



11 Park Place, #701
New York, NY 10007
www.goodjobsny.org
212.721.4865

Testimony before the New York City Council Committee on Finance

Proposed Resolution calling upon the New York State Legislature to pass, and the Governor to sign A.6597/S.4609, legislation which would repeal provisions of law granting a real property tax exemption to Madison Square Garden.

May 14, 2014

Comments of Elizabeth Bird, Good Jobs New York

Good morning Chairperson Ferreras and Johnson and members of the committee. Thank you for your invitation to testify today. My name is Elizabeth Bird and I am the Project Coordinator for Good Jobs New York, a project of Good Jobs First based in Washington, DC in partnership with the Fiscal Policy Institute.

Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies. Since our launch in 2000, we have worked to improve public participation in and transparency of these subsidy programs including a searchable database of over 40,000 deals approved by the Industrial Development Agency (IDA), the Lower Manhattan Development Corporation and the Industrial and Commercial Incentive Program. We also are closely following investments made in our city in the aftermath of Hurricane Sandy. Our Database of Deals and Eye on Hurricane Sandy Money database are available on our website, www.goodjobsny.org.

As a subsidy watchdog and provider of technical assistance to community-based organizations, GJNY closely watched development in New York City during the Bloomberg Administration. In that time, while we saw many examples of wasteful corporate subsidies, we also saw tremendous strides in transparency, especially at the New York City Industrial Development Agency thanks to the council's passage of Local Law 62 and administrative actions taken by the agency that have enhanced its public hearing process.

Yet, while significant reforms in transparency are laudable, our city continues to engage in providing subsidies to large corporations giving them an unfair advantage over small businesses. Despite the enormous needs facing our city to strengthen infrastructure, protect our most vulnerable populations from the effects of climate change and extend opportunities for education and career readiness to all New Yorkers, we continue to see enormous subsidies given to the City's largest and most profitable corporations. According

to the 2013 [Tax Expenditure Report](#), the value of the property tax exemption to Madison Square Garden for last year was \$16.7 million and is projected to increase each year. This perpetual subsidy, developed in 1982 with no community input, makes no quid pro requirement even to retain jobs for New Yorkers or ensure any other form of public benefit.

It is true that other sports facilities get subsidies (tax-exempt bond financing, a variety of tax breaks and special lease agreements). But the subsidy provided to Madison Square Garden is incredibly unique and cannot really be compared with subsidies provided to other stadiums. As you may know, Good Jobs New York put up a lengthy fight against subsidies provided to build Yankee Stadium. And while we would never defend subsidies given to the likes of the Yankees, to put it in perspective, those deals share costs across the city, state and federal level. The MSG property tax break, however, directly impacts the city's tax base yet because it is written into state law, the city has no ability to hold the property owners accountable to create good jobs for New Yorkers. Furthermore, the city is unable to choose whether or not to grant such a break, no matter how unjustified.

This is not to say investments shouldn't be made in ensuring New York City retains and creates good jobs. But backroom deals like this one made more than 30 years ago are no longer affordable and should not be tolerated. Providing open-ended benefits to one company with ample resources of its own is unnecessary in a time when precious public resources could benefit all employers through investments in education, infrastructure or lowering the tax burden for all small businesses.

By passing this resolution, the Council would send a clear signal that large New York City corporations should pay their fair share in building a stronger and more equitable economy for all.

Thank you for the opportunity to speak to you today.