

**Testimony by Dan Steinberg
Research Analyst, Good Jobs New York**

**Submitted to the New York City Industrial Development Agency Regarding the
Transfer of Previously Authorized Tax Breaks for Sirius Satellite Radio**

May 4, 2005

The current administration has made strides in reducing the number of wasteful discretionary corporate retention deals. For this reason, it is perplexing that the IDA routinely allows companies that received unwarranted subsidy packages from previous administrations to transfer these benefits to projects that do not seem contingent on this assistance.

Sirius Satellite Radio, then called CD Radio Inc., began receiving IDA benefits in the late 1990s, when thriving media firms such as Time Warner Inc., Bertelsmann, CBS and News America were also awarded generous subsidy packages. According to the most recent Local Law 48 report, Sirius has benefited from almost \$1 million in tax savings and is eligible for another \$582,000 in sales tax breaks.

- Sirius management recently announced first-quarter revenues of \$126.7 million, up 193% from last year's first-quarter, reflecting a record gain in subscriber additions. In a Forbes.com article published today, Morgan Stanley analyst Benjamin Swinburne said that the strong first-quarter results mark the early stages of a long-term growth story.
- Crain's New York Business reported in March that "fast-growing Sirius Satellite Radio, home of the talk show featuring Howard Stern, has leased 30,000 square feet, or the entire 22nd floor, at 5 Penn Plaza for expansion space."

Considering that Sirius' first-quarter revenues have nearly tripled this year and the company had already committed to leasing the space at 5 Penn Plaza before submitting its IDA application, it seems difficult to justify the need for tax breaks.

Before authorizing the transfer of tax breaks in the future, it is important for the IDA to scrutinize both the wisdom of the original subsidy deal and the need for continued assistance. The job growth figures at Sirius suggests that the city's original investment was justifiable, but it is imperative that the IDA demonstrates to the public that it has conducted due diligence in evaluating the merits of extending these benefits to a new project.