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Statement by Good Jobs New York
June 5, 2008
Before the New York City Industrial Development Agency
Re: Capital Resource Corporation

Good Jobs New York is perplexed by a proposal before the board of the New York City Capital Resource Corporation (CRC) that would permit businesses to turn to the CRC when they choose not to or are unable to receive tax free financing through the New York City Industrial Development Agency (IDA). We are testifying before the IDA board because it is identical to the CRC board and there is no hearing scheduled for the CRC.

A proposed amendment to the CRC's Certificate of Incorporation that will be presented to the CRC next week would permit the CRC to provide assistance to projects that would have been eligible for IDA assistance at the time the CRC was created (December, 2005).

CRC documents state the motivation for this action is to fill the void that currently precludes the IDA and CRC from allocating tax-exempt financing for non-profit organizations since the legislation authorizing the ability of IDAs to do so sunset in January 2008. We are concerned that projects that receive funding from the CRC would not have to abide by new reporting or job standards that could be required in future statewide IDA legislation. As you are aware, proposed legislation in Albany would codify comprehensive reporting on IDA recipients and ensure job and wage standards for employees at subsidized firms.

As far as we know, the CRC has only provided tax exempt bond financing to not-for-profit organizations. However, there is nothing in CRC's Certificate of Incorporation that limits CRC benefits to non-profits. In fact, the CRC can subsidize "not-for-profit institutions, **manufacturing and industrial businesses and other entities** to access low interest cost tax-exempt and non-tax-exempt financing for their eligible projects" (emphasis added).

We sympathize with the financing needs of non-profit organizations. However, the process by which an entity receives assistance from the IDA or CRC must be open, transparent and accountable. GJNY has commended the IDA on its efforts to improve transparency and public participation. Amending rules should be considered an opportunity to enhance transparency, not dilute it.

We understand that EDC staff and members of the IDA/CRC board are anxious to secure financing options for not-for-profit organizations. Yet, we urge the CRC board to reject the proposed amendment and instead consider instilling language that permits the CRC to finance only non-profit organizations and requires the CRC to abide by the IDA law.