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SELLING GOLDEN HILL HEALTH CARE CENTER TO A LOCAL DEVELOPMENT CORPORATION (LDC)

Answers About LDCs and the Questions That Follow

Local Development Corporations are:

- Nonprofit corporations
- They can be created by anyone at least 18 years of age
- They can also be created by municipalities including counties

Local Development Corporations may be created in New York State for:

- Relieving and reducing unemployment
- Promoting and enhancing employment opportunities
- Instructing or training individuals to improve or develop skills
- Conducting scientific research to attract or retain industry
- Lessening the burdens of government and acting in the public interest

Characteristics of Local Development Corporations:

- LDCs can be used to conduct a wide range of activities
- LDCs may not operate for the benefit of their members or board of directors
- LDCs enable a county to issue debt and keep the debt and expense off the county's books and, as a result, the borrowing will not impact a county's debt limit
- An LDC may award contracts without bidding
- LDC income and operations are exempt from taxes

- Real property owned by an LDC may be exempt from taxes if used for a tax exempt purpose
- A county can sell or lease real property owned by the county to an LDC without appraisal or public bidding
- An LDC must use the acquired property for purposes set forth in its certificate of incorporation, unless it obtains written approval from the county.

Questions to consider when an LDC is created to “lessen the burdens of government”:

- How will transparency and public disclosure be ensured as public funds are expended by an LDC?
- Can compliance with local as well as state and federal laws and regulations be ensured?
- Counties are prohibited from providing “gifts” to private entities. How can we hold LDCs to the same standard?
- Is it true that LDCs are exempt from competitive bidding and fair procurement practices? If so, how will we ensure an LDC maintains high standards?
- What are the standards to be applied when a county declares real property as “no longer required for municipal use”.
- If surplus real property can be sold to an LDC without an appraisal, how will taxpayers be assured they received the full value of their asset?
- Who will appoint members to the board of the LDC and will members be able to also hold another elected or appointed office?
- Could a county require LDC board members and staff to comply with the county’s ethics law?
- LDCs were to be created for economic and industrial development, would using an LDC to serve essentially as a “sales agent” be appropriate?
- What local safeguards can and will protect public funds, assets, resources and interest?

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