Skoufis Releases Investigative Report Exposing Further Orange County IDA Malfeasance

JAMES SKOUFIS   July 26, 2023

| ISSUE: **INDUSTRIAL DEVELOPMENT AGENCIES**, **TAX INCENTIVES**, **ECONOMIC DEVELOPMENT**
| COMMITTEE: **INVESTIGATIONS AND GOVERNMENT OPERATIONS**

REPORT FROM THE NEW YORK STATE SENATE

COMMITTEE ON INVESTIGATIONS AND GOVERNMENT OPERATIONS

CHAIR
SENATOR JAMES SKOUFIS

Final Investigative Report:
Examination of Unessential Financial Assistance
Provided by Industrial Development Agencies

Senator to Make Criminal Referral to District Attorney

Senator James Skoufis (D-Orange County), as Chair of the Senate Investigations and Government Operations Committee, announced the conclusion of a months-long investigation into unwarranted Industrial Development Agency (IDA) tax breaks, including recently-approved property tax breaks by the Orange County IDA. The 15-year corporate subsidy for a forthcoming expansion of Mack Bros., Ltd./Milmar Food Group ("Milmar") in Goshen is slated to cost local taxpayers more than $2.25 million over the life of the giveaway–incentives which the company, as the investigative report meticulously

demonstrates, lied to acquire.

Skoufis launched this statewide examination of applications for financial assistance made to various Industrial Development Agencies (IDAs) in February 2023. Of particular focus was what's known as the 'but for' principle, a question that should serve as an unequivocal filter for any application for tax breaks: *will a project indeed move forward if the IDA doesn't grant the requested incentives?* Skoufis and his Committee sought to understand if and how the 'but for' principle was applied by IDAs across the state. In the case of Milmar, the 'but for' clause was summarily ignored when the company admitted in their own application that their project would continue regardless of whether they were awarded tax breaks—and the IDA granted the incentives anyway.

The investigation also zeroed in on statements made by Milmar to various public entities in the months leading up to its $2.25 million handout. The findings show a sustained pattern of deception, with Milmar relaying to the Town of Goshen Planning Board in April 2022 that no job creation was anticipated – presumably in order to skirt concerns about water, sewer, parking capacity, and other site planning issues that might slow their process – then, just a few months later, articulating to the Orange County IDA that in fact 50 new jobs would be created – all in order to coax the agency's support and secure tax breaks.

q

> *"What we see here is a very clear, cut-and-dry example of a company blatantly and repeatedly falsifying its own projections to suit its needs at the expense of taxpayers," said Skoufis, long an outspoken advocate for increased transparency and oversight of IDAs. "We've known for some time that when an Orange County applicant comes to town looking for corporate welfare, they'll say 'jump' and the Orange County IDA will always respond with 'how high?' without any consideration of the facts."*

"The facts are straightforward in this case," continued **Skoufis**. "Milmar didn't need these tax breaks. Milmar publicly admitted they didn't need these tax breaks, then proceeded to lie to the Orange County IDA. Yet, the IDA granted these tax breaks anyway."

The release comes just weeks before the State Inspector General's office is slated to embed a monitor within the Orange County IDA to rein in future wasteful corporate giveaways.

Skoufis led the fight for this first-of-its-kind monitor – which was supported by over forty local officials, school board leaders, unions, and good government groups – following felony convictions of three former Orange County IDA officials and relentless disregard of taxpayer interests.

Given the findings of this probe, Skoufis has made a criminal referral to the Orange County District Attorney regarding Milmar's deceitful practices. A copy of this referral can be found here. The final investigative report can be found here.