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## **Testimony before the Report and Advisory Board Review Commission May 11, 2012**



### **Bettina Damiani, Project Director, Good Jobs New York**

Good afternoon members of the commission. Thank you for the opportunity to speak to you today regarding the proposal to discontinue the New York City Department of Finance's Annual Report on the Industrial & Commercial Incentive Program, or ICIP.

The Commission states that the ICIP program no longer exists and that the Department of Finance's (DOF) annual tax expenditure report makes the ICIP report redundant. While it is true that ICIP was reformed in 2008 and is now the Industrial & Commercial Abatement Program (ICAP), over 8,000 properties still receive this property tax break. DOF's annual tax expenditure report offers an overview of the ICIP program but no details of its beneficiaries, leaving New Yorkers in dark regarding this expansive and costly subsidy.

A review of the most recent Annual Report on ICIP from 2001 – the report this commission is considering to eliminate - makes it clear that the tax expenditure report offers less information. The 2001 ICIP report provided taxpayers a window of knowledge about this program by breaking it down by borough the number of applications over three years, jobs reported at application and the number of preliminary applications over a fifteen year period. The DOF tax expenditure report provides only a review of the requirements for the program, its costs, and number of exemptions that year.

### **We urge this commission not to waive the Department of Finance's Annual Report on ICIP for two reasons:**

- At \$681.6 million in FY2012, ICIP is the most expensive economic development subsidy program in the city and it is growing rapidly<sup>1</sup>. Between Fiscal Years 2001 and 2012 ICIP expenditures grew 284%. This, in comparison to an increase of 119% for total property taxes collected over that period. <sup>2</sup>
- An annual ICIP report has not been released during the Bloomberg Administration. How can taxpayers and members of this commission be

asked to evaluate the usefulness of a report that has not been published for eleven years?

**Suggestions to streamline and improve transparency of ICIP and ICAP programs:**

We urge the Department of Finance to not only comply with the regulations by producing an annual report on the ICIP program, but that it include ICAP data and be distributed electronically on the agency's website. The DOF has made a commendable step in this direction by posting on its website an Excel file of properties participating in the ICIP program by borough.

A more useful report on ICIP and ICAP expenditures would build on DOF's existing Excel spreadsheets by including property specific data. On the following page is a sample of the Excel file from the DOF website which has bare bones information including location, square footage and number of units.

Simply expanding what is included in the excel spreadsheets with data the DOF presumably already has, would be an efficient way to dramatically increase transparency of these two subsidy programs. We suggest including columns with:

- Name of applicant
- Jobs at application
- Jobs that fiscal year
- Full market value
- Assessed value
- Billable assessed value
- Annual value of the property tax break allocated that fiscal year
- Cumulative value of tax break
- Enrollment date and end date

This commission is being conducted under a Mayor who made a fortune starting a company that makes intricate financial information widely accessible. New Yorkers deserve similar transparency efforts on these corporate subsidy programs.

Thank you for considering our testimony.

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<sup>1</sup> Tax Expenditure Report FY2012, page 11

<sup>2</sup> Analysis by the Fiscal Policy Institute: in FY 2001 ICIP was valued at \$177.7 million and in FY2012 at \$681.6 million

## Sample of 2012/2013 ICIP Exempt Properties in Manhattan

BOROUGH	NEIGHBORHOOD	BUILDING CLASS CATEGORY	TAX CLASS AT PRESENT		BUILDING CLASS AT PRESENT		ADDRESS	ZIP CODE	RESIDENTIAL UNITS	COMMERCIAL UNITS	TOTAL UNITS	LAND SQUARE FEET	GROSS SQUARE FEET	YEAR BUILT
1	ALPHABET CITY	22 STORE BUILDINGS	4	398	5	K9	34 AVENUE A	10009	1	2	3	1,672	6,248	1900
1	CHELSEA	21 OFFICE BUILDINGS	4	696	13	O9	533 WEST 24 STREET	10011	0	1	1	5,628	32,424	1926
1	CHELSEA	21 OFFICE BUILDINGS	4	701	22	O9	527 WEST 29 STREET	10001	0	4	4	2,468	9,472	1900
1	CHELSEA	21 OFFICE BUILDINGS	4	740	13	O9	335 WEST 16 STREET	10011	0	1	1	8,464	48,800	1920
1	CHELSEA	21 OFFICE BUILDINGS	4	801	1	O3	275 7 AVENUE	10001	0	50	50	22,732	548,680	1928
1	CHELSEA	22 STORE BUILDINGS	4	691	15	K9	527 WEST 19 STREET	10011	0	1	1	9,200	13,800	1919
1	CHELSEA	22 STORE BUILDINGS	4	696	1	K2	202 11 AVENUE	10001	0	1	1	21,527	26,000	1938

Sample of reporting in Excel spreadsheet format on the Department of Finance website of properties participating in the Industrial and Commercial Incentive Program (ICIP) FY 2012/2013 [http://www.nyc.gov/html/dof/html/property/property\\_tax\\_reduc\\_incentive.shtml#faq](http://www.nyc.gov/html/dof/html/property/property_tax_reduc_incentive.shtml#faq)