



Legislation Text

File #: Res 0231-2014, **Version:** *

Preconsidered Res. No. 231

Resolution calling upon the New York State Legislature to pass, and the Governor to sign A.6597/S.4609, legislation which would repeal provisions of law granting a real property tax exemption to Madison Square Garden.

By Council Members Johnson, Ferreras, Gentile, Van Bramer, Barron, Chin, Levine, Reynoso and Rosenthal

Whereas, Madison Square Garden (“MSG”) is a facility located in the City of New York used for sports, entertainment, expositions, conventions and trade shows; and

Whereas, MSG and its owner, Madison Square Garden, L.P., claim to host over 500 events annually, including concerts, theatrical productions, ice shows, the circus and much more in its arena and theater and, according to the Independent Budget Office (“IBO”), collects both rent and concession revenue and cable broadcast advertising; and

Whereas, MSG was granted a full real property tax exemption by the State of New York in 1982, pursuant to section 429 of the New York State Real Property Tax Law to help ensure that MSG would continue to be the home of the City's major league hockey and professional major league basketball teams and thereby bring economic benefits to the City of New York; and

Whereas, Section 429 of the Real Property Tax Law (“Tax Exemption”) specifically states that the Tax Exemption "shall continue with respect to such property as long as both of said teams play their home games therein" and "[i]f one of or both of said teams shall cease to play their home games in said property at any time, the tax exemption shall cease immediately and such property shall immediately be restored to the tax rolls and thereupon become subject to taxation"; and

Whereas, Madison Square Garden, LP, as the owner of the New York Knicks, the New York Rangers,

Fox Sports New York, and the Madison Square Garden Network, receives game-related revenue from tickets, concession, and cable broadcast advertising; and

Whereas, According to MSG's annual report for Fiscal Year 2013, MSG reported revenue of \$1.3 billion, a 4% increase compared to prior year, for the fiscal year ending June 30, 2013; and

Whereas, The Knicks and Rangers are two of the most recognized franchises in professional sports, and are owned and operated by MSG and are major occupants of the Garden; and

Whereas, According to Forbes, the Knicks and Rangers are the highest valued franchise in the National Basketball Association (NBA) at \$1.4 billion and the second highest value franchise in National Hockey League (NHL) at \$850 million, respectively, and are valued four times more than the Newark-based Devils and Brooklyn-based Islanders; and

Whereas, Additionally, MSG hosts many events, including concerts and circus shows from which it collects rent and concession revenue; and

Whereas, According to the IBO, other privately owned sports arenas built in recent years in other major cities generally do pay real property taxes - as did MSG from 1968 when it opened until 1982; and

Whereas, According to the IBO, for Fiscal Year 2014, the cost of the current MSG property tax exemption, or amount of foregone taxes to the City, for Fiscal 2008 is nearly \$17.3 million; and

Whereas, The \$17.3 million generated by returning MSG to the City's property tax rolls can be used to help fund important services or to offer tax relief for City residents; and

Whereas, It is only fair that a large profitable institution such as MSG contribute its fair share, especially when ordinary New Yorkers are called on to do the same and in times of economic hardship are prevailed upon to bear an even greater burden; and

Whereas, On January 8, 2014, New York State Assembly Member David Weprin and New York Senator

James Sanders introduced A.6597/S.4609 (“State legislation”), respectively, legislation which would repeal section 429 of the Real Property Tax law, which provides a real property tax exemption to Madison Square Garden; and

Whereas, According to the Memorandum in Support for the State legislation, “the purpose of this bill is to eliminate a property tax exemption for a \$4.4 billion dollar corporation”; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign A.6597/S.4609, legislation which would repeal provisions of law granting a real property tax exemption to Madison Square Garden.

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