutely no need for state or local governments to subsidize their building or operations – that should be outlawed.

END ALL STATE AND LOCAL TAX BREAKS THAT DEFUND LOCAL SCHOOL DISTRICTS

- Good Jobs First has also [demonstrated](#) how local and county tax breaks defund our public schools – local schools lose thousands of dollars per student to pay for ineffective, wasteful, fraudulent, corrupt and sometimes criminal giveaways to well-connected private businesses.

END ALL STATE AND LOCAL SUBSIDIES AND TAX BREAKS TO CAMPAIGN CONTRIBUTORS

- Whether it's criminal corruption or the corruption of public ethics, the quid pro quo of donations for dollars is an outrage. There's no way elected officials should be able to take campaign contributions and then direct public subsidies and tax breaks to their donors. It's time to end wasteful tax breaks, corporate subsidies and real estate development favors to the well-connected.

Thank you for the opportunity to testify.