



December 18, 2019

The Honorable Andrew M. Cuomo  
Governor of the State of New York  
Executive Chamber  
State Capitol  
Albany, NY 12224

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**President**

Andrew S. Rein

Dear Governor Cuomo:

The Citizens Budget Commission (CBC) urges you to sign A7476/S5445, which will provide needed oversight by authorizing the Office of the State Comptroller (OSC) to audit local development corporations (LDCs). Local governments in New York State provide \$5.6 billion annually in financial assistance to businesses directly or through municipally controlled Industrial Development Agencies (IDAs) and LDCs.<sup>1</sup> LDCs have the power to buy and sell property, borrow money, issue debt, and give grants and loans. In 2017 at least 192 LDCs focused on economic development spent a total of \$1.2 billion.<sup>2</sup>

Little is known about whether these resources are being used effectively in service of taxpayers. CBC has recommended authorizing OSC to audit LDCs, a power that it currently has for IDAs. The Authorities Budget Office reports that approximately a quarter of LDCs fail to submit required annual reports, and information that is submitted frequently is inaccurate.<sup>3</sup>

Improving oversight of LDCs is necessary to safeguard against misuse of public resources. I urge you to sign this bill to enhance accountability of local economic development.

Sincerely,

Andrew S. Rein  
President

<sup>1</sup> Riley Edwards, *10 Billion Reasons to Rethink Economic Development in New York* (Citizens Budget Commission, February 11, 2019), <https://cbcny.org/research/10-billion-reasons-rethink-economic-development-new-york>.

<sup>2</sup> CBC staff analysis of data from Authorities Budget Office, "Summary Financial Information for Local Development Corporations" (accessed July 17, 2019, last updated June 10, 2019), <https://data.ny.gov/Transparency/Summary-Financial-Information-for-Local-Development/wgry-y5zd>.

<sup>3</sup> Authorities Budget Office, *Annual Report on Public Authorities in New York State* (July 1, 2017), pp. 58 & A1, [www.abo.ny.gov/reports/annualreports/ABO2017AnnualReport.pdf](http://www.abo.ny.gov/reports/annualreports/ABO2017AnnualReport.pdf).