THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
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Bettina Damiani
Director
Good Jobs New York
11 Park Place, $7^{th}$ Floor
New York, New York 10007

Dear Ms. Damiani:

Good Jobs New York recently requested that IBO update its estimate of the costs to the city, state, and federal governments resulting from the use of tax exempt bonds for the construction of the new Yankee Stadium. IBO had originally prepared estimates of these costs in spring 2006 when the deal between the Yankees and the city was being considered. At that time IBO estimated that the present value of tax revenue foregone over 40 years due to the use of tax exempt rather than taxable bonds was $2.6 million for the city, $4.7 million for the state, and $51.6 million for the federal government. IBO also estimated that access to tax exempt bonds would save the Yankees $172.2 million.

Since those original estimates were made, a number of factors have changed. First, the amount of tax exempt bonding grew somewhat to $920 million. Second, the actual interest rates for the bonds that have been sold were lower than we had assumed. Finally, we have altered our methodology for calculating the lost tax revenue. As a result of these changes our estimates of the foregone revenue are now somewhat higher. IBO's current estimate is that the cost—in present value terms—of the use of tax exempt bonds is $10.0 million for the city, $18.3 million for the state, and $100.0 million for the federal government. IBO estimates that the savings for the Yankees is $189.9 million.

If you have any further questions regarding this matter, please contact me at georges@ibo.nyc.ny.us or 212-442-8642.

Sincerely,

George Sweeting
Deputy Director