

Comments of Bettina Damiani

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Regarding proposed subsidies for the New York Yankees

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 and let me begin by saying we are not opposed to the Yankees building a new stadium or renovating the existing one. Good Jobs New York believes that the Yankees should be able to upgrade their facility and that they should do so with union workers.

But the community has a right to say *not on our parkland*, and as fiscal watchdogs, we have an obligation to question whether these subsidies are necessary for the project to move forward in the first place.

This proposal is cut from the cloth of the corporate retention deals of previous administrations, when closed door deals resulted in subsidized firms failing to create and retain jobs without repercussions. In recent years the Bloomberg Administration has disavowed this misguided use of economic development resources.

It is a wasteful use of public resources to subsidize the wealthiest team in American sports at the height of its popularity, especially when the majority of permanent jobs at the other end are seasonal and low-wage. According to a report sponsored by the Economic Development Corporation, the average wage of permanent jobs at a new Yankee Stadium would be \$18,500 per year.

The Yankees have not threatened to relocate from the Bronx since the 1990s and why would they? They have access to the largest sports and media market in the world, their stadium has optimal mass transit and highway access, and they broke the American league attendance record last year by drawing 4.1 million visitors. New York City has an extraordinary bargaining position with the Yankees, yet you are prepared to give away the store while supporting a plan that would be detrimental to the health and quality-of-life of South Bronx residents who live in the poorest Congressional district in the country and have alarmingly high asthma rates.

As board members you are trusted to ensure public dollars are invested to do public good. The material provided to the public in advance of today's hearing fail to make this case. Simply put, the materials are inadequate. It is disappointing that the IDA has backpedaled in the area of transparency, leaving the public with a distorted sense of the project's true costs and benefits. In the Yankee stadium project documents, the IDA departs from its standard practice of estimating the value of the very subsidies that are being proposed. The public is left with no knowledge of how much public assistance is being offered to the Yankees, and the cost-benefit analysis is therefore incomplete and misleading. Until the IDA provides the value of the following subsidies, we urge the IDA board not to endorse this project.

- The city income tax exemption on bond interest payments
- The mortgage recording tax exemption

- The sales tax exemption on construction materials

Altogether, GJNY estimates that these subsidies would amount to over \$30 million in tax breaks, not including \$44 million in payments in-lieu-of taxes that would be used to pay off the Yankees' debt instead of being collected by the city like most PILOTs. When these subsidies are included, it is clear that the project's costs outweigh its benefits to taxpayers.

In addition, the IDA analysis contains some questionable assumptions about the benefits of the project. For instance:

- The IDA projects that the city would generate \$96.9 million in tax revenue. This would only be possible if the new stadium resulted in a large increase in fan attendance and consumer spending. This is unlikely since the Yankees broke the American League record last season and the new stadium will have a smaller capacity.
- The analysis assumes the city would be saving almost \$70 million that it would have spent improving Macomb's Dam Park over the next 40 years, amounting to \$1.7 million a year. This is an almost laughable assumption considering the city has spent about \$2 million on park improvements here over the past ten years.

Finally, GJNY is concerned about the legality of the financing structure. It is not clear how the city can issue such a large amount of tax-exempt bonds since, under federal law, these bonds must be repaid by PILOTs. According to the project's Memorandum of Understanding, the Yankees would pay a PILOT equal to the full real estate taxes which the City would assess if not for the subsidy. Because of the generous as-of-right subsidies

available to the Yankees it is unclear how these PILOT payments would be enough to service such large debt obligations.

We urge the IDA board to vote against this deal until city officials can provide the public and board members information ensuring a new stadium for the Yankees it is a wise investment for taxpayers and a benefit for residents and workers in the South Bronx.

Thank you for considering our testimony.

In June of 2005, the New York State legislature seized 22 acres of parkland across the street from Yankee Stadium without a public hearing or informing any members of the public. Other members of the public will provide testimony on this issue.

See “Know When to Fold `Em: Time to Walk Away From NYC’s ”Corporate Retention” Game” February, 2004 by Good Jobs New York, www.goodjobsny.org