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**The Authorities Budget Office Issues Its 2017 Annual Report**

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The Authorities Budget Office (ABO) has released its annual report on the finances and activities of New York's 578 state and local authorities.

ABO Director Jeff Pearlman states, "I am honored to release the first annual report since becoming Director. I hope that you find the information provided in this Report to be a useful tool for public analysis.

"The ABO continues to focus on constructive ways to make the current public authority system more rational. This includes exploring opportunities to restructure, consolidate or dissolve authorities that no longer serve a necessary public purpose or that have duplicative missions."

"The debt growth at the local level is concerning and we are devoting increased attention to the proliferation of not-for-profit local development corporations that are created to issue tax exempt debt and undertake public projects", Pearlman added. "We need to ensure these entities are held to the highest standards of accountability and transparency in order to understand how they are carrying out a bona fide public benefit."

Some of the significant findings and observations presented by the ABO Report include:

- Overall, the operating expenses reported by public authorities for 2016 continue to increase. State authorities report an increase in operating expenses of approximately 15 percent since 2012. Local authorities on average reported a 28 percent increase from 2012, while local development corporations on average reported a 15 percent increase. Industrial development agencies on average reported operating expense decreases from 2012.
- Total outstanding debt issued by all authorities totaled \$269.9 billion for 2016. The majority of this debt (\$159.0 billion) has been issued by state authorities. State authorities report that debt issued for state purposes continues to decrease, while debt issued for the authorities' purpose has increased. Debt issued by local authorities and local development corporations continues to increase, while the amount of debt issued by IDAs continues to decrease.

- The data reported by industrial development agencies and local development corporations continues to raise questions as to the effectiveness of the state's economic development approach. There appears to be little correlation between a county's change in private sector employment totals between 2012 and 2016 and the number of projects approved by an IDA in the county. However, IDAs still provided a total of \$53.3 million in first year net exemptions for the 292 projects approved in 2016.
- IDAs reported a total of 284 projects were approved in 2012 and received a total of \$147.2 million in financial assistance over the past 5 years. These projects were expected to create a total 8,766 new jobs. As reported by the IDAs these projects resulted in a total of 9,746 jobs since 2012, which is 980 more than expected when the projects were approved. This net job growth is not reflective of individual result; 30 of the 66 IDAs that had projects approved in 2012 and remained active in 2016 reported fewer jobs than anticipated.
- The growth in the number of local development corporations continues. The proliferation of LDCs in recent years has increased the risk for waste and abuse of public funds. LDCs could be used as vehicles to alleviate municipal budget pressure by taking debt off the municipality's books or providing cash infusions to balance budgets. That is why the ABO has focused on identifying LDCs that meet the definition of a local authority and subjecting those corporations to regulatory, governance and reporting provisions of PAAA and PARA.
- The report cites 115 authorities as non-compliant with the public accountability, transparency and disclosure requirements of state law. These authorities are subject to additional enforcement action should they remain delinquent filing financial and operating information with the ABO.

The complete ABO Annual Report, and a list of all delinquent authorities, is available at:

<http://www.abo.ny.gov/reports/annualreports/ABO2017AnnualReport.pdf>.

The Authorities Budget Office (ABO) was created as an independent office pursuant to Chapter 506 of the Laws of 2009 ("The Public Authorities Reform Act"). The mission of the Authorities Budget Office is to make public authorities more accountable and transparent, and to act in the public interest consistent with their intended purpose.