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These governors are wooing New York business westward

Utah's Gary Herbert and Michigan's Rick Snyder are looking to convince more companies to decamp NYC



By Jeremy Smerd



Photo: Bloomberg News

Herbert (left) will appear at Carnegie Hall later this month while Snyder visited a few weeks ago

Ohio Gov. John Kasich is not the only out-of-state governor spending time in New York City these days. Michigan's Rick Snyder was in town a couple of weeks ago, and Utah's Gary Herbert will appear at Carnegie Hall later this month.

Kasich, of course, is here to win New York votes ahead of the April 19 presidential primary. Snyder and Herbert want to poach New York businesses.

“The idea of companies leaving Manhattan has never been more true,” said John Boyd, a business location consultant and principal at the Boyd Co.

A study by his firm showed that of the 10 most expensive locations for corporate back offices, four were in the metro area—New York City, Newark, Jersey City and Bergen County.

Boyd visited the *Crain’s* newsroom before heading downtown for a steak dinner hosted by Snyder, whose state has already lured JPMorgan.

Boyd gets invited to these things often. “If I went to all of them,” he said, “I’d be seriously overweight.”

Utah persuaded Goldman Sachs to move jobs from New York to Salt Lake City. The state’s liberalized drinking laws helped; so did tax breaks. Now the governor is coming back and he’s bringing the Utah Symphony Orchestra to help him perfect his pitch: The Mormon state is cheaper than New York and has high culture, too.

The most expensive city in North America these days is San Francisco, followed by New York. The least?

Montreal, where Morgan Stanley is adding hundreds of jobs. “There’s been no backlash here because it’s been under the radar,” Boyd said.

Montreal’s tax breaks include no income tax for executives for five years. Other benefits include the exchange rate for Canadian dollars and companies in Canada spending much less on health care—16% of labor costs compared with 30% in the United States, Boyd said.

New York does a good job luring startups here and giving them tax breaks and incentives to get off the ground. Growing here is harder. At our party last week celebrating this year’s 40 Under 40 class, two young entrepreneurs told me high costs have forced them to consider expanding elsewhere. Andrew Vagenas, CEO of Pharmapacks, needs more space but can’t find it. Steve Chen, chief operating officer of Crystal Window, owns his warehouse but it’s not in an industrial business zone, so his high tax bill means he’d be better off converting it into condos.

“Companies will always keep a brick-and-mortar presence here, they will always keep top executives here,” Boyd said. Most everyone else’s job, however, is up for grabs.