

# New Yorkers Against Industrial Development Tax Abuse

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## State Investigation Finds UNFI Given \$14 Million Without Due Process

### Taxpayers Demand UNFI Tax Breaks Be Rescinded

The New York State Authorities Budget Office (ABO) [released a report](#) last week finding that the Town of Montgomery Industrial Development Agency (IDA) violated the law and its own policies in awarding more than \$14 million in property and sales tax exemptions to grocery wholesaler United Natural Foods Inc. (UNFI).

On December 18, 2013, the New Yorkers Against Industrial Development Tax Abuse filed a complaint with the ABO requesting an investigation into the lack of due process and transparency in the deal between UNFI and the Montgomery IDA. UNFI obtained property and sales tax exemptions valued at more than \$14 million over 15 years to build a distribution center in Montgomery.

The ABO investigation found that the Town of Montgomery IDA gave UNFI money belonging to the community without following a transparent process, and in violation of the IDA's own Uniform Tax Exemption Policy, the New York Public Officers Law (known as the Freedom of Information Law or FOIL) and the New York Public Authorities Law. The ABO report states that:

The project application submitted by UNFI was materially incomplete. It is clear that significant and critical information was omitted from the project application. Further, it is questionable how the IDA board could adequately evaluate the project without knowing the type and value of the financial assistance being requested. In addition, by approving the project without having the required information in the project application, the board acted in violation of its uniform tax exemption policy.

Opacity prevailed in the UNFI deal. It is no surprise that IDA officials admitted to the ABO that "no formal records exist indicating that a cost-benefit analysis of the project was done, or that the value of the financial assistance package was determined." The ABO was not able to determine how many Freedom of Information Law (FOIL) requests were made about the UNFI deal, but its report states "it is clear that the IDA did not respond to each request within the timeframes specified in the Public Officers Law, and that not all requests were responded to by the IDA."

Additionally, the ABO found that an IDA board member failed to disclose a potential conflict of interest in the UNFI deal, did not attend mandatory board training and did not sign the legally required acknowledgement of fiduciary duty.

Using an incomplete, word-of-mouth process, marred by violations of law, conflicts of interest and hidden away from public view, UNFI and the Montgomery IDA transacted away more than \$14 million

of taxpayer money. UNFI did not bother to file a complete application – yet it walked away with millions of dollars in tax abatements and minimal accountability to ensure that the local community would benefit in return. Our schools and our community suffer because of these secretive and underhanded decisions. The Valley Central School District, already forced to make significant cuts that hurt our children, will be one of the hardest hit by the sweetheart deal given to UNFI.

The ABO report is a great first step because it details for the public what went wrong when UNFI applied for tax giveaways from the Montgomery IDA. The public now deserves stringent enforcement and real accountability. We demand that the tax breaks given to UNFI in violation of the law be rescinded.

*The New Yorkers Against Industrial Development Tax Abuse is coalition of labor and community activists concerned about the lack of accountability for the \$7 billion a year New York state spends on corporate tax subsidies. The coalition fights to ensure that these subsidies are not wasted on corporations that fail to create good jobs and community benefits.*

*For more information about the unsustainable practices of UNFI and its retail partner Whole Foods, follow us on Twitter @UNFI\_Unfair.*

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