

**Testimony of Bettina Damiani, Good Jobs New York
Before the New York City Council Committee on Finance**

January 7, 2008

**RE: Resolution No. 90 – The Madison Square Garden Property Tax
Exemption**

Good morning. My name is Bettina Damiani, director of Good Jobs New York, a joint project of the Fiscal Policy Institute with offices in Albany and New York City and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies. Our website, (www.goodjobsny.org) contains the only publicly available database of the city's large corporate "retention" deals and we have released numerous reports on the city's use of economic development incentives to create and/or retain jobs including our exhaustive efforts around the new Yankee Stadium project.

Thank you for the invitation to speak to you today about Madison Square Garden's special exemption from paying property taxes. We believe that this year's MSG property tax break of \$12 million – which is growing because of increasing property values - is a blatant example of a tax giveaway that shifts the tax burden to smaller businesses and residents.

However, it is ironic that The Garden's 1982 deal, which had no promises to retain jobs for New Yorkers, is receiving this attention while some of the wealthiest companies in New York City, and arguably the world, get little or no scrutiny from elected officials for their own large tax breaks despite promises for jobs.

This hearing is an important opportunity to bring attention to what we believe are unnecessary taxpayer giveaways – despite claims to the contrary from many officials - that have unfortunately become too much the norm in our city. We urge you to use this opportunity to demand that more public input and transparency become the norm in

proposed large discretionary subsidy deals and promote accountability for those already approved. Better dissemination of information on the costs and benefits well in advance of final confirmation of the deals would garner interest from the public, elected officials and stakeholders of the project and would help prevent corporate giveaways from creeping up on New Yorkers and the Council.

If this council demands that MSG be put back on the tax rolls, we'd like to add a few others to go on the list. This council approved over a billion dollars in tax breaks for the Yankees and Mets baseball teams for new stadiums last year. What accountability measures, for example, are in place to ensure your constituents have access to good jobs and training opportunities associated with these projects? Those council members responsible for garnering the "migration agreement" with the Yankees – which the majority of council members declared was a sufficient reason to support the project – must use this opportunity to bring in a new wave of accountability. Additionally, the New York City Industrial Agency under the Bloomberg Administration has approved subsidies for firms Pfizer, Bank of America and Hearst and helped shepherd through a variety of giveaways in Lower Manhattan after the attacks of 9/11¹.

But in particular, we ask for a review of the Industrial and Commercial Incentive Program, which has spun of control. This year it is the second most expensive tax expenditure program and it has cost the city \$410 million.² Instead of nurturing growth for small firms outside of the major commercial district of Manhattan, as it was intended, the ICIP program has been so distorted that it now includes benefits to properties that have long been some of the priciest commercial district in the city.

While we applaud the council for raising the issue of the \$12 million tax break to MSG, there are bigger fish to fry. Last year, these Midtown Manhattan properties together got exemptions of nearly \$14 million:

Met Life Building (200 Park Avenue)

¹ Details on GJNY's "Database of Deals" and "Reconstruction Watch" links at www.goodjobsny.org.

² FY 2007 New York City Tax Expenditure Report

666 Third Avenue (tenants include major League Baseball)
245 Park Avenue
715 Fifth Avenue
19 East 57th Street

Without revamping the expensive ICIP program, the City has failed to use an effective tool to address New York City's more pressing economic challenges, such as diversifying the economy and its over-reliance on the volatile financial sector. Applied judiciously, taxpayer investments can strengthen the city's economy, help many more employers, and avoid costly "ransom" payments like those paid to Madison Square Garden during the Koch Administration, or like the \$1 billion in subsidies for the new Yankee and Shea Stadiums, projects this council overwhelmingly approved.

This is not to say investments shouldn't be made in ensuring New York City retains and creates good paying jobs. But, back room deals like the ones made in 1982 and, as recently as last year, should no longer be tolerated. The time to end taxpayer giveaways to well-connected and powerful businesses is now. As exemplified by the need for this hearing and broken promises in the Bronx, the allocation of discretionary tax breaks are not being followed carefully, despite the fact that they cost taxpayers millions of dollars.

Substantial projects that remain in the pipeline – most significantly the Far West Side, Downtown Brooklyn and Willets Point – should not follow the same path. Unless transparency and accountability become foremost in your efforts, giveaways like the ones to Madison Square Garden and the New York Yankees will look like child's play.

Thank you for opportunity to speak to you today.