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The Authorities Budget Office Issues Report on Industrial Development Agencies' 2018 New Projects

The Authorities Budget Office (ABO) released its report today on projects provided financial assistance by Industrial Development Agencies (IDAs). The review was conducted to better understand the types of projects receiving financial assistance and the type and amount of financial assistance approved. The ABO randomly selected 50 projects from the 281 projects that were reported as being approved in 2018. The projects selected were from 31 IDAs.

The report found that the most common type of projects approved for IDA financial assistance are manufacturing-related. However, the report reveals that a significant proportion of the projects are not industrial or manufacturing-related, but are for retail, housing and mixed-use projects. The report found 90 percent of the projects approved were provided sales tax exemptions and 72 percent were approved for real property tax exemptions. The ABO was unable to identify the estimated amount of financial assistance approved for these projects since IDAs are not identifying these amounts in the project resolutions or in the project agreements. The lack of transparency provided in project documents makes it difficult for the public to understand the actual costs and measure the benefits to the localities of these projects as the law intends.

The review also found that IDAs are not posting project documents on IDA web sites in accordance with ABO regulations (19 NYCRR 250.1). Of the 50 projects review, only five projects had all the required documents posted, including the project application, approving resolution and project agreement.

“Our reviews of IDA projects continue to find limited transparency of the tax exemptions being provided by IDAs to economic development projects,” stated ABO Deputy Director of Compliance, Michael Farrar. “In each review we conduct we continue to find transparency and data accuracy issues. There is still much work to be done to ensure the public and the affected taxing jurisdictions have access to the estimated values of tax exemptions being provided to be able to measure the benefits, as the Legislature intended.”

In addition, the report found IDA boards and management are not giving adequate attention to the accuracy of the project data being reported in the Public Authorities Reporting Information System (PARIS). Half of the projects reviewed did not accurately report the job numbers that were indicated by the project owner applications submitted to the IDA.

A copy of the full report is available at www.abo.ny.gov.