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## Economic Development Efforts Heavily Questioned, Fiercely Defended

*Cuomo's economic czar says programs will take time to fully take off.*

By Rick Karlin

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Legislative oversight hearings are usually buttoned-down affairs, with agency heads reading from prepared texts and patiently answering genteel questions posed by lawmakers.

Even when the questioning is harsh, commissioners typically avoid firing back or signaling their frustration.

That wasn't the case Wednesday, as Gov. Andrew Cuomo's economic development czar Howard Zemsky alternately jostled with, rebutted and generally went head-to-head with lawmakers who posed pointed questions about job creation programs overseen by Empire State Development Corp.

Several times Zemsky semi-jokingly compared the hearing — his appearance ran past two hours — to "medieval torture," which he said he's willing to tolerate if it helps grow New York's economy, especially upstate.

He suggested lawmakers were too quick to condemn programs as failures, especially when it will take time to change the status quo across the upstate region.

"I think we're making too much of running to the top of the hill and pointing fingers and crying foul," he told members of the state Assembly's Economic Development Committee, led by Western New York Democrat Robin Schimminger.

"If people are going to push, I'm going to push back," Zemsky told reporters in a press gaggle after his testimony. "I'm not in grin-and-bear-it mode on this."

Much of the questioning came from Schimminger and Republican Ray Walter, who also represents Western New York. At issue was the Start-Up NY tax-free zones program as well as the massive investments Gov. Andrew Cuomo's administration has spearheaded in Buffalo, including construction of a Solar City solar panel plant. A number of those projects have drawn the scrutiny of U.S. Attorney Preet Bharara for possible improper lobbying and conflicts of interest.

Schimminger asked why this year's progress report on Start-Up, which was 90 days late and quietly posted before the July 4 weekend, didn't contain all the information required by statute — a contention Zemsky disputed. The lawmaker also questioned the job creation numbers from the



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program, which offers a 10-year tax holiday for new ventures connected to college campuses and was trumpeted with a \$53 million national ad campaign.

Schimminger questioned ESD's contention that the program created 408 jobs over the last three years. Data reported by participating companies, though, suggested that some positions were transfers from other locations or reflected in earlier hiring, the Assemblyman said.

As he would do several times during his appearance, Zemsky focused on his belief that the program was changing the perception that the state has a hostile business climate. Start-Up, he said, would take time to gain full momentum and lead to the creation of more than 4,000 jobs over the coming years.

Zemsky also said it made sense to harness the brainpower found across the numerous SUNY campuses as well as private colleges and universities across upstate.

"Do we want to maintain the status quo of the last 40 years? It was going downhill forever," Zemsky said, echoing a view that Cuomo has long expressed about the slow decline of the region.

Lawmakers also had questions about Solar City, which required a \$475 million funding item that was introduced the night before the April 1 budget deadline.

"This almost half-a-billion dollar request came at the 11th hour," said Schimminger.

Explaining that the solar plant started out as a smaller venture, Zemsky said it "grew dramatically. More money was needed to make it all happen."

There were other points of contention.

David Friedfel, director of state studies for the Citizens Budget Commission, questioned other big-dollar programs that don't appear to have specific job targets, such as a \$125 million subsidy for a titanium plant in Clinton County which he said had no established jobs criteria and which was being worked out with little transparency.

E.J. McMahon of the Empire Center said the subsidies were clouding the need to improve the state's underlying economic climate, which he linked to high taxes and excessive regulations, including the pending ramp-up of a \$15-an-hour minimum wage.

A consortium of groups including the CBC, Reinvent Albany and Fiscal Policy Institute called for a master "Database of Deals" that would compile all the state's economic development programs as well as their costs and benefits.

Schimminger later agreed that more information is needed on programs such as START-UP. "This is a very big tax break and the companies that aren't getting it want to be reassured," he said.

Zemsky, a Buffalo developer who is serving for just \$1 per year, stressed that economic development takes time.



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Appearing Wednesday in Buffalo, Cuomo said politicians should get out of Albany (they haven't been there since mid-June) and explore the ways the state's job-creation efforts have boosted the state's economy.

"My advice to the Albany politicians: Go home," he said. "Get in touch with reality, talk to your neighbors, visit Buffalo – you clearly haven't been there in a long time."