Town of Brookhaven

LOCAL DEVELOPMENT CORPORATION

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Local Development Corporations

Myth vs. Truth

1. <u>MYTH</u> *LDC projects are financed with taxpayer dollars.*

   <u>TRUTH</u> LDC projects are financed by investors and financial institutions.

2. <u>MYTH</u> *The full faith and credit of the Town, County and New York State stands behind each and every project.*

   <u>TRUTH</u> Credit support depends on the cash flow, and collateral from the project and usually, the guaranty from the project's corporate owner (if any). <u>Neither the LDC's, nor the municipality's credit is ever exposed or at risk.</u>

3. <u>MYTH</u> *Tax abatements are automatically handed out with little consideration for the impact of a project on the municipalities affected.*

   <u>TRUTH</u> Local Development Corporations facilitate financing for not-for-profit organizations which are exempt from paying real estate taxes. However, frequently a community benefits package is negotiated in consideration for the capital investment being made and the jobs being created. The LDC is required to hold a public meeting on every project and is required to mail notice of such public hearing to every impacted taxing jurisdiction.

4. <u>MYTH</u> *LDC Board Members are paid.*

   <u>TRUTH</u> Members are appointed by the governing body of the municipality and serve without compensation.

5. <u>MYTH</u> *LDC meetings are closed to the public and are not publicly advertised.*

   <u>TRUTH</u> Meetings are open to the public with dates and times advertised ten days before each meeting. Members of the public are welcome to speak or present written objections at such public meeting. Minutes of those meetings are posted on the organization's website.

6. <u>MYTH</u> *Finances and financial statements are figments of the LDC Board's imagination and are confidential.*

   <u>TRUTH</u> The Public Authorities Accountability Act of 2005 (PAAA) of New York State requires every LDC to have an annual audited financial statement prepared by an independent certified public accounting firm, and includes a section on all outstanding LDC projects. This document is also posted on the website.

7. <u>MYTH</u> *Monies collected (semi-annually) under the benefits agreement are used by the LDC until its management decides to remit to the affected taxing jurisdictions.*

<u>TRUTH</u> All monies collected under a benefits package (if collected by the LDC) must be distributed within 30 days of their receipt. In some cases the benefits package may be collected directly by the tax receiver.

8. <u>MYTH</u> *Local Development Corporations operate without supervision or oversight.*

<u>TRUTH</u> Virtually every aspect of LDC operations is governed by the Public Authorities Accountability Act of 2005, and the Public Authorities Reform Act of 2009, which is enforced by the Authority Budget Office, and the Office of the State Comptroller. An annual budget must be submitted to the municipality before it is adopted. In addition, the LDC's appointed board has fiduciary and ethical responsibilities regarding all LDC actions.

10. <u>MYTH</u> *There is active and continuing competition between LDCs resulting in additional abatements and exemptions for a project.*

<u>TRUTH</u> Long Island LDCs (and IDAs) do not compete. Project site selection is based primarily on the availability and location of vacant land and existing structures. The Board of the LDC fully understands that a business that stays and expands in any Long Island community benefits the economic stability of the entire region.