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The Authorities Budget Office Releases Multi Year Analysis of IDA Financial Assistance Practices

The Authorities Budget Office today released information on the cumulative value of financial assistance and tax exemptions received by industrial development agency (IDA) projects each year from 2008 through 2011. Also included in the ABO release is specific financial assistance information on all IDA projects approved in 2010 and 2011, including the number of jobs each project is expected to create.

The data released by the ABO reveals that:

- IDA projects realized more than \$5.6 billion in total financial assistance from 2008-2011, of which \$3 billion went to IDA projects located outside of New York City. Projects located in New York City received \$2.6 billion in tax exemptions.
- When adjusted for payments made by projects in lieu of taxes (PILOTS), the net value of these exemptions totaled almost \$2.2 billion (\$1.6 billion outside NYC).
- Net exemptions from potential school taxes totaled \$757 million over the four years.
- IDA projects were exempt from paying \$276 million in state sales taxes and \$262 million in local sales taxes.

“Economic development officials see these tax exemptions as effective and essential for spurring economic development. They view any restriction on the availability of financial assistance options as detrimental to job creation and economic development”, said David Kidera, Director of the Authorities Budget Office. “At the same time, local governments and the state, which are asked to forego potential revenue, and taxpayers, who often bear the burden of these tax exemptions, expect that assisted projects deliver the new jobs and sustained economic benefits they promise. While we have improved the accountability and transparency of IDAs, we have not focused on whether this financial assistance equation is working for every community. Hopefully, this data release starts the discussion and helps public officials and taxpayers objectively draw their own conclusions”, he added.

The ABO noted that the information used in this report was submitted and confirmed as accurate by the IDAs. Industrial development agencies serving more populated communities with higher property values, and IDAs which assisted significant projects generally awarded the most financial assistance. The Town of Hempstead IDA provided \$174 million in total tax exemptions, more than any other IDA outside of New York City, followed by the Niagara County IDA, the Nassau County IDA, the Yonkers IDA and the Westchester County IDA. When adjusted for PILOT payments, the net value of the financial assistance made available by the Town of Hempstead IDA was \$116 million. The Greene County IDA, the Yonkers IDA, and the Nassau County IDA were next in the net value of tax exemptions provided. Saratoga County IDA granted state and local sales tax exemptions totaling \$42 million. Westchester County was next with \$40 million.

The complete breakdown of financial assistance provided by each industrial development agency can be downloaded from: www.abo.ny.gov