



Testimony of the New York State School Boards Association

Assembly Standing Committees on Local Governments, Corporations, Authorities and Commissions, and Oversight, Analysis and Investigations

Public Hearing: To examine the role and effectiveness of IDAs and LDCs

Submitted November 22, 2019

The New York State School Boards Association (NYSSBA) appreciates the opportunity to submit testimony to the Assembly Committees on Local Governments, Corporations, Authorities and Commissions, and Oversight, Analysis and Investigations on behalf of the 676 member school boards we serve.

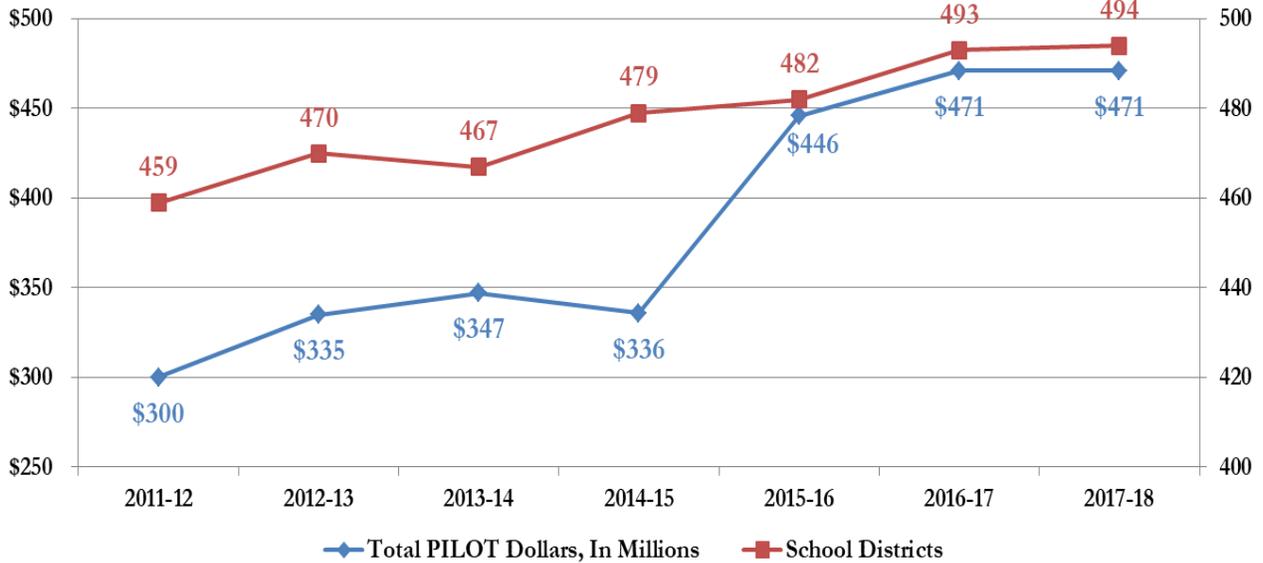
School boards take seriously their responsibility to provide their students with a high quality education that prepares them for a productive life after school. At the same time, board members must balance that goal against the realities of what their community can afford. Because of this, school boards must pay close attention to any and all issues that can impact property taxes and other local revenue. This has been increasingly important as school districts continue to operate under a property tax cap, which limits a district's ability to control its own local resources.

Currently, Industrial Development Agencies (IDAs) routinely offer payment-in-lieu-of-taxes (PILOT) deals and other tax incentives to encourage and preserve economic development through recruitment of new businesses to their area or retainage of companies that have threatened to leave. While these property tax deals have a direct impact on school district finances, state law does not require that school districts have a seat at the table. As economic development incentives become more prevalent, it is critical that school districts have a meaningful role in this process.

With the increased IDA activity, school districts have experienced growth in both the number of PILOT agreements and total PILOT revenue. Nearly 500 districts reported receiving PILOTs in 2017-18 alone. Statewide PILOT revenue received by school districts now exceeds \$470 million, representing a nearly 60% increase from 2011-12 to 2017-18.

It is important to recognize that when property tax deals are agreed upon by IDAs, school taxes often represent the largest share of property tax revenue that is affected. While these agreements can, in some cases, be beneficial to the districts and supported by the school community, there are other results that must be considered. New PILOT revenue can have a negative impact on a district's property tax cap calculation. In some cases, new PILOT agreements entered into by IDAs can lead to an actual reduction in revenue for a school district.

Growth of PILOTs in School Districts



To be clear, in some cases, IDAs actively engage potentially affected school districts in their process and offer great openness and transparency. But too often there is little to no communication, leaving the school district to learn of a multi-million dollar impact on its budget after a decision has already been made. Because of the impact that PILOT agreements and other IDA actions have on school districts, NYSSBA supports providing each district with the authority to determine whether or not a PILOT agreement, entered into by an IDA, shall apply to school property taxes and calls for legislation to make that change.

There are currently more than 100 IDAs in the state – covering counties, cities, towns and villages. As part of their governance structure, General Municipal Law states that members of an IDA “may include representatives of local government, school boards, organized labor and business.” Despite inclusion as a recommended group, disappointingly few IDAs include any level of school board representation. Of the IDAs that identify the respective professional roles of their membership on their websites, only a handful has any school board members. In order to provide the education community with a basic level of representation, NYSSBA calls for amendments to the governance of IDA boards by requiring the inclusion of a seat for school district leadership on all IDA boards. To that end, NYSSBA supports the adoption of S.4720 (Mayer)/A.7576 (Ryan), first introduced earlier this year.

NYSSBA appreciates the steps taken this year to increase transparency and accessibility with regard to IDAs. Chapter 88 of 2019 now requires live streaming of all IDA meetings and hearings, as well as posting of those recordings to IDA websites. This is an important step to promote openness in their deliberations. In addition, NYSSBA is hopeful that S.2769 (Comrie)/A.2947 (Solages) is signed when it is delivered to the Governor before the end of the year. The legislation would require IDAs to provide formal notice to affected school boards and superintendents prior to consideration of potential PILOT deals and other financial incentives. School districts currently only receive basic

public hearing notices from IDAs. This additional notice would help encourage more productive dialogue at a point in the process when decisions have yet to be made.

Given the direct relevance and scope that IDA activities have on school district budgets, property taxes and the greater school community, we encourage the legislature to continue to pursue reforms that create greater levels of transparency and representation between IDAs, school boards and the districts they serve. NYSSBA stands ready to continue to work with you in pursuit of these goals.