SUSPENSION

COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

April 12, 2012

Hon. Dino J. Fudoli
Town of Lancaster
21 Central Avenue
Lancaster, NY 14086

Re: Industrial Development Agencies

Dear Supervisor Fudoli:

In yesterday's edition of the Buffalo News it was reported that you tabled two (2) proposed projects, Penora's Pizza and the Lancaster Flex Park, before the Lancaster Industrial Development Agency ("LIDA") because you questioned the potential benefit to the community from the proposed tax breaks.[1] I commend you on your action. I strongly believe that all local industrial development agencies ("IDA") should only support projects expected to have a real economic impact through the creation of sustainable economic growth, i.e., jobs, in Erie County or in a limited number of instances where the project serves an important community redevelopment purpose as described in the adaptive re-use policy adopted by IDAs in Erie County. Based on the descriptions of the proposed projects, it appears neither Penora's nor the Lancaster Flex Park projects meet these criteria.

While Penora's Pizza is a valuable part of the Lancaster community, giving tax breaks to retail stores and restaurants is an inappropriate use of taxpayer funds due to the advantage thus granted to some local companies that are competing in the local marketplace.

Similarly, when the Lancaster IDA approved a payment in lieu of taxes agreement ("PILOT") with Bella Vista Group for the Lancaster Flex Park project in 2003, it was with the expectation after ten (10) years of tax abatement, Bella Vista would return to paying full property taxes. Bella Vista Group contractually entered into the PILOT knowing full well that it was expected to pay taxes on the full assessed value when the agreement expired. Entering into a second ten-year PILOT Agreement now would prevent Lancaster and Erie County from realizing the economic benefits of the original deal and would thus create a very bad precedent

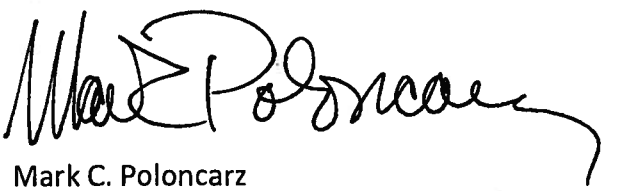
[1] Watson, Stephen T., The Buffalo News, April 11, 2012, Lancaster IDA tables two requests for tax breaks pending more study.

where companies would seek permanent abatement of taxes through a continuous extension of expired PILOTs .

As you may know, the Erie County Industrial Development Agency ("ECIDA") Policy Committee has begun work on a major review of existing ECIDA policies and guidelines, in particular as relating to hotel renovations, retail projects and adaptive re-use projects. It may be difficult to grapple with these complex issues, but I believe the end product will be IDA policies that will lead to more efficient and effective use of taxpayer money to stimulate economic development in Erie County. One of our guiding principles should be that government tax benefits will not be provided to local companies that are involved in local retail trade or the provision of local services unless there is a compelling reason to do so that is agreed to by the taxing jurisdictions that are impacted.

Your views on the topic will certainly add to the general discussion and help frame a better industrial development system for the entire community. Thank you for voicing your concern on the matter and I look forward to working with you and the LIDA to achieve the goal of creating more jobs and a better community for all.

Sincerely yours,



Mark C. Poloncarz
County Executive

MCP/lb

cc: Erie County Legislature
Richard Tobe, Dep. County Executive
Lancaster Industrial Development Agency
Erie County Industrial Development Agency