S T A T E O F N E W Y O R K

10254

I N A S S E M B L Y

May 18, 2016

Introduced by M. of A. OAKS -- read once and referred to the Committee on Governmental Operations

AN ACT directing the New York state comptroller, in coordination with the departments of economic development and taxation and finance to conduct an audit of all state economic development programs

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Legislative findings. The legislature finds that the state and local governments of New York play an important role in facilitating economic development, reducing regulations and the creation of jobs. State funding for economic development should be transparent, streamlined, and encourage job creation in all regions of the state. Empire state development manages statewide economic development programs through several subsidiaries, each with its own board and staff. In addition, there are approximately twenty state agencies performing economic development functions. At the local level, there are one hundred fourteen industrial development agencies, over five hundred local development corporations, eighty-two empire zone boards, one hundred fourteen business improvement districts, forty-nine urban renewal and community development agencies, and ten regional economic development councils, all engaging in economic development activity.

Most of the state's economic development programs, especially those providing direct financial assistance, are operated by the department of economic development and the empire state development corporation. The majority of this business support is in the form of grants and loans to businesses and to local units of government to fund economic development activities. This legislation is intended to improve these important tools for economic development by streamlining applications and reporting, strengthening accountability mechanisms, and encouraging quality job creation for all New Yorkers.

S 2. The New York state comptroller in coordination with the commissioners of the departments of economic development and taxation and finance shall conduct an audit of all state economic development programs. Such audit shall include but not be limited to:

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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(a) identifying all programs by type and funding source;
(b) identifying the types of businesses that have received financial assistance;
(c) reviewing information available on job creation or other data on economic expansion;
(d) analyzing the geographic distribution of financial assistance throughout the state;
(e) reviewing a sample of loans and grants to determine if statutory requirements for the programs were followed; and
(f) reviewing information available on economic development programs in other states.

The New York state comptroller in coordination with the commissioners of the departments of economic development and taxation and finance shall develop all necessary rules and regulations to conduct an audit of New York state economic development programs as outlined in this section. Following the review and audit of such economic development programs the agencies shall recommend all necessary changes to make such economic development programs more transparent, streamlined, and ensure that such programs are meeting the goals of the laws that established them and providing for a return on investment to the state. The results of this audit must be made available for public review online by January 1, 2017.

S 3. After the conclusion of the audit, the commissioner of the department of economic development in consultation with the commissioner of taxation and finance shall study the feasibility of reducing the number of economic development programs currently offered by the state and its subsidiaries and replacing these programs with one centralized competitive program. A report of the study, outlining the impact of each of the above steps, shall be filed with the governor, the temporary president of the senate, the minority leader of the senate, the speaker of the assembly and the minority leader of the assembly on or before December 31, 2017.

S 4. This act shall take effect immediately.