



April 12, 2010

Dear Legislator:

I am writing on behalf of the Citizens Budget Commission to urge you to allow the seriously flawed Empire Zones program to sunset as of June 30, 2010, as established by law, and to enact the Excelsior program as proposed by the Governor. The Empire Zones had become an ineffective and costly investment for the taxpayers of New York. Now is the time to move forward and establish a sound economic development strategy for the future.

Multiple studies have established that a successful state economic development program must meet four general criteria: 1) benefits are targeted to industries deemed economically important to the State or local region; 2) benefits are temporary and a bridge to self-sustaining profitability; 3) benefits are allocated based on pre-determined criteria and not to satisfy geographic or political parity; and 4) benefits are calculated according to actual increases in private sector investment. The Excelsior program as proposed by the Governor meets these criteria. The enclosed paper contains the CBC's analysis and reasons for supporting Excelsior.

The alternative programs put forward by each house of the Legislature contain positive aspects, including a focus on high-tech and other targeted industries. However, the proposed programs also contain provisions that would extend local Empire Zone administration boards and wage credits patterned on the current Empire Zone program. These provisions are, we believe, ill-advised. Policies that have proven ineffective should not be continued.

Thank you for considering our views and for your interest in improving New York's economic development efforts. If you or your staff has any questions or concerns, we would be happy to discuss them with you.

Sincerely,

Carol Kellermann
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