

Update to IBO's Analysis of the Financing for the Proposed Yankee Stadium

The table below updates IBO's estimates of the value of the various exemptions and subsidies used in the financing plan for the new Yankee Stadium that were presented at the City Council Finance Committee hearing on April 10, 2006. To make our estimates more comparable with those presented at the hearing by the Bloomberg Administration, we adopted their use of a 40-year period when calculating the present values. In addition, based on testimony at the hearing, we are now assuming that the stadium bonds will have a term of 40 years as well. A small change in the estimated land value at the new stadium caused the projected initial property tax bill for the new stadium to be revised upward slightly to \$39.6 million.

IBO has also added an estimate of the value of having the Yankees take on full responsibility maintenance and capital improvements at the stadium in exchange for ending their rental payments to the city. Under the current lease, maintenance is allowed as a deduction against the rent, and the city also incurs capital budget costs for major repairs and improvements. IBO estimates that if the Yankees were to remain at the existing stadium over the next 40 years, these costs would exceed the projected rent revenues. Therefore, under the new stadium lease, the maintenance and repair costs avoided by the city, net of the foregone rent, would result in a savings for the city of \$15 million (present value) compared with having the Yankees remain in the current stadium with the current lease in place.

(Costs)/Savings From Exemptions and Subsidies for New Yankee Stadium

Present value (millions of dollars)^a

	City (Costs)/Savings	State/MTA (Costs)/Savings	Yankees' Savings
Replacement Parks and Infrastructure	(\$138.6)	\$0.0	\$0.0
Parking Garages	0.0	(72.7)	0.0
Property Tax Exemption	0.0	0.0	144.2
Sales Tax Exemption	(10.5)	(11.4)	21.9
Tax Exempt Financing	(2.6)	(4.7)	172.2
Maintenance Savings Net of Foregone Rent ^b	15.5	0.0	n.a.
Rent Abatement	(13.4)	0.0	13.4
Capital Replacement Reserves	(5.4)	(3.9)	9.4
TOTAL	(\$154.9)	(\$92.8)	\$361.0

SOURCES: IBO; January 2006 Capital Commitment Plan; New York City Industrial Development Agency

NOTES:

- a) Present value computed using discount rate of 6 percent over 40 years.
- b) The cost or savings to the Yankees over 40 years will depend on factors such as future team revenues, wear and tear on the stadium, and future repair costs.