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NY lawmakers hold off on approval of tax dollars from proposed skyscrapers to fund Penn Station overhaul

Clayton Guse : 3-4 minutes : 7/27/2022

State lawmakers on Wednesday held off on final approval of Gov. Hochul's plan to divert property taxes from 10 proposed Midtown skyscrapers to help pay for an overhaul of Penn Station.

Sen. Leroy Comrie, one of the four members of the Public Authorities Control Board, which has oversight on the project, only voted to approve a non-binding [agreement](#) struck last week between Hochul and Mayor Adams on the deal.

In that deal, Adams signed off on allowing the Empire State Development Corp. to grant developers tax breaks called payments in lieu of taxes — known by the acronym PILOTS — to fund 12.5% of the dilapidated train hub's reconstruction and expansion.

Under the deal, developers would pay PILOTS that would be lower than the property taxes they'd normally be charged for the buildings they construct. Supposedly, the money they save would help fund the project's construction.



An Amtrak train sits at a platform beneath Penn Station in New York on May 13, 2013. (Kathy Willens/AP)

“To be clear, while I will vote yes on today’s resolution, I will not vote in favor of any future PILOT agreements for individual above-ground buildings in this project footprint until we have secured necessary federal approvals and the fair share of funding from the federal government and New Jersey,” Comrie said.

Comrie’s stance appears to be a speed bump for the controversial project.



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State officials have not disclosed how much tax money the new skyscrapers will generate, but said they cut a deal with real estate developers that would allow them tax breaks as an incentive to construct the towers.

An analysis commissioned by the watchdog group Reinvent Albany published earlier this month estimated the deal would give the developers \$1.2 billion in tax breaks.

The bulk of those savings would be enjoyed by the company Vornado, whose CEO Steven Roth is a [major donor to Republicans’ efforts to flip Congress in November’s midterm elections](#). Roth in December also donated \$69,700 to Hochul’s campaign.

“New Yorkers deserve a station they can be proud of, quality affordable housing to call home, walkable streets and sidewalks, and easy access to transit,” Hochul said in a statement. “I look forward to continued engagement with elected partners, community leaders, and other stakeholders as we move this project forward and deliver a station worthy of New York.”

Reinvent Albany executive director John Kaehny said the agreement is “farcical” and does not even allow state officials to apply for federal funding to help pay for the Penn Station project, which includes a plan to expand the station south by tearing down a block south of W. 31st St.

The U.S. Department of Transportation requires states to secure local funding for projects in order to apply for federal help, but officials have still not disclosed a full financing plan for the construction.

“We think this vote means nothing legally, but a lot politically,” said Kaehny. “The Senate and Assembly think they’ve created a fig leaf for themselves to placate the growing legions of critics while delivering the Governor the headline she wants: ‘Deal Approved.’”