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Spitzer plan: \$1B for Upstate job creation

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ALBANY — Saying New York is “one state with one future,” Gov. Eliot Spitzer laid out his vision Wednesday to revive the Upstate economy, calling for a \$1 billion state investment to spur new jobs, strengthen links with colleges, build new business parks and expand the farming industry.

In Buffalo, Spitzer gave the state's first State of Upstate address and said New York needs to be one state with one vision, not separated by an Upstate-Downstate divide.

“We are one New York, and we rise and fall together,” Spitzer told a crowd at Buffalo State College. “When part of our state is struggling, it affects all of us. Because when a young family leaves the state, everyone has to pay for the cost of decline — the higher taxes, increased health care costs and shrinking national voice in Washington.”

The Democratic governor has made the Upstate economy a focal point of his administration and after giving the traditional State of the State address to a joint session of the state Legislature last week in Albany, he offered a separate version more tailored to the Upstate economy.

The speech struck many of the same chords: an olive branch to lawmakers after a rocky 2007 session and a pledge to use state aid as a spark to trigger a revival of the Upstate economy.

Yet he gave more specifics Wednesday on how he would use the \$1 billion investment fund, proposing \$350 million for a Regional Blueprint Fund to have “development-ready” business sites. The fund would also create a \$10 million venture-capital fund to invest in about a dozen small businesses and provide aid for projects in targeted Upstate cities.

Spitzer announced that the University of Rochester would receive \$50 million for its Clinical and Translational Science Institute. He stressed the need of colleges and universities to become catalysts for Upstate's “innovation economy.”

He proposed reforms to regulations on how the state cleans up old industrial sites, said the state needs to better market itself to Canadian businesses and pitched a \$100 million fund for new housing and community development.

Another \$50 million would establish an Upstate Agribusiness Fund to help farmers build new processing facilities and develop alternative fuels. Another \$15 million was proposed to expand high-speed Internet access, especially in rural areas.

Spitzer said his 2008-09 budget proposal will include funding to open crime-analysis centers in Rochester, Syracuse, Buffalo and Albany this year. And as part of a four-year, \$200 million commitment, Spitzer said he will add more in aid to municipalities, which use the money to help fund

operating expenses.

He also proposed \$100 million to improve parks around the state, including \$80 million for upstate parks.

Spitzer will lay out his 2008-09 budget Tuesday to the Legislature. Most of his initiatives will require legislative approval.

The speech was met with wide praise from business leaders and many Upstate lawmakers, who said they appreciated Spitzer's attention to the Upstate economy.

Between 1990 and 2004, Upstate lost one-third of its manufacturing jobs and saw job growth increase by just 3 percent compared to the 21 percent national average, according to the business group Unshackle Upstate.

Meanwhile, upstate population growth has stalled, and New Yorkers pay the highest in state and local taxes per capita in the nation.

“The theme was the right theme for Upstate,” said Sandy Parker, president of the Rochester Business Alliance and a leader of the Unshackle Upstate group. “He focused on the need to put initiatives into Upstate and the importance of government and the private sector working together.”

Even his critics were largely muted.

Assemblyman James Tedisco, R-Schenectady, said “at times, I've been one of this Governor's toughest critics — but not today. I believe Gov. Spitzer deserves credit for recognizing the economic crisis that is gripping Upstate.”

Yet Tedisco and other lawmakers expressed concern about the amount of spending Spitzer proposed at a time when the state faces at least a \$4.3 billion budget gap in the 2008-09 fiscal year, which starts April 1.

Spitzer has yet to detail how he will finance the \$1 billion investment fund. He recognized the state's fiscal pinch but said “it's at these very moments when investment matters most; when urgency is so great that we simply cannot afford to wait.”

Spitzer also renewed pledges last week to not raise taxes and to establish a commission to study a property-tax cap.

Assemblywoman Barbara Lifton, D-Ithaca, said Spitzer is right to want to invest more in Upstate — even during difficult financial times.

“One of the lessons that we learned through history is that when you are in tough times, the worst thing government can do is pull back and shrink,” she said.

Assembly Speaker Sheldon Silver, D-Manhattan, expressed support for the governor's vision, yet Senate Majority Leader Joseph Bruno, R-Brunswick, Rensselaer County, said he hopes Spitzer backs up the speech with “real action.”

Senate Republicans have been pushing their own Upstate Now plan, a \$3.7 billion proposal to stimulate the economy.

Some business leaders said the speech was light on reforms to the state regulations that are making Upstate too costly for businesses to thrive.

George Miner, president Southern Tier Economic Growth in Elmira, said ‘it’s all-cost related, being able to attract and retain businesses.’