

DAILY NEWS

She's watching

by Errol Lewis, *New York Daily News*

May 13, 2005

Thanks to this New Yorker, firms will have to prove they created jobs for tax breaks

A bill passed by the City Council two days ago could finally break the city's scandalous, expensive habit of doling out lucrative tax breaks and other public subsidies to big businesses in near-secrecy. At present, it's not unusual for little-known state and city government agencies to approve hundreds of millions of dollars' worth of tax concessions and subsidized financing in allegedly public meetings that don't have a single reporter or outside public observer.

Decisions to give private companies millions in tax breaks take place with less debate or public awareness than a typical community board decision about allowing a restaurant to set up an outdoor café.

In one 18-month sprint, for instance, the Giuliani administration approved \$350 million in tax breaks to various companies.

The theory is that the deals keep jobs in the city. For instance a company might get a waiver on paying sales tax for a decade in exchange for promising to create 100 new jobs. The deals are supposed to add to New York's prosperity over the long term. But the reality is that there is no way, short of a major research project, to independently figure out whether companies that promise to create or retain jobs actually do so.

It wasn't supposed to be this way.

Bettina Damiani, who runs Good Jobs New York, has spent years bugging lawmakers, reporters, civic groups - anybody who would listen - for a full, easily comprehensible disclosure of subsidy deals. She is one of the city's finest civic watchdogs, and she deserves most of the credit for creating momentum for the proposed new disclosure law.

The bill puts teeth in Local Law 69, passed more than a decade ago and requiring disclosure of the terms of subsidy deals, including jobs promised and tax breaks given.

But the actual reports published, as required, by the New York City Economic Development Corp. are, literally, more than 100 jargon-filled pages of nearly incomprehensible gibberish. See for yourself by downloading the report from the About Us section of the agency's Web site, www.nycedc.com.

New York's lack of clear reporting puts us far behind other states. Ohio, for instance, has a Web site that enables anyone to click on a county to find out every subsidy deal with private companies - and how many jobs the firms have promised to create to qualify for the deal.

Compare that with New York, where state Controller Alan Hevesi found last year that nearly half the companies that got tax breaks through the state's Empire Zone program created fewer jobs than promised - and that nearly a quarter of the companies actually lost jobs.

Damiani found similar problems in a report on 10 years of city subsidy projects. Individual deals valued at \$7 million to more than \$200 million were supposed to create jobs - but the study found the companies that received tax breaks actually ended up collectively cutting 3,000 jobs.

If Mayor Bloomberg, as expected, signs the new bill into law, it will be easy, for the first time, to tell if companies that win tax breaks are living up to their end of the bargain.

"This will finally let us know if New York residents are being hired by these subsidized firms," Damiani said. "This is not brain surgery, its common sense - and hopefully the beginning of an important public debate."

Amen to that. Its high time New York took steps toward ending corporate welfare.