



# S U P P O R T

## MEMORANDUM IN

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OF

### **A.7476 – Magnarelli / S.5445 – Skoufis**

The CSEA strongly supports this legislation.

This bill amends the General Municipal Law to grant the State Comptroller statutory authority to audit local development corporations (LDCs). The failure to pass this legislation will allow LDCs to continue to be unaccountable to the taxpayers that fund their operations.

Many LDCs are entirely funded and controlled by a local government. It is obvious that when LDCs are governed by officials from a particular municipality and funded by the same entity, they are simply an extension of that particular local government. However, current law does not recognize this and does not explicitly grant the Comptroller audit authority over them.

Alarming, a growing number of local governments are using LDCs to finance their day-to-day operations. Specifically, numerous counties have transferred their nursing homes to LDCs in order to take the facility off-budget. However, counties lease the facility back from the LDC and operate it as they did before. Due to this legal maneuvering the financial activities of the LDC are not subject to Comptroller review even though its operation is entirely funded by taxpayers. These types of financing schemes are ripe for abuse and fraud and must be subject to public and Comptroller oversight in order to ensure that taxpayer money is spent in the most efficient manner.

On behalf of more than 300,000 active and retired, public and private employees, CSEA strongly urges the passage of this proposal.

Respectfully submitted,  
Fran Turner  
Director