



Lisa M. G. Mulligan, Chief Executive Officer

Town of Brookhaven Industrial Development Agency

Myth vs. Truth

1. MYTH *Industrial Development Agencies operate without supervision or oversight.*

TRUTH Virtually every aspect of IDA operations are governed by the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009, which are enforced by the Authority Budget Office (ABO) and the Office of the State Comptroller (OSC). In addition, the IDA's appointed board has fiduciary and ethical responsibilities regarding all IDA actions.
2. MYTH *IDA projects are financed with taxpayer dollars.*

TRUTH IDA projects are financed by investors, financial institutions, and in some cases, with the support of the Small Business Administration.
3. MYTH *The full faith and credit of the Town, County and New York State stands behind each and every project.*

TRUTH Credit support depends on the cash flow, collateral and usually, the guarantees from the project's principals or owners. Neither the credit of the IDA, Town, County nor is ever exposed or at risk.
4. MYTH *Tax abatements are automatically handed out with little consideration for the impact of a project on the municipalities affected.*

TRUTH Projects are evaluated based on many factors as outlined in our Uniform Project Evaluation Criteria Policy. Consideration includes, but is not limited to, the existing (retained) jobs and those to be created and the capital investment. The actual abatement, however, is a function of the type of project. In the majority of cases, no existing real estate taxes are lost, and, after a term, usually ten years, real estate taxes are greatly increased. Typically, the IDA is required to hold a public hearing for a project prior to final approval, and the IDA is required to mail notice of such public hearing to every impacted taxing jurisdiction.
5. MYTH *IDA Board Members are paid.*

TRUTH

Members are appointed by the Town of Brookhaven's Town Council and serve without compensation.

6. MYTH

IDA projects don't pay taxes.

TRUTH

Although projects are generally exempt from real estate property taxes while active with the IDA, projects typically make Payments In Lieu Of Taxes (PILOTs) to the taxing jurisdictions in which the projects are located, thereby offsetting the loss of revenues from those exemptions, at least partially. A PILOT Agreement is executed to govern the approved abatement.

7. MYTH

Monies collected (semi-annually) under the PILOT Agreement are used by the IDA until its management decides to remit to the affected taxing jurisdictions.

TRUTH

All monies collected under PILOT Agreements must be distributed to the various taxing authorities, including school districts, within 30 days of their receipt. The taxing jurisdictions receive their pro-rata share of the collected money.

8. MYTH

IDA Board meetings and public hearings are closed to the public and are not publicly advertised.

TRUTH

Board meetings are open to the public with dates and times advertised prior to each meeting. Members of the public are welcome to attend. However, no public statements are permitted. Minutes of all meetings are posted on the organization's website. Public hearings are required for all projects wherein aggregate benefits are projected to exceed \$100,000, and the public is invited to attend and present their positions or comments. Such meetings are similarly advertised. Public hearing comments are presented to the Board of Directors prior to the vote on the project. Comments are also included in the project resolutions.

9. MYTH

Finances and financial statements are figments of the IDA Board's imagination and are confidential.

TRUTH

The Public Authorities Accountability Act of 2005 (PAAA) of New York State requires every IDA to have an annual audited financial statement prepared by an independent certified public accounting firm. The audit includes a section on all active IDA projects. This document is posted on the Agency's website. An annual budget must be submitted to the Town before it is adopted and certified to the ABO.

10. MYTH

If a project fails to live up to its promised investment or job creation, no action including penalty assessments is taken by the host IDA.

TRUTH

IDA Agreements contain "recapture" language that enables IDAs to amend, reduce or even cancel the approved abatements and recover all or part of the benefit provided.

11. MYTH

There is active and continuing competition among IDAs resulting in additional abatements and exemptions for a project.

TRUTH

Long Island IDAs do not compete – they actually work together. Project site selection is based primarily on the availability and location of vacant land, existing structures and either highway or rail transportation. IDAs fully understand that a business that stays and expands in any Long Island town benefits the economic stability of the entire region.

12. MYTH

IDAs strictly support industrial and commercial projects.

TRUTH

IDAs certainly support industrial and commercial projects, but they also support residential rental projects, energy production and storage projects and tourism supporting projects as well as others.