Commonly asked questions about the I.D.A.s

What is an Industrial Development Agency or IDA?

The IDA is a solely autonomous public benefit corporation that was established by New York State law back in 1969. It consists of between seven and nine board members. The agency was designed to lure companies to our state or ease the burden of existing businesses by offering tax abatement programs designed to help create and or retain jobs.

Is there more than one IDA servicing our area?

Yes, there is a Nassau County IDA and a Town of Hempstead IDA. These entities have the authority to offer tax abatements and payments in lieu of taxes (PILOTS) to qualified area businesses.

What is a PILOT and why would a company want to participate in this initiative?

A PILOT is a payment in lieu of taxes. There are many misunderstandings about this program. The spirit of the PILOT offers a prospective business that wishes to move to the Nassau County area an incentive to come to the Long Island region. It also offers existing business tax incentives to stay in Nassau and expand and create and retain jobs. There is a specific schedule of tax payments over a 10-15 year period that allows the company to be able to be shielded from large tax increases while trying to make a return on investment and create jobs in Valley Stream. It actually works as a “soft freeze” or tax abatement that includes payment escalations over the term of the agreement, usually in line with the projected cost of living over a decade or so.

Why would government or school districts want to lose revenue and be forced to increase taxes?

In the past, the IDA’s PILOT payments actually were about the same or slightly higher than the payments the village would have normally received through normal taxation. The Green Acres-Macerich decision by the Town of Hempstead IDA was an anomaly. Something went wrong on the part of the IDA.

These PILOT payments have also shielded the village from would-be tax certiorari writs. These certioraris are filed by area businesses, wind up in court, and often receive tremendous awards from the judge or arbiter adjudicating the case. These awards can play a large role in driving up your real property taxes.
*Why didn’t the village or school districts alert the residents of a pending huge tax increase?*

Speaking for the village, since 1969, Valley Stream has never been fiscally short-changed by the numerous tax abatements or PILOT programs throughout the history of the local IDAs. The village was never notified of any significant short fall in revenue caused by the Green Acres-Macerich PILOT. To create the impression that it could have known of the shortfall is not based in fact or history.

Three potential scenarios come to mind in this case: 1) since Green-Acres Shopping Mall is 95 percent out of the village, the Town IDA may have used an outdated county assessment roll that may have not considered the razing of the old movie theater known as the Multiplex; 2) the Town IDA may not have understood the taxation distribution process of the virtually unique Valley Stream Central High School District; and 3) the PILOT program was too generous and was used by the Town IDA to combat a potential Macerich tax certiorari against the districts and the village. The Town IDA may have been bamboozled by Macerich, a multi-billion dollar corporation, into believing that the mall would go “belly-up” without the PILOT.

Please note, large corporations do not come here for tax abatements alone; far from it. They come for the demographics of the area. Macerich saw some of the richest people in United States living in zip codes to our south. Macerich wants a piece of the disposable income generated by those communities and to forgo potential shoppers from going to Roosevelt Field.

*Does the village have any say when the IDA considers a PILOT program?*

No more power than any one person or entity. The IDA is an autonomous board that has the sole decision making power as to whether or not a company is offered a PILOT program. IDAs were developed and designed to bring and retain business to a particular area and end commercial blight. Their members’ autonomy was designed to stop NIMBYism (not in my backyard) and create jobs. The village usually does not know the fiscal impact of an IDA PILOT program until the program is well in place. As stated before, until recently, the village and school districts have never been burned by a PILOT. In fact, the exact opposite has been the norm – our taxpayers have consistently been enriched by previous PILOTs.

*Who appoints IDA members?*

The Hempstead Town Board appoints the Hempstead IDA membership and the Nassau County Legislature approves the county IDA board. They can be removed by a majority vote of both respective boards.
Can an IDA PILOT program be undone?

The infamous Hempstead IDA’s recent Green Acres- Macerich PILOT, the initiative that drove up all our taxes and will force removal of the Hempstead IDA members, will be the test case of a joint-lawsuit by the Hempstead Town Board and the Valley Stream Village Board.

Are there any more PILOTS out there in the village?

Yes, there are nine in all, including two new Nassau County IDA PILOT programs currently being implemented in the village, 676 West Merrick Road and 599 West Merrick Road. All of these programs appear to be reimbursing the village with at least the same or possibly more revenue than normal real property taxation would collect.