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The Authorities Budget Office Issues Report on the Chemung County Industrial Development Agency

The Authorities Budget Office (ABO) released its report on the operating practices of the Chemung County Industrial Development Agency (IDA), a public authority responsible for advancing employment, health and recreational opportunities that promote the general prosperity and economic welfare of the people of Chemung County.

The review found that IDA does not actively recruit businesses or market the County. The IDA contracts with Southern Tier Economic Growth (STEG), the County's designated economic development corporation, for administrative services. Projects requesting financial assistance are evaluated and submitted to the IDA board by STEG. The IDA board routinely accepts all applications submitted, and appears to provide little to no guidance regarding project selection, review and approval. The review also noted that more than half of the IDA's board members also serve on the board of STEG creating the appearance of potential conflicts of interest for these directors.

The review determined that the IDA board has not established policies and procedures to monitor project performance, or to bill and verify that payments in lieu of taxes (PILOT) made to taxing jurisdictions are in accordance with PILOT agreements. The ABO reviewed ten IDA projects and found that eight projects failed to meet employment goals, five projects received financial assistance that exceeded the amount requested and project data reported to the State for nine projects contained errors, resulting in understating the amount of IDA financial assistance provided to those projects. The review also found that of the five projects that have PILOT agreements, three are making incorrect payments resulting in taxing jurisdictions and special districts not receiving over \$163,000 in PILOT revenues.

The report also found that STEG, acting as the IDA's administrator, independently negotiates lower agency fees for projects without IDA board authorization or approval. As a result, the IDA has not realized more than \$327,000 in fees it would have been owed had STEG followed established policy.

The report includes recommendations to improve IDA policies and procedures for reviewing and monitoring project performance. In its response to the report, the IDA board indicated it would address these findings and implement the ABO's recommendations.

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