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County Directs Economic Development Department to Weigh IDA Incentives

RIVERHEAD, N.Y. – Members of the Suffolk County Legislature yesterday directed the Department of Economic Development and Planning to conduct a study to determine the effectiveness of the Suffolk County Industrial Development Agency (IDA) and assess whether tax breaks granted are justified.

In a 16 to 1 vote at its General Meeting in Riverhead, the Legislature authorized the county's Department of Economic Development and Planning to undertake a cost-benefit analysis of the Suffolk County IDA to review the number of tax breaks and abatements awarded and the amount of low-cost financing granted by the IDA to businesses and developers over the past five years.

The Department will be empowered to quantify the economic benefits received by the County as a result of the tax breaks and low-cost financing, with an emphasis on the number of temporary and permanent jobs promised and whether those new jobs were created, on a project-by-project basis. A written report by the Department of its findings must be delivered to the County Executive and each County Legislator within 180 days of the effective date of the adoption of the resolution.

The IDA is authorized to provide financial assistance to businesses to encourage economic growth. That includes business property tax abatements and exemptions from sales tax. They can also issue tax exempt municipal bonds to assist with economic development projects.

Suffolk County Legislature Presiding Officer DuWayne Gregory, who sponsored the legislation along with co-sponsor Legislator Kate Browning, said with the IDA acting largely as an independent public benefit corporation, it is important to conduct reviews from time to time to ascertain whether the county is realizing the benefits from the tax breaks.

“Because the taxpayers are the ones who shoulder the cost of tax breaks granted to businesses, there must be some clear, offsetting value to the county in terms of growth, whether it is economic growth or jobs,” said Presiding Officer Gregory. “There are consequences of awarding

breaks to businesses since they erode the county's tax base. If we are realizing a benefit, then it is worth it. If we aren't, then we need to take a look at that.”

In recent years, IDAs have come under scrutiny, with critics arguing that the actual gains in job creation and economic activity do not justify the large tax breaks that are granted.

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