



MEMO OF OPPOSITION

S8063-A (Gounardes) / A8676 (Lee)

*Extends “REAP” tax credit and
establishes new “RACE” tax credit*

June 9, 2025

TITLE OF BILL

An act to amend the general city law, chapter 772 of the laws of 1966, relating to enabling any city having a population of one million or more to raise tax revenue, and the administrative code of the city of New York, in relation to authorizing credits for relocation and employment assistance and making available relocation assistance credits per employees; and providing for the repeal of certain provisions upon expiration thereof.

STATEMENT OF OPPOSITION

Reinvent Albany strongly opposes this bill for three reasons:

1. It is illogical to provide tax subsidies to NYC businesses to move around within the five boroughs – especially given the enormous amount of ongoing public investment in the subways and commuter rail, which amounts to a large de facto subsidy to businesses locating near them.
2. There is an enormous body of independent evidence showing that [at least 75% of the time](#), government subsidies do not determine where businesses locate. The vast majority of independent economic development experts believe businesses decide where they will locate based on logistical and market criteria – thus subsidizing them amounts to providing free tax dollars to businesses that have already determined what they will do.
3. Tax subsidies are a form of off-budget expenditures that are not properly accounted for, and are often, incorrectly, perceived by elected officials and the public as free money. Direct cash subsidies to these same businesses receiving tax subsidies would be politically unpopular and unviable because the subsidies would clearly compete with funding for basic city services like schools, sanitation, and parks.

Even NYC's own Independent Budget Office – staffed with respected budget policy experts – is deeply skeptical of REAP, [writing in March 2025](#):

REAP does not appear to encourage job creation to support manufacturing firms, as is often claimed. Less than 5% of REAP funding goes to manufacturing. Moreover, REAP allows firms to shuffle existing jobs within the City while receiving tax breaks. For example, if a central Manhattan-based company with 120 employees moves across the river to Long Island City, the total number of jobs and who is employed remains the same, but taxpayers pay for the relocation.

Despite the abundant and persuasive evidence against handouts to corporations, lawmakers continue to introduce legislation supporting handouts to corporations. We urge the Legislature to stop this nonsense and introduce legislation supporting investments in education, public transit, and clean water instead.

We ask the Legislature to not pass the bill, and the Governor to veto it if signed.

SUMMARY OF PROVISIONS

Sections 1 and 2 amend General City Law §25-z(b) and §25-ee(b) respectively to extend the expiration date for certifying REAP eligibility from July 1st, 2025 to 2028.

Sections 3 through 12 establish the Relocation Assistance Credit (RACE) through the following changes:

- Section 3 adds a new Article 2-K to General City Law
- Section 4 adds a new §4-j to the Laws of 1966
- Section 5 adds a new subdivision (l) to the Laws of 1966 (772)(2)(101)
- Section 6 adds a new subdivision (4) to the NYC administrative code §11-503
- Section 7 adds a new subdivision (24) to the NYC administrative code §11-604
- Section 8 adds a new §11-643.10 to the NYC administrative code
- Section 9 adds a new subdivision (24) to the NYC administrative code §11-654
- Section 10 amends NYC administrative code §22-622(b)
- Section 11 amends NYC administrative code §22-624(b)
- Section 12 adds a new Chapter 6-E to NYC administrative code Title 22

Broadly, these sections provide that each eligible business may receive tax credit worth \$5,000 per employee after moving into office buildings constructed before January 1st, 2000.

Section 13 establishes that no later than April 1st of each year, the mayor of NYC shall submit a report to the governor, the senate majority leader, and the assembly speaker with data on the RACE program, and such report shall be made publicly available on the day of submission.

Section 14 states that the effective date is July 1, 2025, and provides that Section 13 shall expire on January 1, 2031.