

Remarks by Tracy Frankel to Nassau IDA re: Amazon

Thank you for the opportunity to provide comment on the tax abatements proposed for the Syosset Park warehouse development at 305 Robbins Lane and the ultimate beneficiary of those abatements, Amazon. I am Tracy Frankel, President of the Syosset Board of Education.

As we wrote to you last June in response to Chairman Kessel's remarks in Newsday, we are opposed to using property tax incentives to underwrite the operating costs of Amazon at the expense of the residents of the Syosset School District.

What we've learned in the intervening months has done little to relieve our skepticism.

(1-Jobs)

Chairman Kessel has previously stated that Amazon means "jobs, jobs, jobs" and it's undeniable that there will be temporary construction jobs to build the warehouse. But the IDA is considering a 15-year tax abatement hopefully in exchange for new permanent job creation. Amazon boxes aren't sitting around undelivered somewhere, so whatever package delivery jobs are needed are already being created, even without the IDA's intervention.

It's possible that IDA intervention might keep those jobs from being located outside Nassau County, but if that were likely, why does Amazon have a fleet of additional drivers for its Bethpage location operating out of a parking lot on Underhill Road in Syosset? New jobs are already being created and located in Nassau, even without the IDA.

(2-Assessment)

Based on the Standard Valuation Services Assessment Analysis of the property, over the 15-year life of the PILOT, the Applicant will have saved \$8 million in taxes that would otherwise have been due on the improved property. That is money that could have lowered other residents' tax bills. Instead, it will be a subsidy of about \$53,000 for each of the 150 jobs the applicant claims would be created.

The savings to the Applicant may be even greater, however. Based upon a review of the assessment and taxes made available by the County¹, the Applicant just successfully challenged the taxes of the vacant property, lowering the tax bill by over 24% and shifting almost \$160,000 per year to other taxpayers in Syosset. The terms reflected in the deviation notice appear to lock in any benefit from a certiorari, lowering the baseline, and locking in that tax shift as well.

Although the PILOT schedule does call for an annual inflation factor, it won't make up the loss from the tax challenge for at least 5 years, just to get back to where it was in 2019-20. In the meantime, other residents are asked to pick up the slack. If this were a struggling business, hoping to add to the local economy, that would be a more sympathetic story than subsidizing one of the world's most profitable companies.

(3-Fair Share)

As we have previously written to the IDA, 15-year PILOT agreements shield applicants from sharing in the future service costs of the communities they inhabit. School districts periodically borrow to renovate

¹ See, <https://lrv.nassaucountyny.gov/info/15++H++02510/>; <https://lrv.nassaucountyny.gov/info/15++H++02520/>.

aging facilities, any entity with a PILOT arrangement gets to avoid chipping in their fair share, essentially passing the buck to the rest of the community.

(4-Future Issues)

Should the IDA move ahead with this subsidy, applicants will sometimes seek to extend PILOT agreements, either threatening to exit Nassau, or by making modest investments that purport to create new jobs. The IDA should make as a precondition of any PILOT agreement that it will not extend benefits for jobs already created.

Similarly, we believe the IDA should prevent future exploitation of the arrangement by the applicant. A weak contract can allow an applicant to terminate the PILOT agreement early, allowing them to forego the 2nd half of PILOT payment, but avoiding the full year's taxes altogether.

(5-Cost of Remediation)

The Applicant also claims the need for financial assistance asserting that their development of this property comes with associated costs for remedial actions, given the property's troubled environmental history. We wish that were true. To our great disappointment, we can't identify any construction costs the Applicant proposes to undertake that wouldn't be incurred even if this site was pristine soil.

The Applicant's "preferred remedy" is to construct a cap over the impacted soils, but that "cap" consists of nothing more than the very parking lots and warehouse that comprise this project, and thus represents no additional cost.

Moreover, we asked the applicant to consider some modest common-sense remedial activities – additional air monitoring, soil testing adjacent to a cyanide "hot spot", targeted soil removal where contaminants are concentrated – and all have been rejected by the applicant to date.

(Conclusion)

In June, Chairman Kessel stated, "we will be as creative as we can be to lay out the welcome mat."² The IDA appears anxious to make good on that promise with this plan to forgive Amazon a substantial portion of its fair share of taxes both now and in the future as compensation for jobs that would inevitably be created anyway, if they don't exist already, at a cost of \$53,000 per job. That is a pretty generous "welcome mat".

The IDA should be an engine of economic development, not corporate opportunism. As we wrote in our letter to the IDA last June, "it is the Board's firm position that Amazon is not a struggling new business needing financial assistance in the form of a property tax abatement."

If the last 7 months of study have demonstrated anything, it is how weak the arguments are for further subsidizing this project through tax abatement. We ask the Nassau IDA to deny the applicant's request.

Thank you for your time and attention. The District and Board reserve the right to make additional comments before the IDA Board at its March 13 meeting.

² <https://www.newsday.com/business/amazon-cerro-wire-syosset-saladino-1.45595862>