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NYS Authorities Budget Office Report on the Counties of Warren and Washington Industrial Development Agency and Civic Development Corporation

The Authorities Budget Office (ABO) released its report today regarding the transparency and accountability of the Counties of Warren and Washington Industrial Development Agency (IDA) and Civic Development Corporation (CDC), public authorities responsible for providing financial assistance to business and industry in Warren and Washington Counties.

The review found the IDA has not adopted adequate procedures to evaluate proposed projects seeking financial assistance. We found the information in the cost-benefit analysis does not always match the information provided in the project application. Of the five projects approved since June 2016, none had a cost-benefit analysis that matched the information listed in the applications. For example, the Ray Terminals LLC project owner submitted an application to the IDA in May 2017 requesting \$573,040 in total exemptions. However, the IDA's cost-benefit analysis for this project estimated the total exemptions to be \$510,356, with no records to identify how the \$510,356 was determined. Even though the Executive Committee received both the application and the cost-benefit analysis, there were no questions regarding the different amounts recorded in the Executive Committee meeting minutes.

The ABO also found the IDA is not annually monitoring the job creation results for all projects. There were 22 active projects in 2015 which were expected to create jobs, but the Audit Committee only reviewed the job status of 12 projects. The IDA board did not review the job status of any projects in 2016, apparently due to staff turnover. And there were 25 projects in 2017 that were expected to create jobs, yet only 22 projects were reviewed by the Audit Committee.

The ABO also found that six of nine projects reviewed were billed the incorrect amount for PILOTs, generally because the IDA used the wrong school year in calculating the PILOT amounts. For example, the PILOT agreement for the Irving Tissue, Inc. Expansion project stipulates that year six of the agreement will consist of the 2015 county and town tax rate and the 2014-15 school year tax rate. However, the IDA applied the 2015-16 school year tax rate in calculating the amount of the PILOT. This resulted in the project paying \$92,393 more than it should have in PILOTs for the three years 2015 through 2017.

The ABO's report provides several recommendations for the IDA to improve its transparency and accountability.

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