



NEW YORK STATE SENATOR

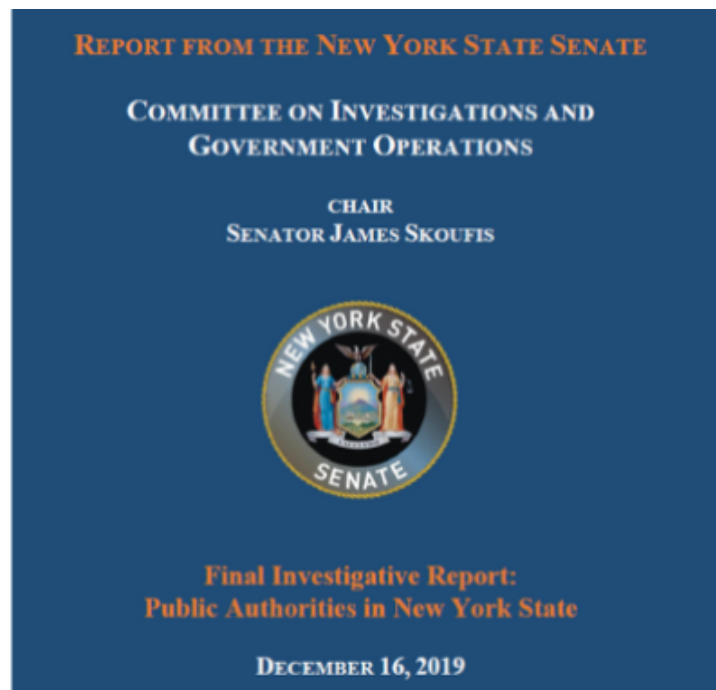
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Senate Investigations and Government Operations Committee Releases Full Report on Public Authorities and IDAs, Finds Urgent Need for Reform

JAMES SKOUFIS December 16, 2019

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| COMMITTEE: **INVESTIGATIONS AND GOVERNMENT OPERATIONS**



Skoufis Releases Investigative Report on Public Authorities and IDAs, Finds Urgent Need for Reform

In March of 2019, Senator James Skoufis, Chair of the Senate Committee on Investigations and Government Operations, opened an investigation into the compliance and practices of

public authorities, including industrial development agencies (IDAs), across New York State. The Committee issued information and document requests to 143 public authorities including state authorities, local authorities, industrial development agencies, and local development corporations.

The nine-month investigation found a significant need for stronger enforcement of existing laws in order to ensure compliance. Additionally, new laws and oversight tools are urgently needed to better protect taxpayers amidst billions of dollars in annual public authority spending.

In an effort to recognize best practices as well as expose fraud, the investigations team developed two case studies within the report. In particular, The Medline Industries warehouse IDA application in the Town of Montgomery, Orange County, revealed unethical, if not illegal, behavior and serves as an example of how financial incentives can be abused to the detriment of local taxpayers. The committee's document requests produced evidence of potential collusion between these quasi-governmental agencies and the governmental entities that consider local approvals for a project.

"If there's one takeaway from our investigation, it's that taxpayers deserve far more accountability and responsibility with their money," **said Senator Skoufis**. "The results of this report acknowledge the important role that public authorities play in our state, but also pulls back the curtain on a system that's desperate for wholesale reform. Many of my colleagues and I will be heading into the forthcoming legislative session with a mission to advance substantial changes that better respect taxpayer pocketbooks."

Some Key Findings:

Growth of Public Authority Debt

The outstanding debt of public authorities continues to grow. In 2018, public authorities reported over one-quarter of a trillion in outstanding debt, approximately \$282.1 billion, an 8 percent increase since 2014

Inadequate Statutory Oversight

The State's extensive reliance on public authorities is problematic due to insufficient statutory mandates that scrutinize their financial and operational activities

Insufficient Transparency

Due to their unique status as quasi-public entities, public authorities are not subject to the same level of public scrutiny as traditional State agencies.

Recommendations include:

- Enact new laws that compel a more responsible consideration of IDA applications
- Prohibit elected officials from serving on IDA boards
- Increase oversight of public authorities board members
- Fill the over 40 board vacancies that exist at state authorities
- Improve existing statutory oversight of public authorities
- Increase the Authorities Budget Office's (ABO's) appropriation in the state budget in order to ensure more robust compliance
- Require public authorities to respond to ABO recommendations
- Develop legislation requiring certification under penalty of perjury for knowingly filing false or inaccurate information
- Require public authorities to plainly disclose all conflicts of interests on their website

- Make PARIS, the database for all reported information of public authorities, accessible to the public and expand it to include additional data such as information on a project's construction jobs

The Committee urges the Legislature and Department of State to develop and expand on these reforms in the upcoming 2020 legislative session.

Please find the attached 137-page final investigative report. This is the third comprehensive report to come out of the Investigations and Government Operations Committee this year; under Senator Skoufis' chairmanship, the committee has been course-corrected to finally undertake real investigations and produce meaningful and substantive oversight that New Yorkers will benefit from.

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