

1. Local IDA projects provide critical economic development tools for our communities

Oppose proposal to require IDA projects financed by tax-exempt bonds to be approved by the state.

The Executive Budget contains a proposal to require IDA projects financed by tax-exempt private activity bonds to be approved by the state Public Authority Control Board (PACB).

The PACB was created by Chapter 38 of the Laws of 1976 to monitor and approve state public authority debt in response to a growing amount of state public debt issued by the state's public authorities, which contributed significantly to the New York State/New York City fiscal crisis of the mid-1970s. The law requires eleven statewide public authorities to receive a resolution of approval from the PACB prior to getting financing.

Tax-exempt private activity bonds issued by local Industrial Development Agencies are not debt or obligation of the state, the local government served by the IDA, or the IDA. These bonds are the obligation and liability of the borrower, and such assertions are prominent in the covenants contained in the bond documents.

These bonds are used to finance very specific types of projects authorized in IRS regulations, including manufacturing, affordable housing, pollution control equipment, and waste disposal facilities in communities all across the state.

Today, the federal formula allocates \$100 times the population of the state. Currently, New York is awarded just under \$2 billion in PAB capacity, one third of which is reallocated to local IDAs.

This formula established state control of its allocation, and provides local control of its IDA bond capacity. The assertion of state control over local allocation contained in the Governor's budget casts aside the principle of local control of the local allocation of the state volume cap.

Because these local projects have no impact on state debt, and because Part R would eliminate the principle of local control provided in the current statute, which has operated effectively for 29 years, counties do not support this proposal.