



## NEW JERSEY CHAPTER

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May 8, 2019

Dear Mr. Chen,

We request that the Economic Development Authority Task Force closely examine the American Dream/Xanadu project as part of its investigation into EDA tax incentives. The American Dream/Xanadu mega-mall in the Meadowlands is an unneeded, highly costly project offering no economic benefits to the public. New Jersey is already overbuilt with malls, and even a successful American Dream will not create new jobs, only shift them from other malls. The environmental impacts and increased flooding caused by the project also make American Dream/Xanadu a bad investment. The EDA provided \$350 million in direct state subsidies in support of American Dream/Xanadu. The job and economic impact of the project do not justify that spending. We believe American Dream/Xanadu should be a major focus of the EDA Task Force because of the overall financial package and its impact in taking money away from other projects.

American Dream/Xanadu is the largest publicly subsidized project in state history. Incentives for the project include \$100 million in road improvements, \$180 million for a rail line, \$300 million in property tax exemptions, and \$31 million in toll money. The EDA subsidies of \$350 million are backed by \$390 million in sales taxes. The project also received another \$800 million in public bonds. Special legislation was needed to provide the mall with a liquor license.

The EDA's own economic projections for the project do not support the incentives. They anticipate about 10,000 permanent full-time and part-time jobs from the mall, most paying less than \$20,000 a year. Those jobs will come from other malls losing business or shutting down because of American Dream/Xanadu. Economist reports show malls in Paramus, Jersey City and Elizabeth will all be negatively impacted by the Meadowlands mega-mall. The EDA calculated a net-economic benefit from American Dream/Xanadu of \$730 million over two decades. That's \$36 million a year, less than one-tenth of 1 percent of the \$38.6 billion budget proposed by Gov. Murphy for FY2020.

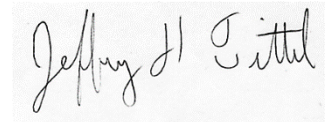
American Dream/Xanadu sits partly on wetlands in an environmentally sensitive area. The site flooded during Hurricane Sandy and is increasingly susceptible to the effects of sea level rise and storm surges. Studies have shown the entire area will end up under 3 feet of water. The EPA and Fish & Wildlife under President George W. Bush opposed the project because of environmental impacts on clean air and water, and wildlife. Meadowlands resources are important to flood control, fisheries, and migratory birds. The EDA should not be investing in a project so vulnerable to flooding and so damaging to the environment. Additional traffic of more than 150,000 cars a day generated by the mall will also add to the public financial burden through increased spending on road and rail improvements.

Since Triple Five took over the project in 2010, the company has been maneuvering to put together complex financing. They went from state to state looking to add \$800 million in public bonds after the Local Finance Board would not approve the money. They finally found it from the Wisconsin Public Financing Authority. The Meadowlands Commission needed its own bill in the legislature so it could bond for the project using tax-increment finance. We will lose hundreds of millions of dollars in revenue because the American Dream will be paying off bonds instead of using that money to pay taxes.

Malls are dying across the country, and we already have too many of them in New Jersey. We believe the EDA should have recognized the many reasons that the American Dream/Xanadu mall is a poor investment. Gov. Murphy has emphasized the importance of cracking down on lucrative corporate subsidies that accomplish little. We support that effort, and we believe a close examination by the task force of the American Dream/Xanadu project must be part of that process.

If you have any questions please feel free to reach out at any time at 609-558-9100.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey H Tittel". The signature is written in a cursive, flowing style.

Jeff Tittel, Director, NJ Sierra Club