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Give special breaks to big business? Yes

By KATHRYN WYLDE

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The city offers tax help and subsidies to keep companies here. Two advocates square off on whether the incentives work for taxpayers.

Anyone who thinks that corporate incentive packages are bad public policy should look across the Hudson River at the new high-rise office buildings lining the New Jersey waterfront. Or travel up to Stamford to view its bustling new office parks. The transformation of these communities was accomplished with public incentives that made it almost irresistible for companies to move operations out of New York, where taxes can be as much as double or triple what's being offered by other cities and states.

Yes, New York remains the best place in the world to locate a business headquarters. But corporate executives are under fire from shareholders and regulators to account for the cost of every business decision they make, including location decisions. It can be tough to defend corporate expansion in a city where office rents are topping \$70 a square foot.

This doesn't mean that New York City should give away the store. Incentive packages to attract or increase jobs must be carefully targeted and strategically employed to achieve a public goal.

For example, it made sense to provide incentives to major employers that recommitted to the city - especially to lower Manhattan - after 9/11. In fact, the package of amenities, funding and enhanced security that the government put together for a dozen major firms was largely responsible for the rapid recovery of the entire city economy after the attack.

Similarly, incentives used to entice major companies to serve as anchors of emerging business districts outside midtown Manhattan have been essential to diversifying economic activity across the five boroughs.

Government incentives are also a vital tool to help make the city a hospitable home for new and emerging industries. For example, if we play our cards right, biotech companies can be a critical engine of economic growth - but it will take tax breaks and subsidies to lure leading firms.

Finally, the city has an important role to play when key industries are threatened. The city's film production industry was gutted in the 1990s by government-subsidized competition from Canada and Los Angeles. In the past two years, New York has reversed that. According to the city Economic Development Corp., since 2005, \$90 million of city and state tax incentives have resulted in \$950 million in economic activity and up to 8,000 new jobs.

In an ideal world, markets would work perfectly and government would simply provide the kind of business environment that would support job creation across the board. But reality is more complex. Thoughtful public tax breaks and incentives ensure the stability and growth of the city's job base.

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