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State Senator Liz Krueger Commends Manhattan Borough President Stringer's Report on the Industrial and Commercial Incentive Program

Says State Legislature Must Reform or Eliminate Program

New York— Manhattan Borough President Scott Stringer released a report today outlining major problems with the city's Industrial and Commercial Incentive Program (ICIP). The report calls for wholesale reform of a program that cost the City $409.5 million in lost tax revenue in fiscal year 2007, much of which went to supporting Midtown commercial real estate, fast food restaurants, gas stations, and chain retail stores.

"The Industrial and Commercial Incentive Program amounts to nothing more than corporate welfare," said State Senator Liz Krueger. "I am in complete agreement with the Borough President that the program needs to be fundamentally reformed."

ICIP was meant to incentivize private sector investment, through tax breaks, for businesses who would otherwise not build in the City or would leave the City. There may have been a time that this was needed, but even in today's weaker economy the types of businesses drawing down most of these tax subsidies would remain right where they are.

The Borough President focused on the deals for some of the smaller players. A bigger issue to review in the ICIP program is that most of the tax subsidies are going to Midtown Manhattan real estate projects where the market is strongest and does not need these incentives. Some examples of unjustifiable corporate welfare through the ICIP include:

- $5.16 million in tax breaks for 200 Park Avenue (MetLife building).
- $2.97 million in tax breaks for 666 Third Avenue (above Grand Central).
- $2.47 million in tax breaks for 245 Park Avenue.

"These subsidies are going to companies who do not need or deserve them," stated Senator Krueger. "Why would the City of New York want to continue to lose hundreds of millions of dollars in annual tax revenue at the same time as they are claiming they have to cut our children's school budgets? This makes no sense."

ICIP is set to expire on June 30, 2008 but could be reauthorized by the State legislature. There is currently pending legislation in the State Senate and Assembly to reform ICIP.

"The State legislature must not reauthorize the Industrial and Commercial Incentive Program in its current form," concluded Senator Krueger. "In fact, it might be good to just let the law sunset. Corporate welfare shouldn't be prioritized at the expense of our children's education."

-30-