



Southwest **Brooklyn**
Industrial **Development**
Corporation

241 41st Street, 2nd Floor
Brooklyn, NY 11232
718-965-3100 fax: 718-965-4906
www.swbidc.org

Phaedra Thomas
Executive Director

BOARD OF DIRECTORS

Stewart Mann, *Chair*
Dealer Storage

Greg O'Connell, *Vice Chair*
Pier 41 Associates

Tom Russo, *Vice Chair*
Collisionville

Catherine Barton, *Secretary*
Pinwheel Studio Inc.

Andrew D. Levine, *Treasurer*
Berenson LLP

Alan Buxbaum
A. Stein Meat Products

Irina Constantine
Go Express

Tom Early
Health Plus

Jack Gindi
City Merchandise

Stuart Leffler
Con Edison

Concetta Lo Presti-Mazzella
Citibank

Amy Mugavero
Lutheran Medical Center

Christopher Murtha
JP Morgan Chase

Stanley Pawigon
Trimco

John Quadrozzi, Jr.
Gowanus Industrial Park

Roger Rigolli
Blue Ridge Tea and Herb Co.

Anthony Rondinelli
Keyspan Energy

Roy Ryniker
Reorganization Alternatives

Howard Smith, Jr.
Virginia Dare Extract Company

J. David Sweeny
PDS Development Corp.

John Tear
Community Capital Bank

Don Guthorn / Member Emeritus

NYS Budget Hearing
Brooklyn Borough Hall

November 29, 2007

I, Phaedra Thomas, am hereby submitting this testimony on behalf of Southwest Brooklyn Industrial Development Corporation (SBIDC), a local administrator for the Empire Zones program. In short the Empire Zones program needs far more administrative dollars than have been allocated to it in the past. We estimate the program at least \$5 million in administrative funding statewide. If the program were truly properly funded the State should allocate \$8.5 million so that each of the 85 zones that will soon be in place are allotted \$100,000 to administer the program. The overall value of the Zone as an economic development tool is nearly \$400 Million; it should be a no-brainer that we allocate at least 2% of that value to its local administration.

Since its inception in the 1980's, the New York State Empire Zones program has successfully stimulated economic growth. The program's many tax incentives have enabled existing and new businesses to expand and create more jobs, and the local administration of tax credits has created a unique opportunity for local community involvement. Unfortunately, despite the program's popularity and success, administrative funding has actually decreased statewide, causing individual existing zones to lose much-needed administrative funding.

SBIDC has administered the Empire Zones program in Southwest Brooklyn since 1994, helping over 450 businesses expand and create new jobs. Through 2005, Empire Zone certified businesses in our Zone hired 1,537 new employees, and provided investments worth over \$281 Million in the area. Yet despite Southwest Brooklyn's success, administrative funding from the State has been cut every year, and now represents less than half of what it was in 2001.

In Fiscal Year 2001/2002, the State allocated \$2.5 Million for administration of approximately 60 Empire Zones. Today, \$2.3 Million is allocated to 82 Empire Zones. Due to funding cuts and newly added zones, Southwest Brooklyn IDC has lost \$45,000 of State funding – more than half of our funding – since Fiscal Year 2001/2002. Furthermore, as current legislation authorizes designation of an Empire Zone in every county, 85 zones will be functioning statewide before the end of 2007. Based on the



Southwest **Brooklyn**
Industrial **Development**
Corporation

241 41st Street, 2nd Floor
Brooklyn, NY 11232
718-965-3100 fax: 718-965-4906
www.swbidc.org

Phaedra Thomas
Executive Director

BOARD OF DIRECTORS

Stewart Mann, *Chair*
Dealer Storage

Greg O'Connell, *Vice Chair*
Pier 41 Associates

Tom Russo, *Vice Chair*
Collisionville

Catherine Barton, *Secretary*
Pinwheel Studio Inc.

Andrew D. Levine, *Treasurer*
Berenson LLP

Alan Buxbaum
A. Stein Meat Products

Irina Constantine
Go Express

Tom Early
Health Plus

Jack Gindi
City Merchandise

Stuart Leffler
Con Edison

Concetta Lo Presti-Mazzella
Citibank

Amy Mugavero
Lutheran Medical Center

Christopher Murtha
JP Morgan Chase

Stanley Pawigon
Trimco

John Quadrozzi, Jr.
Gowanus Industrial Park

Roger Rigolli
Blue Ridge Tea and Herb Co.

Anthony Rondinelli
Keyspan Energy

Roy Ryniker
Reorganization Alternatives

Howard Smith, Jr.
Virginia Dare Extract Company

J. David Sweeny
PDS Development Corp.

John Tear
Community Capital Bank

Don Guthorn / Member Emeritus

previous ratio of Zones to administrative dollars available, and a moderate calculation for inflation, 85 zones should trigger at least \$4.36 Million in administrative funding in FY 2008/2009; and as previously mentioned that figure should actually be \$8.5 million. But here we are in 2007/2008 with just \$2.3 million in the budget.

The Southwest Brooklyn Empire Zone is densely populated, with the highest business per zone acre in the State. In fact, Southwest Brooklyn IDC certifies on average 34 businesses per year and is known both in the City and at the Empire State Development Corp as one of the best administrators of the program. At minimum, the Southwest Brooklyn Empire Zone requires enough money to cover a full-time professional, including salary, payroll tax, benefits and overhead which includes marketing. Existing funding falls drastically short of this necessity. Administrative duties increase every year, as the program is complex and requires most of its management at the local level.

We recognize that the Empire Zone program may be changed or replaced all together sometime down the road, but until such time, the Empire Zone program must be funded properly as it is New York State's most effective economic development tool.