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## Syracuse Post-Standard: Developmental Delays

Upstate's prospects compromised by high costs, inefficiency, neglect

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New York state needs to welcome business ventures and help them flourish. But New York is not business-friendly. Its taxes and energy costs are high. It imposes onerous bureaucratic burdens on developers. It rewards a select few with incentives, expecting guaranteed job gains in a competitive marketplace. And its focus on New York City too often shortchanges Upstate.

Just this week, the Public Policy Institute of New York State reported the state has the second-highest cost of doing business, next to Hawaii, citing high taxes and electricity costs, among other factors.

Every governor tackles economic development, and Eliot Spitzer is no exception. His ideas are bold and sensible. But with his popularity sagging and political opponents poised to attack, prospects for success are uncertain.

Economic development is not entirely Albany's responsibility. Local governments frustrate developers with their multiple layers and narrow, competing political agendas.

Speaking with editorial writers last week, Spitzer called Upstate's economy "perhaps the most important issue confronting me as governor." Asked whether a broad attack on the costs of doing business in the state is preferable to funding local projects, he replied: "You've got to do both."

On the broad front, he pointed to his success in lowering workers compensation rates and shaving property taxes, as well as ongoing efforts to curb Medicaid and health-care costs and bring down energy rates. He didn't talk about the Empire Zone program, which continues to spend hundreds of

millions of dollars on business subsidies, with decidedly mixed results. What if more of those resources were diverted to reducing the tax burden on all businesses?

Spitzer spoke of his "city-by-city" rollout of state-funded development projects across Upstate — from \$30 million for Syracuse's Connective Corridor and several smaller projects, to \$50 million for Buffalo's waterfront development. Dan Gundersen, Spitzer's new Upstate economic development director, joined the conversation to emphasize a new focus on regional economic strengths.



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The focus on Upstate is welcome. But the battle for attention and resources is hardly over. The \$20 million for Syracuse's Connective Corridor and \$50 million to redevelop Rochester's Midtown Plaza still need state legislative approval. And while Spitzer insists the city-by-city process will continue in coming years, he already faces a \$4.3 billion budget deficit. Where will the money come from?

Dan Gundersen, Spitzer's Upstate economic development director, said he spoke with "local players" before the state decided to fund the Connective Corridor. The governor acknowledged some might prefer those dollars go elsewhere. He might have gotten that message if he had consulted a new group in Syracuse called SANE — the Syracuse Alliance for a New Economy. SANE seeks to negotiate "community benefit agreements" for public development projects, ensuring that the widest possible group of stakeholders has a voice in decision-making. Reaching an absolute local consensus may be a pipe dream. But it would be reassuring to know that a development project of this size had the backing of a broad cross-section of the community before proceeding.

Local leaders working at cross purposes also doesn't help. This week's paper told of a developer in Syracuse who withdrew a request for a tax break from the city under pressure from common councilors unwilling to forego the tax revenue — and his discovery that he was eligible for a break under the state's Empire Zone program. One councilor congratulated him for his resourcefulness. But Mayor Matt Driscoll was not pleased. "This was a lot harder than it had to be," he complained. "Where's the consistency, the predictability, for developers?"

Albany needs to make hard choices that will establish a more level and welcoming playing field for Upstate businesses. Meanwhile, local economic developers and elected officials must enlist the support of the broadest possible spectrum of community interests to ensure that their decisions are in the best interests of all.

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