

# Business coalition forms to renew tax incentives feeling heat after Amazon

By Janaki Chadha

01/16/2020 12:16 PM EST

Business and economic development groups are gearing up to defend state tax incentives under heightened scrutiny after plans to bring an Amazon headquarters to New York City fizzled last year.

A new coalition called the Five Borough Jobs Campaign plans to lobby for the renewal of two outer borough subsidy programs created to promote business growth outside Manhattan, while state lawmakers look to overhaul the same programs during the new legislative session in Albany.

The coalition, which has about two dozen members thus far, has circled around the Relocation and Employment Assistance Program, REAP, and the Industrial and Commercial Abatement Program, ICAP, as left-leaning politicians and activists question the value of subsidies they see as unnecessary handouts to big business.

“With the recent press around the incentives, we felt it was important to grow a larger group of us like-minded economic development organizations, BIDs, small businesses, to really bring much more focus around these expiring programs so that we could counter some of what’s being said,” said Hope Knight, co-chair of the coalition and head of the Greater Jamaica Development Corp. “These programs are very important to us in creating an expanded economy and jobs for residents in our community.”

She said the effort will be accompanied by a “robust legislative outreach campaign.” Members of the group include the Long Island City Partnership, the Association for a Better New York and the Manhattan Chamber of Commerce.

REAP is up for renewal later this year, while ICAP is scheduled to sunset in 2022. State Sen. Mike Gianaris — a leading opponent of the Amazon deal — said serious reforms should be considered to both, including a cap on the amount a project receives from the programs to prevent companies reaping massive sums, he said. The Queens Democrat also wants to crack down on projects that are availing themselves of subsidies but not actually generating the jobs they promise.

“These programs need an aggressive look,” Gianaris said in a phone interview Wednesday. “We can all agree we want jobs created in the boroughs outside of Manhattan but we should also be able to agree that programs that have abuses in them should be fixed.”

The deal to bring an Amazon headquarters to Long Island City, which fell apart last winter, came with \$3.5 billion in city and state incentives. Much of this sum was in “as-of-right” tax breaks, including upwards of \$1.7 billion from REAP and ICAP.

Randy Peers, a coalition co-chair who heads the Brooklyn Chamber of Commerce, said the new effort is “really not about Amazon for us.”

“From our perspective, these are the only tools we have as-of-right to really compete,” he said. “The main message we need to get out there is that these incentives matter.”

John Kaehny, executive director of Reinvent Albany, said narrowing the programs would be a positive step but favors eliminating both of them entirely.

“We’re very much of the mind that these subsidies are functionally a waste of money, they’re just a giveaway to real estate developers that don’t achieve a public purpose,” he said, pointing to studies that have questioned the effectiveness of the incentives. “There’s just no evidence that they’ve led to a fundamental relocation of jobs outside of the business core.”

A straight extender for REAP has been introduced in the Assembly. While reforms are on the table to both programs, Gianaris said, he didn't think there was an appetite in the Legislature to kill them.

"But I don't speak for everybody else," he said. "I'd rather the programs work better than didn't work at all."