

**Comments of Bettina Damiani, Good Jobs New York
Before the New York City Industrial Development Agency
January 15, 2009**

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Regarding additional proposed subsidies for the Yankees and Mets

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.

Thank you for the opportunity to testify today.

Good Jobs New York does not oppose the Yankees or the Mets building new stadiums and we have always supported the teams use of union workers. However, we are continually thunderstruck by the city and state's willingness to hand over highly utilized public parkland to the Yankees and disparege democratic planning principles, all the while using public subsidies.

Our concerns are especially pertinent today. At a time when every level of government is cutting back, budget deficits are growing (the city's Independent Budget Office has estimated city tax revenues will fall by \$2.8 billion this fiscal year)ⁱ, and unemployment is at historic highs, now is not the time to provide additional public financing to the wealthiest sports teams in the country, one of which has just signed three players to contracts totaling over \$423 million. Both stadiums are nearly complete, thanks in part to the more than \$1.5 billion in public subsidies the teams already received, which we might add is a conservative estimate.

In recent weeks both Mayor Bloomberg and Governor Paterson have reached out to officials in Washington and to President-elect Obama's team urging them to direct resources to New York during this historic budget crisis. This is certainly the appropriate thing to do, but it sends the wrong message when elected officials put one pleading hand out to Washington, while nefariously giving these resources to wealthy sports franchises with the other.

Making this proposal even more dubious is the fact that the Chair of the House Subcommittee on Domestic Policy (Rep. Dennis Kucinich-OH) and New York Assembly Member Brodsky are investigating the 2006 financing packages the IDA awarded to the teams.

In addition to our overall objection to providing more public money to these teams, we have specific concerns related to the cost/benefit analyses and the teams' applications for additional financing:

Transparency

We thank the Industrial Development Agency for making public the application materials more than a week in advance of the public hearing, and promptly posting the materials on its website. The Agency has made great strides in recent years in providing greater access to public materials. We also appreciate that IDA staff has made themselves available to address our questions. Nevertheless, a number of concerns remain, especially regarding the costs of the projects.

First, the IDA has provided cost/benefit analyses for the projects in their entirety. While this is useful information, it is potentially misleading. For example, included in the costs and benefits for the new Yankee Stadium is information regarding the associated parking garages. The garages are a completely separate, subsidized IDA project, with costs and benefits accruing to a party other than the Yankees.

Because the tax breaks are not itemized, the materials provide no clue to the public costs of the additional financing alone. The IDA should have and make public a separate estimate of the costs and benefits for the additional sales tax breaks, mortgage recording tax breaks, and tax-free bond financing, on which the board is scheduled to vote tomorrow. Furthermore, we have no idea of comparable costs for the additional Mets financing.

Additionally, since the original figures the city released in 2006, the estimated benefit for the Yankee Stadium project (which now includes the new parking garages) has almost tripled to \$280.4 million. The IDA's estimated benefit for the Mets stadium project has also increased a great deal, from \$61 million in 2006 to over \$108 million today. These figures are what the city uses to justify using public money for the projects, but most of the assumptions that went in to calculating these figures are a mystery to those outside the IDA or baseball teams.

Jobs

The jobs figures in the IDA applications are incomplete, and the city has failed to use this most recent round of public financing as leverage to guarantee good, permanent jobs for New York City residents. Without question, the construction jobs are a benefit, yet the city made no effort to incorporate hiring or training opportunities for New Yorkers into the 6,000 construction jobs for the new Yankee Stadium. We know even less about the construction jobs for the Mets' new stadium.

The Yankees report the new stadium will result in *only 57 additional permanent, full-time jobs and 253 non-permanent part-time jobs* (i.e. ticket sellers and takers, maintenance

workers and others). The additional 1,100 new jobs at the stadium are on a contract basis, most of these are concession stand workers, and their wages and benefits are unknown.

The Mets report 343 full-time and 2,790 part-time workers at the current stadium, and say they expect 347 full-time and 3,724 part-time employees at the new stadium, meaning almost all new jobs will be part-time.

While grandiose job claims from the baseball teams and City Hall press releases sound promising, there are no guarantees for jobs listed in the IDA documents. It's astounding that our businessman mayor failed to use massive allocations of public dollars as leverage to guarantee jobs for New Yorkers. Why has the Bloomberg Administration failed to include clawbacks (money back guarantees) or job hiring targets in the proposal being presented today?

Public Financing

Tomorrow the board will vote on a proposal that includes tax-free financing for teams, mortgage recording tax breaks and sales tax breaks. But as the IDA has not separated the costs of these in their analysis from the entire project to the one being currently proposed, we don't know the true value of these additional subsidies, especially since these costs were not made public in documents relating to the 2006 public financing. Does the IDA board have details that the public does not that would answer these fundamental questions? If not, the board is as uninformed as the public. If this information is available why is it not public?

Despite claims from the city that these projects are "privately financed," the teams have gotten tax-free financing, grants, tax-breaks, the teams won't pay rent, and the Yankees got parkland for the new stadium for free. Good Jobs New York estimates taxpayers have already invested over \$1 billion for the new Yankee Stadium, and almost half a billion for the Mets' new stadium.

If these projects were indeed privately financed – as City Hall has relentlessly insisted this week - why did the city, on the Yankees and Mets' behalf, spend significant time and resources lobbying the Internal Revenue Service to allow the IDA to issue *tax-free* bonds for the project? Getting special permission from the IRS for a public authority to issue a financial package that consists of tax-exempt bonds, a variety of tax breaks, and significant capital costs to a city agency would fail to meet any definition of a *private transaction*.

Additionally, and this relates back to transparency, different branches of the city have issued conflicting accounts of the rising capital costs of building replacement parkland and stadium-related infrastructure, which is being paid for entirely with public money. The IDA's figures are different from earlier figures issued by the parks department, though they are both around \$300 million.

The 'Need' for Additional Public Financing

It is difficult to believe these stadium projects would not be completed without additional public financing. Considering the new stadiums are on track to open this April, the chance the teams would leave is zero.

In the case of the Yankees, the team made a legally binding commitment in 2006 to remain in The Bronx, but only after it threatened to leave New York. This is a threat many sports experts question, and one which public officials admit wasn't independently verified.

In its application for additional bonds, the Mets failed altogether to answer the questions of whether they would leave New York or locate elsewhere without the subsidies. In order to receive IDA assistance, the Mets would need to answer affirmatively here, yet they cannot. This makes the Mets application incomplete.

What is worthy of debate is whether the IDA will again permit taxpayers to be taken to the cleaners. For example, in The Bronx, the Yankees want to use \$25 million for a scoreboard and video equipment, \$10.5 million for suite upgrades, and \$16.2 for metal and masonry upgrades. In addition, two new restaurants, a Hard Rock Café and New York Yankees Steak House, are being built inside the stadium. The Mets claim they need more money for advertising signage, food service and high definition score boards.

Vote No on This Proposal

We urge the IDA board to vote against the additional allocation of public resources for the Yankees and Mets. Their applications are incomplete, the IDA's cost benefit analyses are grossly inadequate, there is no accounting of how the state or federal budget will be impacted and, at a time when the city has proposed raising taxes on hard working families and threatened to cut basic services, providing additional public financing to the two wealthiest sports teams in the county is simply unfair. To vote yes on these projects taints your role as public servants and goes against the mission of this agency.

Thank you for considering our testimony.

ⁱ IBO Fiscal Outlook, January 2009, <http://www.ibo.nyc.ny.us/iboreports/FiscalOutlookJan2009.pdf>