

# THE PUBLIC SUBSIDY BOARD

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June 26, 2024, 11:00 a.m.  
199 Church Street, New York, New York 1007  
Harriman State Campus, Building 12, Albany, New York, 12226

Board Members Present, New York City:

Roberta Reardon (Chair)  
Peter Florey  
Gary LaBarbera  
Hope Knight  
James Whelan

Board Members Present, Albany:

Christopher D. Alund  
Albert Catalano  
Joseph Hogan  
Daniel McGraw  
Laura Regan  
Blake Washington

Others Present:

Board Secretary Shaun McCready (Virtual)  
Laura Campion (Counsel)  
Kathleen Mannix (Board of Public Work & Prevailing Wage Enforcement)

The Chair convened the hearing at 11:04 a.m. and noted that a quorum had been established.

The Chair welcomed to the Board Lara Skinner, who was appointed by the Governor on June 21, 2024, and noted that Ms. Skinner plans to attend the Board's next meeting.

The Secretary provided updates to the Board, noting that the name of the agency has been changed from the Bureau of Public Work to the Bureau of Public Work & Prevailing Wage Enforcement.

The minutes of the May 20, 2024, were reviewed and the Chair moved that the minutes be approved. The motion was seconded and passed by consensus.

The Chair reminded the Board members that the hearing conducted on May 20, 2024, was still open. She noted the two issues under consideration, calculating tax savings and calculating other funds, and opened the floor up for discussion of the first issue.

On calculating tax savings, Board members discussed:

- Using a discount rate to determine a net present value to account for inflation over time
- Using a tax rate of 3 to 5% every year over the period of the PILOT, since NYC property taxes increase at least 4-5% every year, meaning a discounted rate is not necessary
- Using a 6.25% discount rate in order to mirror the New York City Industrial Development Agency (NYCIDA)
- Not using a net present value
- Keeping in mind that the 2% property tax cap does not apply to NYC

Members also stated:

- New York State Department of Tax and Finance lists the average tax levy for New York City from 2003 to 2022 to be 5.88% and that the present value of tax abatements is figured at 36% of the total costs of projects in New York City, which would lead to tax savings of greater than 100%
- The intent of the law is that public money is to be used for public good
  - A Cornell study by Seth Sanders indicates that although taxes and incentives fluctuate over time, in the long run the differences smooth out so that average rates can be anticipated
  - Further, tax abatements facilitate development by in part facilitating investments, stabilizing financing by reducing risk
- A 2% rate of tax increase may be reasonable to use in calculations for New York State outside of New York City, while New York City, not having the property tax cap, may need a different number, but more information is needed

A consensus was reached that more information is needed. Chair Reardon stated that Board members are encouraged to solicit written testimony from interested parties with knowledge of the subject matter to be submitted to the Secretary and posted publicly. The Board will reconvene to review the testimony and for further discussion on September 25, 2024, the next regularly scheduled meeting.

On calculating other funds, members discussed that direct federal funding is covered by Davis-Bacon, while indirect federal funding becomes considered public funding. Members agreed this conversation will be continued.

A proposed amendment to the Board rules was read by the Secretary. Edits were suggested and the Chair requested that members submit their suggested edits to the Secretary in writing. Gary

LaBarbera moved to table the amendment subject to edits being incorporated and there was a second from Peter Florey. The motion passed by consensus.

The Chair moved to go into executive session to discuss certain projects that, in accordance with the statute, must be discussed confidentially. The motion was seconded by James Whalen and passed by consensus.

Executive session ended at 12:29 p.m. and the public meeting resumed. Chair Reardon announced that seven projects were reviewed in executive session. Two of the projects were determined to be covered projects. Five were determined to be not covered. The Chair announced the next meeting of the Board will be on September 25, 2024, at 11:00 a.m. and the following meeting to be held on December 11, 2024, at 11:00 a.m. The Chair moved to end the meeting and the motion was seconded. The meeting ended at 12:33 p.m.