



Testimony of Christopher Browne  
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Before the New York City Council  
Committee on Economic Development  
On  
A Preconsidered Intro  
Regarding ICAP Benefits and Minority & Women  
Owned Business Enterprises  
December 2, 2008

Good afternoon, Chairs White and James and members of the City Council Committees on Economic Development and Contracts. My name is Chris Browne, and I am the Senior Director for Government Affairs at the New York City Department of Finance. Thank you for inviting me to speak today in support of the preconsidered Intro before you today, sponsored by Chairs White and James, along with Councilmembers Reyna and Dickens. This Intro requires that recipients of Industrial and Commercial Abatement Program (ICAP) benefits make good-faith efforts to reach out to certified minority and women owned business enterprises, or MWBEs. I send greetings from our Commissioner, Martha E. Stark, and am joined today by Dara Jaffee, Finance's Assistant Commissioner for Legal Affairs.

As Speaker Quinn noted when the full Council passed the new ICAP law in October, ICAP is a "leaner, meaner" program that ensures that economic development incentives go to industrial and commercial projects in communities where targeted economic development can make a difference. And as the Council added reasonable requirements in November that ICAP beneficiaries be in compliance with statutes governing serious health and safety violations, it is also reasonable that the new ICAP law encourage that these same beneficiaries perform outreach to minority and women-owned business enterprise contractors in order to receive valuable tax abatements for their construction work.

As Deputy Commissioner Schwartz alluded, the bill establishes a three-tiered system for ICAP recipients, requiring them to perform outreach to MWBEs in order to receive benefits. For all projects, including those small projects with construction budgets under \$750,000, the central requirement of the bill is that the City provide ICAP applicants with information on how to access the MWBE directory maintained by the Department of Small Business Services so that applicants can perform outreach if they wish to do so. For projects between \$750,000 and \$1.5 million, applicants would also be required to certify that they actually accessed the SBS directory of MWBEs. (However, in addition to making such certification, these mid-level applicants also would be required to give a detailed "report" on their outreach efforts.) The largest ICAP-eligible projects - those with construction costs exceeding \$1.5 million -- would be required to work with SBS in publicizing contracting and subcontracting opportunities and would also be required to solicit bids from at least three MWBEs listed in the SBS directory for construction work related to an ICAP-eligible project. Applicants would then have to list those three companies on their final ICAP application to Finance and certify as to whether any of those MWBEs were awarded contracts.

Finally, the bill provides the strongest incentive for owners and developers to work with SBS and Finance: that is, a potential beneficiary who does **not** comply with the MWBE outreach

requirements I have just outlined can be denied the very valuable tax benefits granted by ICAP.

As I just mentioned, our only issue with the bill is the reporting requirement for the mid-level projects. Under Commissioner Stark, Finance has tried very hard to keep all its abatement and exemption applications simple and streamlined. We now ask applicants only for information that the agency needs to know; as a result, personal exemption applications that used to be six and seven pages are now only two pages long. (I have brought along a copy of the two new and very lean ICAP applications, which are one and three pages respectively.) Again, we support the bill's very detailed requirements for what the largest projects will need to do in terms of solicitation, outreach and record-keeping. But having smaller projects also "report" on details of outreach efforts seems unnecessarily burdensome. Therefore, we would ask that this new reporting requirement for mid-level projects be removed.

Otherwise, Finance joins SBS in support for this bill and looks forward to working with our sister agency and the Council in administering the new ICAP program. Thank you for this opportunity to testify before you today, and I would be happy to answer any questions.