

Zoning out: Albany rightly kills costly program that didn't deliver promised jobs

In a rare example of taxpayer-friendly behavior in [Albany](#), [Gov. Paterson](#) and the Legislature have put a stake through the heart of the corporate welfare boondoggle known as Empire Zones. Good riddance.

This fatally flawed program, started in 1986, set up virtually tax-free enclaves in selected areas of the state. The aim was to boost depressed neighborhoods, but the zones soon morphed into political honeypots.

Rather than being targeted at suffering communities, they spread to all corners of the state, including its most prosperous suburbs.

Rather than focusing benefits on the creation of good-paying jobs with real economic impact - such as manufacturing and high-tech - officials opened the zones to law firms, retailers and all manner of other companies.

Campaign donors and political cronies won more than their share of lucrative zone slots.

Worse, Albany failed to ensure that the beneficiaries created the promised jobs. The [Citizens Budget Commission](#) found that 58% of the firms fell at least 60% short of their commitments.

There was even outright theft, as when companies simply reorganized under new names so they could qualify as "creating" jobs.

Taxpayers got stuck with a tab that ballooned to \$540 million a year. The zones made elected officials and special interests happy - so they trudged along like the walking dead.

Lawmakers have finally replaced the archetypal Albany boondoggle with a stripped-down program called Excelsior.

Henceforth, [New York](#) will offer generous, boundary-free tax credits for jobs created and investments made - but only after the fact and only based on documentation subject to audit.

The benefits are limited to firms in sectors with real economy-boosting potential, like high-tech.

There are also special incentives for small companies, which create most new jobs and often get short shrift from economic-development types.

Finally, the program is capped for the time being at \$50 million a year, limiting the exposure of taxpayers who threw way too much cash down the Empire Zone rathole.

None of this by itself will fix New York's economy. That'll take a sustained attack on job-killing taxes and excessive red tape. But thanks to some healthy cooperation by Paterson and the Legislature, there's a little reason for hope.