

## **Reinvent Albany and Citizens Budget Commission Strongly Support Authorities Budget Office's (ABO) Rule Increasing Transparency of IDA Projects and Describing How Subsidies Revoked or Clawed Back**

*Rule Requires IDAs Publish Online Essential Project Information and Policies for Giving Out Hundreds of Millions in Annual Business Subsidies*

Citizens Budget Commission, Fiscal Policy Institute and Reinvent Albany strongly support the Authorities Budget Office's (ABO) proposed rules requiring Industrial Development Agencies (IDAs) to publish online essential information about projects they are providing with taxpayer subsidies.

The ABO held a hearing on the [Rule](#) today.

“Reinvent Albany strongly supports this fundamental transparency measure. This is the public's money, and IDAs should make known their agreements with companies receiving subsidies, how IDAs select winning projects, and their standards for recouping taxpayer dollars if required jobs are not created,” said Alex Camarda, Senior Policy Advisor for Reinvent Albany.

“The Citizens Budget Commission supports the ABO's proposal to increase public posting of IDA project data. IDAs give private businesses \$750 million in public funds annually, and the public has a right to know the details of those subsidies to determine if expenses are worthwhile. The increased disclosure is the right thing to do and should serve as a model for local development corporations,” said David Friedfel, Director of State Studies, Citizens Budget Commission.

The ABO's rule will require the 109 IDAs across the state to post information on their websites including:

- disclosure of the financial assistance application form companies, developers, organizations or individuals complete when seeking taxpayer subsidies;
- disclosure of IDA's criteria for evaluating and selecting different types of projects;
- disclosure of the completed project agreements with companies providing the terms and conditions for receiving funds for projects

- disclosure of policies for the suspension or discontinuance of subsidies or modifications to Payments in Lieu of Taxes (PILOTs) for violations of project agreements;
- disclosure of policies for the return of all or part of the financial assistance for shortfalls in job creation and retention or violations of the project agreement;
- disclosure of annual assessments for projects to determine if projects are meeting their job creation and retention goals.

The Rule would make transparent requirements placed on IDAs in 2015 to make them more accountable to taxpayers. [A 2015 law sponsored by Senator Kathleen Marchione and Assemblyman Magnarelli](#) required IDAs to create an application form for companies to seek subsidies, form project agreements with companies receiving benefits, and enact policies for measuring corporate progress in hitting job targets and terminating and clawing back benefits if job targets are not reached.

It is not known to what extent IDAs are complying with the law.

According to the [ABO's 2018 annual report](#), 109 IDAs approved 1,704 projects between 2013 and 2017. Of the 351 approved projects from 2013 still active in 2017, IDAs gave out \$274 million in benefits creating 21,769 jobs at an average cost of \$12,589 per job.

Project costs per job ranged wildly from IDA to IDA pointing to the need for project transparency and accountability in the ABO Rule. According to ABO's report, the Islip IDA gave out \$8.6 million to 11 projects which thus far have not produced a single job. Erie County handed out \$22 million to 16 projects for 315 jobs, or \$70,394 a job. New York City's IDA, in contrast, subsidized 17 projects with \$8.8 million and created 5,678 jobs, averaging \$1,565 a job.

Reinvent Albany's full testimony is [here](#).

Citizens Budget Commission's testimony is [here](#).