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**COUNTY LAWMAKERS CALL ON STATE TO REPEAL IDA TAX  
STEALTH TAX RETROACTIVE TO 2008 HITS COUNTY WITH \$220K BILL**

LOCKPORT—Niagara County lawmakers called on New York state's dysfunctional government to withdraw a stealth tax on the most effective industrial development agencies in the state at Tuesday night's Legislature session in Lockport—a tax county lawmakers termed "obnoxious."

The tax on IDAs, hidden in the high-taxing, high-spending 2009 state budget, imposes fees for every transaction conducted by the economic development agencies. For Niagara County's IDA, the bill comes in at \$219,349 for 2008, and an as-yet-to-be-determined figure for 2009.

"IDAs are authorized by the state of New York to help municipalities facilitate economic development efforts," Majority Leader Rick Updegrave, R-Lockport, who also chairs the Legislature's Economic Development Committee told fellow lawmakers. "But now the governor's office of budget has decided that he is now going to tax their revenues."

Updegrave said the IDA tax—which the governor's office had made retroactive to 2008—would drain significant revenue from the job-creating agency and hinder its ability to fund economic development projects in the coming year.

"This is absolutely unbelievable, Updegrave said. "The operation of our IDAs and the IDAs throughout the state of New York are funded by the revenues derived from the projects that they successfully complete and close. And the state of New York is going to tax those revenues."

Updegrave said he first grasped the full magnitude of the problem while attending an economic development workshop in Albany put together by the New York State Association of Counties. Talking with economic development officials from throughout Upstate New York and Long Island, Updegrave said he found enormous frustration from many communities that weren't expecting the surprise bills from Albany.

"We had representatives from IDAs throughout the state of New York, and nobody could understand the rationale for this other than the fact that it is just another hidden tax, another mandate, being passed onto the backs of the local municipalities—all of whom have no voice when it comes to the governor's office of budget," Updegrave said. "This will hamper IDA efforts throughout the state of New York."

Delegates attending the NYSAC event drafted a resolution and urged its passage by member counties. Niagara County is among the first to act on the matter.

Updegrave said he and many other attendees of the economic development workshop were most galled by Gov. David A. Paterson's decision to assess a retroactive tax.

"Not only is this a tax on the revenues of the IDAs, but this tax is retroactive," Updegrave said. "I've never heard of a retroactive tax. Think about that: the governor's office of budget is taxing revenues

from 2008 that we were unaware of in 2008. Nobody could have budgeted in 2008 for this tax, because we didn't know it was going to exist."

Legislature Chairman William L. Ross, C-Wheatfield, who co-sponsored the resolution calling on the state to withdraw the tax with Updegrove, said that, while the unexpected tax bill had thrown a wrench in the works for the Niagara County Industrial Development Agency, many county and municipal IDAs had actually fared worse.

"How would you like a small county of 75,000 people with a bill of \$320,000?" Ross said. "Every IDA across the state is reacting to this because the majority of them have a bill they never thought they would have. Right here in Niagara County, our bill is around \$220,000. But there are some counties with bigger bills than that."

The resolution calling on state leaders to rescind the unusual retroactive tax won unanimous passage from county lawmakers following ten minutes of spirited discussion.

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