

Leaders upbeat on energy, jobs programs

By THOMAS ADAMS - 2/25/2011

Business leaders say they are encouraged by economic development proposals offered by Gov. Andrew Cuomo, including revisions to the Excelsior Jobs Program and the Recharge New York energy program that would replace Power for Jobs.

The Excelsior program was introduced last year by then-Gov. David Paterson to replace the Empire Zone Program. The launch was accompanied by criticisms of reduced and more targeted incentives. Cuomo's proposed executive budget would change the property tax credit to be based on the improved value rather than the prior value.

Recharge New York would allow new applicants for lower-cost power, with more power available from the New York Power Authority and with seven-year contracts providing more stability. Power for Jobs has been limited to existing participants and to one-year extensions for the last six years.

"Power for Jobs has sort of become a subsidy program," said Michael Moran, director of communications for the Business Council of New York State Inc. "You get paid back for the cost of power, and it's year to year, depending on whether NYPA has surplus money to do it.

"This would allocate a certain block of power, and companies would buy it at a better rate than they can get on the open market."

Seven-year contracts would be a significant upgrade, Moran said.

"If companies have two facilities, let's say, and they're thinking about investing capital in New York or Illinois, they know what their power costs are going to be in New York for seven years, and hopefully this provides them with enough incentive to invest in New York."

Recharge NY would be available to all companies that qualify.

"It would be open to more companies," Moran said. "Companies that aren't currently in the program could get into it. And it would have more stability and predictability."

The program would continue to set aside 450 megawatts of power, compared with less than 300 megawatts used now, for distribution to participants.

"There's recognition of the need to try to make sure there continues to be low-cost power available for upstate," said Christopher Wiest, vice president of public policy and advocacy at the Rochester Business Alliance Inc.

Wiest was among the business leaders in Albany last week to lobby members of the state Senate Finance Committee and Assembly Ways and Means Committee on the economic development proposals.

"The governor has made some technical changes to (Excelsior) that we think will make it more effective," Moran said. "The big one is the real property tax credits.

"The way it was written last year, you got the real property tax credit on the taxes that were paid before the site was accepted into a program. So you could have a fairly undeveloped piece of property, or property in disrepair, and invest millions of dollars to make it worthwhile, and you're not getting much of a credit."

Power program

Paterson tried to revamp Power for Jobs last year with Energize New York. That legislation passed the Senate by a

vote of 59-2 but stalled in the Assembly, Moran said.

"Power for Jobs has been limping along on one-year extenders, and the only people who can be in Power for Jobs are people who are already in it," he said. "So even though the program allocates 450 megawatts, currently only 300 megawatts are being used.

"Clearly, companies that were in the program have moved, gone out of business or gotten smaller, and no one else can get in."

The series of one-year extensions has made Power for Jobs even more outdated, Moran said.

"The companies that have it obviously need it because our power costs are so high, but they can't really plan on it," he said.

The requirements to qualify for Recharge New York are improved as well, Moran said.

"Head count, in terms of creating jobs, is one," he said, "but there are other criteria in terms of the amount of capital investment and energy efficiency. We want to encourage companies to invest, to make their plants more efficient and modern. This program, as put forward, allows for that.

"One of the things we always argue and which sometimes gets lost in the political debate is that it's just as important to keep jobs-particularly manufacturing jobs upstate-as it is to create new jobs. If companies are thinking about investing and they have multistate facilities, if New York's economic climate discourages them from investing here, we won't create jobs. We'll lose jobs."

Recharge NY provisions are in the executive budget, Moran said, and Cuomo also has included them in a separate bill. The deadline to pass the state budget is April 1.

"Because this all involves power from NYPA and not a direct budget outlay, we would like to see the Legislature pass it before they do the rest of the budget," Moran said.

Wiest hopes a final agreement comes with little or no impact on those not involved in the program.

"We obviously are in favor of supporting business growth and economic development," he said, "but we want to see it done in such a way that it doesn't negatively impact upstate ratepayers.

"They've done a good job listening to that, and this bill is much better than what we've seen previously."

The revised version increases the rate subsidy program for rural and domestic customers to \$100 million for three years instead of one, with gradual reductions in subsequent years, Wiest said.

"There may be a nominal change or increase in some of the rates that ratepayers are paying," he said. "However, it's our understanding that some of the 18A assessments are scheduled to go away several years out.

"When those assessments go away, with the (Recharge NY) subsidy being continued for the next several years, it could serve as somewhat of an offset."

The 18A assessments, totaling some \$650 million, were enacted in 2009 as a surcharge on energy and telephone use.

Regional councils

Recharge New York and the proposed changes to the Excelsior program come as Cuomo also tries to overhaul the Empire State Development Corp. He wants to set up 10 regional economic development councils, with former Rochester mayor and current Lt. Gov. Robert Duffy coordinating the effort.

"We are encouraged by it," Wiest said of the change. "I testified at the joint budget hearing of economic development and advocated that regional chambers of commerce have input and be part of the councils."

"We like the idea and the thought of allowing local input, that localities do have a better feel for what projects make the most sense. Things are moving in the right direction."

Wiest has not seen a framework for how the councils would be put together, he said. He also does not know what the timetable is for unveiling the concept, despite asking about it last week.

Moran, meanwhile, is not worried about the timing as long as changes eventually come.

"We are encouraged that for the first time in a long time, the governor sees that business as usual in Albany is just unsustainable," he said, "that we really need to make some hard choices, make government more efficient and make it affordable. We have to deliver services at a more reasonable price."

"Gov. Paterson said a lot of the right things, but at the end of the day we had \$10 billion in new taxes and fees, and we kept spending at more than the rate of inflation in the face of a terrible recession. You're not going to grow jobs in the private-sector economy out of that recession unless you make New York more hospitable to business."