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New York takes aim at firms

State wants refunds from Empire Zone businesses in County
By Fred Herbst

MORIAH – New York State is threatening sanctions against 29 Essex County businesses for failing to generate economic growth through Empire Zone program.

“At this point businesses are required to do nothing,” said Barb Brassard, Essex County Empire Zone coordinator. “But they have been notified.”

New York Empire Zone officials announced July 18 they will move to recover state funds and tax breaks given to hundreds of companies that failed to deliver the jobs they promised under the program.

“We’re going to be aggressively asserting our rights under the Empire Zone program and other programs that we administer,” Patrick J. Foye, co-chairman of the Empire State Development Corp., said. “We think it’s the responsible thing to do in terms of our accountability to the governor and the Legislature and the taxpayers.”

Essex County has 86 zone-certified businesses – 29 failed to meet program-required projections for job creation or investment, Brassard said.

Statewide more than 3,000 businesses failed to meet even 60 percent of their promises to create jobs according to the Empire State Development Corp.

The \$500 million-a-year Empire Zone program provides tax breaks for companies that promise to create or retain jobs, but it has been criticized for years as being ineffective.

The Town of Moriah was certified as an Empire Development Zone June 22, 1988. Since that time the program’s regulations and standards have changed several times – including 2000 when the program changed to allow entire counties to take part.

All the changes have made it difficult for some businesses to meet program requirements, Brassard said.

“It’s a very complicated, confusing program,” she said.

Business certified in the program before 2000 never received “enhanced benefits” – sales tax exemptions, state income tax credits – but are being lumped with all others, Brassard pointed out.

“I have a problem with the way the state is doing this and how they identified these businesses,” Brassard said. “I’ve sent my concerns to Albany.”

Of the 29 businesses cited in Essex County, seven were certified before 2000 using different standards, Brassard said.

Brassard declined to identify the 29 Essex County businesses cited by the state. She did offer a breakdown by town. There are 10 in Moriah, three each in Ticonderoga and Chesterfield, two each in Willsboro, North Elba and Jay, and one each in Schroon, Westport, Crown Point, Elizabethtown, Lewis, Wilmington and St. Armand.

Three other Essex County businesses received notifications, but they are in the process of being de-certified.

Moriah, she pointed out, has the most because it was the site of the original zone and most of its businesses were certified prior to 2000 when regulations were different.

The notifications are a first for Empire Zone-certified businesses.

“The notification represents the first time in the program’s history that Empire Zone-certified companies will be officially informed of the state’s expectations that they make meaningful progress toward their goals in order to continue enjoying the program’s benefits,” said Errol Cockfield, Empire State Development Corp. spokesman. “Our goal is to foster job growth and encourage companies to locate and expand in New York state. We also remain committed to vigorously exploring all available remedies where commitments haven’t been met.”

Although letters have been sent to businesses not meeting the state requirements, Brassard said she does not expect any state action until after 2006 Empire Zone reports are analyzed.