

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON STATE AND FEDERAL LEGISLATION

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June 15, 2009
Start: 12:20pm
Recess: 12:30pm

HELD AT: Committee Room
City Hall

B E F O R E:
MARIA BAEZ
Chairperson

COUNCIL MEMBERS:
Melissa Mark-Viverito
Erik Martin Dilan
Joel Rivera
Lewis A. Fidler
Larry B. Seabrook
Daniel R. Garodnick

A P P E A R A N C E S

COUNCIL MEMBERS:

James S. Oddo

Melinda R. Katz

2 CHAIRPERSON BAEZ: Attention.

3 Thank you. The Chair's ready to start the
4 meeting. [Pause] Good afternoon and welcome. My
5 name is Maria Baez. And, I'm the Chairperson of
6 the State and Federal Legislation Committee.

7 As you know, the City's fiscal year
8 is coming to an end and so is the session in
9 Albany. We have numerous home rule requests to
10 consider today relating to the City's budget, as
11 well as some SLRs requesting legislation that
12 should strengthen the City's economy during these
13 difficult times and into the future.

14 This morning, the Committee will be
15 voting on a number of items. Together, I believe
16 they represent a reasonable package that addresses
17 the City's need for additional revenue during this
18 severe economic downturn, afford some protection
19 to homeowners by capping their class share
20 increase and provides incentives for new industry
21 and aid to small businesses. The legislation
22 being-- excuse me.

23 COUNCIL MEMBER RIVERA: We
24 apologize, Madam Chair.

25 CHAIRPERSON BAEZ: Well, thank you.

2 COUNCIL MEMBER RIVERA: We're just
3 admiring your beautiful outfit.

4 CHAIRPERSON BAEZ: This
5 legislation-- thank you-- this legislation being
6 considered today includes several bills which
7 would provide tax incentives for certain
8 businesses coming to, and already in, the City.
9 The first bill will provide a biotechnology tax
10 credit against the general corporation tax,
11 unincorporated business tax and banking
12 corporation tax in the City. This tax credit
13 would provide biotechnology firms with a credit of
14 up to 250,000 annually upon increasing their
15 number of employees by 5%.

16 The second bill would exempt small
17 businesses with taxable incomes of less than
18 \$100,000 from the unincorporated business tax and
19 provide a substantial tax credit for all
20 businesses earning a taxable income of 100,000 to
21 150,000 annually.

22 The third bill would amend the
23 general City law and the Administrative Code to
24 modify the City's energy cost savings program and
25 Lower Manhattan Energy program to establish

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2 eligibility for industrial and commercial
3 abatement programs as a basis for eligibility for
4 both programs. The programs provide special
5 rebates to firms moving to certain designated
6 areas of the City or for expanding or improving
7 their premise within certain designated areas of
8 the City.

9 The fourth bill would extend the
10 temporary exemption from commercial rent and
11 occupancy tax for premises used in retail sales in
12 Lower Manhattan and the World Trade Center area.

13 We will also consider a home rule
14 request to raise the sales tax one-half of 1%.
15 While this is an increase we don't impose lightly,
16 we are mindful that the City needs the 720 million
17 generated by this tax. And, we have fought to
18 ensure that clothing items under \$110 remain
19 exempt.

20 The Committee will also consider
21 the cap bill, which will limit class increases for
22 setting the property tax rate for 2010. The
23 allowable increase without this legislation would
24 be 5%. And, this legislation would allow us to
25 cap the increase at zero, keeping the average

2 homeowner's property tax bill about \$176 less than
3 it otherwise would be.

4 Additionally, the Committee will be
5 considering two pieces of legislation that would
6 determine the maturity, sale and use of bond
7 anticipation notes. These notes are often used in
8 financing infrastructure projects within the City.

9 The Committee will also look at
10 voting on an omnibus extender, which would extend
11 various financial emergency act provisions.

12 The Council will also consider a
13 bill that would amend the Administrative Code to
14 phase in a single sales factor allocation over a
15 ten-year period. When a business operates both
16 within and outside the City, it is necessary to
17 determine what portion of that firm's net income
18 was earned within the City and thus, taxable by
19 the City.

20 Currently, this is done by
21 calculating three factors; the percentage of a
22 firm's sales, employment and capital that are in
23 the City. The average of these three factors
24 represents the percentage of the firm's income
25 earned in the City and its taxes are based on this

2 amount. This bill replaces the three-factor
3 method with a single factor; the percentage of
4 sales within the City. This method is currently
5 used by New York State. This legislation also
6 conforms a number of tax provisions in the City
7 Code to those in the State Code.

8 Finally, we will also consider an
9 interim legislation to authorize the return of
10 property taken for non-payment of taxes if the
11 original owner pays the back taxes.

12 We also have Ray, from the
13 Council's Finance Division that will be available
14 to answer any questions from the members. Before
15 we start, I would like to introduce the members of
16 the Committee. From left to right, Council Member
17 Melissa Mark-Viverito, Council Member Dilan,
18 Council Member Rivera, Council Member Fidler,
19 Council Member Seabrook. Also, joining us,
20 Council Member Oddo and Council Member Katz.
21 Council Member Dan Garodnick.

22 Any questions for Ray from the
23 Committee? [Pause] One second, please. [Pause]
24 Thank you. I would like to thank all my
25 colleagues for attending the meeting today and

2 encourage all my colleagues to vote yes on all.
3 We're going to couple all orders. Billy, if you
4 can please call the roll.

5 WILLIAM MARTIN: William Martin,
6 Committee Clerk. Roll call on the Committee on
7 State and Federal Legislation. Council Member
8 Baez.

9 CHAIRPERSON BAEZ: Aye on all.

10 WILLIAM MARTIN: Rivera.

11 COUNCIL MEMBER RIVERA: I vote aye
12 on all.

13 WILLIAM MARTIN: Dilan.

14 COUNCIL MEMBER DILAN: Aye on all.

15 WILLIAM MARTIN: Fidler.

16 COUNCIL MEMBER FIDLER: Aye on all.

17 WILLIAM MARTIN: Seabrook.

18 COUNCIL MEMBER SEABROOK: Aye on
19 all.

20 WILLIAM MARTIN: Garodnick.

21 COUNCIL MEMBER GARODNICK: Pass for
22 just a moment.

23 WILLIAM MARTIN: Mark-Viverito.

24 COUNCIL MEMBER MARK-VIVERITO: Aye
25 on all.

2 [Pause]

3 WILLIAM MARTIN: Garodnick.

4 COUNCIL MEMBER GARODNICK: Thank
5 you. Aye.

6 WILLIAM MARTIN: By a vote of seven
7 in the affirmative, zero in the negative and no
8 abstentions, all items are adopted. Council
9 Members, please sign the Committee reports. Thank
10 you.

11 [Pause]

12 CHAIRPERSON BAEZ: This Committee
13 is now in recess. Thank you.

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C E R T I F I C A T E

I, DeeDee E. Tataseo certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script that reads "DeeDee E. Tataseo". The signature is written in black ink and is positioned above a horizontal line.Date July 29, 2009