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Why New York City Gave Up $3 Billion in 2016.

New York City is the first major government this year to release what it gives up in economic development-related tax incentives to corporations, following new financial reporting requirements. In its annual financial report, the city disclosed that it waived more than $3 billion in potential tax revenue in 2016 alone, mostly in uncollected property taxes.

The tax abatements represent a little under 4 percent of the city's nearly $80 billion in general fund revenue in fiscal 2016, which ended on March 31.

The most expensive abatement was for the commercial conversion program, which cost nearly $1.3 billion in forgone revenue last year. The program encourages new housing in the city by offering a property tax discount on new construction or on commercial space that was converted into residential housing. Developments have to meet certain requirements, like reserving one-fifth of the units for affordable housing.

The Takeaway: New York has an earlier fiscal year than most of the country, so it's not a surprise that it's the first out with its tax incentives data. Still, it's commendable that the city's assessment of its tax abatement program also includes 2015's data, which was not required by the new accounting rules. It allows for observers to start tracking trends sooner than previously thought.

The other notable detail from the annual financial report is that of the 11 city programs listed offering abatements, only two of them had any provisions for recapturing the abated taxes. The two programs, which both encourage commercial development, accounted for about $130 million in forgone revenue in 2016. That means that, for the remainder of the $3 billion in abatements, the government has no established means of ensuring the deal continues to be worth the cost. This is likely just the tip of the iceberg of tax giveaways in this country that have few strings attached.

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