



## **New governor, new approach: To be more competitive, we need a better system**

January 24, 2011 - Long Island

During my past 35 years in the commercial real estate business, I have not seen an aggressive approach by state, counties and municipalities for the expansion of our industrial base and the process of working through the various departments. It is vital to our region's economic sustainability that the agencies become more streamlined and proactive in formulating a combined incentive program to encourage companies to remain within New York State and not be lured by other states. I personally have been engaged by other companies to meet with other states' economic development agencies and obtain proposals for manufacturing companies to relocate. You would be surprised at the scope of the proposals and incentives, including cash grants, being offered to attract companies to relocate to different states. Unlike here, many of these other state programs are simple, streamlined and enable the agencies to react quickly.

We have to create a better system.

With a global economy and Internet access, many companies can relocate to other regions that are better economically-suited for their operations. It is true that, in New York, we have combined agencies that will meet with companies and try to create an incentive program. However, the process and paperwork are extremely arduous. It takes a long period of time for answers and, in most if not all cases, the package offered after a substantial period of time is a disappointment.

What can we do?

The state needs to re-institute the Empire Zone programs. Although there have been abuses of the system in the past, this is a program we definitely need to reinstate. Certain revisions to the program will have to be made. For example, the receiver will have to abide by strict guidelines and incentive goals. Furthermore, the program should include a process for regionally-significant individual zones that meet certain qualifying criteria to qualify. Additionally, it is critical that there be a fast track component to the completion process.

To succeed, the state also should incorporate an income tax reduction program for companies that exceed the program's employment goals. In addition, the counties and towns should offer an attractive real estate abatement program for existing buildings. The town of Babylon already has instituted such a program and it has been very successful. With that said, we must get the cooperation of the school districts as they impact our region's extremely unwieldy tax base. This too is vital if we are to retain businesses, and the skilled labor base they require, here.

This is only a snapshot of what should be a top priority for our state's new administration. We all know the list of problems that need to be addressed can go on.

Other considerations for the state, counties and local municipalities include: a reconsideration to privatizing certain agencies, which is certain to result in a significant cost savings. Nassau County, for example, has the highest real estate tax base for industrial properties in the state. Who would

ever imagine \$4 to \$5 per s/f for real estate taxes. Perhaps a committee should be formed from within the large industry groups to present minus the political agenda. I hope our new governor, with his high energy level and ambitions to revive New York state, will consider some of these suggestions and even more importantly, facilitate their implementation and the changes our state so desperately needs.

Ralph Perna is the executive managing director at Newmark Knight Frank, Melville, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540