

Banking on new jobs

City: Big change from earlier tax deals

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The new deals are different.

That's the message the Bloomberg administration tried to convey at a hearing yesterday about \$42 million worth of tax breaks for Bank of America.

The bank is co-developing an 850-foot skyscraper on Sixth Avenue and W. 42nd Street with landlord Douglas Durst. It's asking for sales-tax exemptions for interior construction and office equipment for the 1.1 million square feet it will occupy in the tower.

A whopping \$650 million in Liberty Bonds has already been approved for the project, which is known as 1 Bryant Park.

Executives from the Industrial Development Agency - which is responsible for handing out such tax incentives to keep companies in New York City - took the unprecedented step of making public the terms of its pending incentives agreement with Bank of America. They had a point to make.

"Prior to this administration, there was a heavy focus on job retention," said Matthew Maguire, IDA senior vice president. "That has been modified."

The deal includes strict requirements that the bank add jobs rapidly in the city - and penalties if it moves jobs away. The bank must add more than 1,000 jobs by 2008, and another 400 by 2013.

Nearly 85% of the bank's tax exemptions are tied to job creation. And if the bank moves its corporate and investment banking headquarters out of town, it will be penalized even if it doesn't cut employment numbers.

But opponents of corporate tax breaks were not won over by the IDA's new approach.

Their criticism came on the day that opposition group Good Jobs New York released a report detailing how big banks - including Bank of America itself - received tax breaks during the Giuliani and Dinkins administrations, but have cut jobs without being penalized.

"It's crystal clear that the city gets ripped off by these one-off deals," City Councilman David Yassky (D-Brooklyn) told the Daily News. "It's frustrating to see these corporate welfare deals when there's no payoff, at the same time we're looking at budget cuts."



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State Sen. Liz Krueger is fighting the Bank of America tax incentives deal. She says there is little proof any new jobs are going to city residents.



McAlpin for NEWS

A more effective way to keep jobs in New York City is to build projects like the Brooklyn Navy Yard that provide affordable space for many businesses, he added.

State Sen. Liz Krueger (D-Manhattan) sent a staffer to the IDA hearing to present her testimony opposing the deal.

"These are tax dollars lost to public education, to public transportation, to health care," she later told The News, adding that there's no proof city residents actually get these jobs.

"Why should city taxpayers subsidize jobs for wealthy suburbanites?" Krueger asked.

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