

**Testimony of  
Good Jobs New York  
Before the NYC Industrial Development Agency  
Regarding the Proposed Transfer of Sales and Use Tax Exemptions  
For Bank of America**

**August 4<sup>th</sup>, 2005**

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. Our website ([www.goodjobsny.org](http://www.goodjobsny.org)) contains the only publicly available database of the city's largest corporate retention deals. In addition, after the attacks of 9/11, we launched Reconstruction Watch to help grassroots groups better understand the many incentives that were developed for the redevelopment of Lower Manhattan.

When Bank of America applied for economic incentives to move into the new office tower at 1 Bryant Park, GJNY questioned city and state officials whether it was sound economic development policy to use eminent domain and spend hundreds of millions of dollars subsidizing commercial development in midtown Manhattan, one of the most desirable office locations in the world. Today, Good Jobs New York is concerned that by permitting Bank of America to transfer its tax benefits from 1 Bryant Park to existing office space located at 50 Rockefeller Center, the Industrial Development Agency is undermining the stated justifications for granting the generous tax abatements in the first place.

In July, 2003, Bank of America told the IDA that it would not stay in New York City without a significant package of discretionary economic development benefits. According to Bank of America, the combination of employee growth projections, impending lease expirations, and the need for a large trading floor meant that it was necessary to consolidate its core operations into one unified, centrally located building, at a site directly across the street from Bryant Park<sup>[1]</sup>. The Empire State Development Corporation used eminent domain proceedings to assemble the land, and arranged to collect Payments In Lieu Of Taxes (PILOT) that amount to savings of up to \$26.2 million on real property taxes, while issuing a \$14.4 million waiver of mortgage recording taxes associated with the Liberty Bond financing, which amounted to \$650 million. In addition, the IDA approved \$42 million in discretionary tax breaks, including sales and use tax exemptions which Bank of America would now prefer to use at their offices in Rockefeller Center.

These benefits were conferred to Bank of America because of the particular costs of developing the new office tower, and in the name of job creation and economic development. It is therefore troubling that the IDA would permit these benefits to be used for the renovation of office space that Bank of America recently acquired and presumably has no intention of vacating.

Also, the IDA had stated that employment from Bank of America's acquisition of FleetBoston Financial Corporation is excluded under this deal and will not be eligible for any growth benefits. Do these provisions apply to their recent acquisition of MBNA Corp. and other potential mergers? Perhaps this could be a condition for permitting the transfer along with increasing its job growth requirements

While GJNY was critical of this deal for the reasons cited, the BoA subsidy was, at the time, considered an improvement from previous subsidy deals because it included clawbacks (money back guarantee if jobs were not created), a promise of new jobs, not just retention, and provided the public with details of the subsidy in advance of approval. However, by transferring these benefits to the world renowned Rockefeller Center the IDA diminishes the important steps it took to improve standards and transparency for proposed subsidy deals. We urge the IDA board to strive for stringent standards in its discretionary subsidy deals and deny the BoA transfer of these benefits.

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<sup>[1]</sup> July 7, 2003 inducement letter to IDA President Andrew Alper from John G. Saclarides of BoA.