



Legislation Details (With Text)

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Title: Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation reinstating a commuter tax and to conduct a study on the results and effects of the tax

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Res. No. 710

Resolution calling upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation reinstating a commuter tax and to conduct a study on the results and effects of the tax

By Council Members Rodriguez, Chin, Gentile, Johnson, Mendez, Vallone, Cohen and Menchaca

Whereas, Between 1966 and 1999, New York City imposed an earnings tax on non-residents who earned an income within the City in order to equitably share the burden of providing services, such as fire, safety, sanitation, and infrastructure, on all users of such services; and

Whereas, This tax is commonly referred to as the commuter tax; and

Whereas, In 1966, New York State authorized New York City to impose a tax on people who earned income in the City but lived elsewhere in the amount of one-fourth of one percent on all wages and three-eighths of one percent on all net earnings from self-employment; and

Whereas, Five years later in 1971, the State authorized an increase of the tax to forty-five hundredths of one percent on all wages and sixty-five hundredths of one percent tax on all net earnings from self-

employment; and

Whereas, In 1999, the State amended the definition of people who were subject to the tax to include only those commuters who resided outside of New York State, thereby exempting New York State residents from paying the tax; and

Whereas, In 1999, New York City challenged the State's change to the law; and

Whereas, The New York State Court of Appeals found that the disparate treatment of New York State and non-New York State commuters violated the Privileges and Immunities Clause of the United States Constitution and declared the commuter tax, as amended, unconstitutional; and

Whereas, According to the City's Office of Management and Budget, between 2000 and 2008, New York City lost out on approximately \$5,000,000,000 in tax revenue; and

Whereas, The Independent Budget Office estimates that between 2009 and 2014, New York City lost out on a total of approximately \$4,600,000,000 in tax revenue; and

Whereas, Despite the loss in tax revenue, New York City continues to provide services to all New York City workers, both resident and non-resident, the cost of which is shouldered by New York City residents through the City's personal income and real property taxes; and

Whereas, According to the Fiscal Policy Institute, approximately 900,000 non-resident commuters work in the City and they all rely on the police, fire, sanitation, transportation, and other services the City provides; and

Whereas, The use of New York City resources and infrastructure by these 900,000 commuters is costly to the City and its residents; and

Whereas, For example, one service consistently used by non-resident commuters is subway and bus services managed by the Metropolitan Transit Authority ("MTA"); and

Whereas, Due to record-high ridership levels by City residents and non-resident commuters and the substantial long-term infrastructure needs resulting from age and deterioration due to overuse, the MTA is

facing a \$15,000,000,000 capital budget shortfall; and

Whereas, Reinstating the commuter tax would greatly benefit everyone who works in the City by preserving essential infrastructure and services and ensuring that non-residents pay their fair share for the services that they consume; and

Whereas, Despite all of these benefits, some claim that reinstating the commuter tax would create a disincentive for non-residents to look for work in New York City and induce businesses to leave the City, thereby constraining the growth of the City's economy and tax base; and

Whereas, In order to determine whether there is any validity to that claim, after the commuter tax is reinstated, the State should conduct a study reporting on the effects of the tax, taking into account the current economic environment and the fiscal health of the New York City and its infrastructure; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to introduce and pass, and the Governor to sign, legislation reinstating a commuter tax and to conduct a study on the results and effects of the tax.

JF/RC 4/20/15
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