S.1737 Krueger/A.6727 Solages /S.2727A Skoufis/A.2715A Paulin/ S.2297 Mayer/A.5910 Zebrowski/ S.6746 Ryan/ A.8121 Thiele

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BILL
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SUBJECT
Transparency in Local Economic Development Act.
DATE
March 27, 2024
OPPOSE

The Business Council of New York State opposes the proposal to establish a "Transparency in Local Economic Development Act" (TLECD Act) as defined by the following legislative bills:

- S.1737 Krueger / A.6727 Solages
- S.2727A Skoufis /A.3715A Paulin
- S.2297 Mayer / A.5910 Zebrowski
- S.6746 Ryan / A.8121 Thiele

While we share the goal of promoting transparency and accountability in economic development initiatives, we believe that the provisions outlined in this legislation would have detrimental effects on our state's economic growth and local autonomy. The proposed measures within these bills would introduce redundant and conflicting oversight mechanisms that risk stifling innovation and impeding the ability of local entities to address the unique needs of New York's diverse economies. While transparency is essential, it must be balanced with the flexibility needed for local economic development efforts to thrive.

One of the key provisions of TLEDC Act is the creation of a searchable database of economic development subsidies provided by local authorities, industrial development agencies (IDAs), and local development corporations (LDCs). While transparency is crucial, creating a duplicative reporting construct would burden both state agencies and local entities, ultimately hindering economic development efforts. Additionally, the TLEDC Act, would essentially change the application and approval process for creating nonprofits and local development corporations. By circumventing the Department of State and local home rule, this legislation gives the director of the Authorities Budget Office (ABO) complete oversight to approve or reject the creation of entities. However, it fails to establish clear criteria for these decisions. This would erode local control and limit the ability of communities to pursue economic development projects that meet their specific needs.

Furthermore, the legislation would grant county comptrollers or chief elected officials the authority to conduct audits of IDAs located within their jurisdictions. The mandate for county comptrollers to conduct audits of industrial development agencies (IDAs) and not-for-profit corporations (NPCs), alongside existing audits by the Office of the State Comptroller and review by the ABO, creates redundant practices. This requirement is unnecessary and would place substantial demands on local governments, impeding their capacity to efficiently undertake economic development initiatives and resulting in wasteful expenditure of resources. In addition, IDAs are subject to independent audits by third party organizations annually.
Granting additional audit authority could lead to conflicting interpretations and hinder the ability of IDAs to effectively carry out their missions.

Perhaps most concerning is the provision that would give the ABO the authority to shut down public authorities deemed to be non-compliant or "acting beyond its capacity or power." This unilateral authority lacks clear criteria for determining non-compliance and could lead to arbitrary enforcement actions that undermine the stability of public authorities and IDAs.

For these reasons, The Business Council opposes the “Transparency in Local Economic Development Act”. The proposals outlined in these bills are not the solution to increased transparency and accountability.

We urge the Legislature to reconsider this legislation and work collaboratively with stakeholders to develop more effective measures while preserving local autonomy and fostering economic growth.