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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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November 14, 2019
Start: 11:15 a.m.
Recess: 11:28 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: Daniel Dromm,
Chairperson

COUNCIL MEMBERS:

Adrienne E. Adams
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Vanessa L. Gibson
Mark Gjonaj
Barry S. Grodenchik
Karen Koslowitz
Rory I. Lancman
Farah N. Louis
Steven Matteo
Francisco P. Moya
Keith Powers
Helen K. Rosenthal
James G. Van Bramer

CHAIRPERSON DROMM: [GAVEL] Okay, good morning folks and welcome to today's Finance Committee meeting. My name is Council Member Daniel Dromm and I'm Chair of the Committee.

We have been joined by Council Members Robert Cornegy, Council Member Daneek Miller, Council Member Adrienne Adams, Council Member Keith Powers, Council Member Helen Rosenthal, Council Member Karen Koslowitz, who is new to the Committee. Welcome Karen, thank you for being with us on the Committee. Council Member Farah Louis, Council Member Vanessa Gibson and my Co-Chair on the Subcommittee with Capital Finance. Council Member and Minority Leader Steven Matteo, Council Member Barry Grodenchik, Council Member Francisco Moya, Council Member Jimmy Van Bramer and Council Member Mark Gjonaj.

Today, the Committee will be voting on six items, Intro. 1780, which would extend the rate of the additional tax on the occupancy of hotel rooms.

Three Preconsidered Resolutions to amend and restate the property tax rates for fiscal 2020, a transparency resolution and one land use item.

Let's start with Intro. 1780 which would extend the current rate of 5.875 percent for the additional

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2 tax on the occupancy of hotel rooms through November
3 30, 2023 to maintain this status quo.

4 It is estimated that by the Council's Finance
5 division that the additional tax, if extended at the
6 current rate of 5.875 percent beyond November 30,
7 2019 would generate \$68.6 million in fiscal 2020 and
8 \$91.6 million in fiscal 2021. The Administration is
9 supportive of extended the tax rate and members of
10 the Committee have a letter of support for the record
11 from the First Deputy Commissioner of the Department
12 of Finance in the hearing materials this morning.

13 Representatives from the Office of Management and
14 Budget are here to answer any questions we may have
15 on this bill.

16 Next are the three Preconsidered Resolutions that
17 would amend and restate the property tax rates of
18 Fiscal 2020. Every year as part of the budget
19 adoption, the Charter requires the Council to adopt
20 property tax rates for the coming fiscal year. The
21 rates that we adopt are largely predetermined by a
22 formerly set forth and state law which involves
23 determining the share of the overall tax levy that
24 each class is required to pay.

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2 State law imposes a five percent cap on the
3 amount that each classes share is allowed to grow
4 year over year. In past years, the Council has asked
5 the state to lower that cap as a way of moderating
6 large increases in tax rates that result from this
7 required formula.

8 This year, we saw that without any action, the
9 tax rate for class one homeowners would have gone up
10 by 6.3 percent as compared to last years rates.
11 Therefore, to limit that increase, the Council has
12 asked the state to pass legislation to lower the
13 class shared cap to zero percent.

14 The state agreed but the legislation was enacted
15 after the Council adopted the fiscal 2020 budget and
16 set the tax rates. Therefore, what we are doing
17 today is amending and restating the tax rates that we
18 set in June to reflect the recalculation done in
19 accordance with the new zero percent cap.

20 As a result of the Council's efforts, a typical
21 class one homeowner will see an approximate \$321
22 savings. Also, under zero percent cap, class two
23 properties will see a decrease in their tax rate,
24 making that rate the lowest it has been since fiscal
25 2009.

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2 Next, is Transparency Resolution which sets for
3 the new designation and changes in the designation of
4 certain organizations receiving local and youth
5 discretionary funding and funding for certain
6 initiatives in the budget.

7 Organizations appearing in the resolution that
8 have not yet completed the free qualification process
9 conducted by the Mayor's Office of Contract Services,
10 the Council or another entity are identified in the
11 tax charts with an asterisk. As with all
12 transparency resolutions, Council Members will have
13 to sign a disclosure form indicating whether or not a
14 conflict exists with any of the groups on the attached
15 list.

16 If any of the Council Members has a potential
17 conflict of interest with any of the organizations
18 listed, he or she has the opportunity to disclose the
19 conflict at the time of their vote.

20 As a reminder, please disclose any conflicts you
21 may have with proposed subcontractors used by
22 organizations sponsored by discretionary funding.
23 These disclosures must be made before the
24 subcontractor can be approved.
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2 Benjamin Smith from the General Counsel's Office
3 is here and can assist you with any questions or
4 concerns regarding the disclosures.

5 Lastly, we have the Land Use item. The J2
6 project is in Council Member Miller's district in
7 Queens. The action would require a 40 year Article
8 11 property tax exemption to support the new
9 construction of 543 units of housing. Council Member
10 Miller is supportive of this exemption in his
11 district. Are there any questions on any of the
12 other items on the agenda?

13 Okay, seeing none, before I ask Billy Martin
14 Committee Clerk to call the roll, I want to remind my
15 colleagues that the Finance Committee jointly with
16 the Committee on Government Operations is holding a
17 hearing next Tuesday, November 19th at 1:00 p.m. in
18 this room to consider four pieces of legislation
19 intended to improve communication and ease the
20 bureaucracy between city and not-for-profit
21 organizations.

22 And with that, I'll ask Billy to call the vote.

23 COUNCIL CLERK: Billy Martin, Committee Clerk
24 roll call vote Committee on Finance, all items are
25 coupled. Chair Dromm?

COMMITTEE ON FINANCE

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CHAIRPERSON DROMM: Aye.

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COUNCIL CLERK: Louis?

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COUNCIL MEMBER LOUIS: Aye.

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COUNCIL CLERK: Gibson?

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COUNCIL MEMBER GIBSON: Aye.

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COUNCIL CLERK: Cornegy?

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COUNCIL MEMBER CORNEGY: Permission to explain my

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vote.

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CHAIRPERSON DROMM: Yes.

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COUNCIL MEMBER CORNEGY: So, while I respect and

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appreciate what the Council is doing here today in

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finding a modicum amount of tax relief for citizens

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in the city, I think it doesn't go far enough and I

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think that minority home owners in gentrifying areas

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are particularly vulnerable in the current tax

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structure and I look forward to working with the

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state to get to a better remedy overall. With that I

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vote aye.

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COUNCIL CLERK: Cumbo?

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COUNCIL MEMBER CUMBO: I vote aye.

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COUNCIL CLERK: Koslowitz?

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COUNCIL MEMBER KOSLOWITZ: I vote aye.

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COUNCIL CLERK: Rosenthal?

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2 COUNCIL MEMBER ROSENTHAL: Permission to explain
3 my vote.

4 CHAIRPERSON DROMM: Yes.

5 COUNCIL MEMBER ROSENTHAL: Thank you. I vote aye
6 on all but I want to raise serious concerns about the
7 continuation of the hotel tax. You know, this is an
8 opportunity to look harder at what's happening with
9 the hotel industry and we know that Airbnb has had an
10 impact on their occupancy. Airbnb has you know,
11 flouted New York City, New York State Law. They've
12 been part of the problem making our affordable
13 housing shortage worse.

14 The state of New Jersey just recognized that and
15 put on further limitations on Airbnb. So, you know,
16 this is a tax that while staying the same and
17 possibly decreasing over time, I think would be worth
18 engaging in a study to understand what the impact is
19 on the hotel industry that is such a critical part at
20 the end of the day. You know, tourism is such a big
21 chunk of our economy and I'm not thrilled with the
22 idea of continuing this tax on the hotel industry.

23 But at this juncture, I don't think we have
24 enough information but I think we should do more
25 serious research on this issue.

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Thank you, I vote aye on all.

COUNCIL CLERK: Van Bramer?

COUNCIL MEMBER VAN BRAMER: Aye on all.

COUNCIL CLERK: Grodenchik?

COUNCIL MEMBER GRODENCHIK: Aye.

COUNCIL CLERK: Adams?

COUNCIL MEMBER ADAMS: Permission to explain my
vote.

CHAIRPERSON DROMM: Yes.

COUNCIL MEMBER ADAMS: I agree with the
sentiments of Council Member Cornegy regarding the
property tax rates and the amendment. I don't think
that we're going far enough and I don't think that
we've taken a really hard look at true property tax
reform in the City of New York. We've got to go a
whole lot farther than this. I look forward to
continuing discussions and meeting of the minds
around this situation.

With that, I do vote aye on all.

COUNCIL CLERK: Matteo?

COUNCIL MEMBER MATTEO: I'm voting no on 1152,
1153, 1154, 1780 and aye on the rest.

COUNCIL CLERK: Gjonaj?

COMMITTEE ON FINANCE

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2 COUNCIL MEMBER GJONAJ: I vote no on all. It
3 would take too long for me to explain my vote.

4 COUNCIL CLERK: Moya?

5 COUNCIL MEMBER MOYA: I will be voting no on
6 Intro. 1780 and yes on the rest.

7 COUNCIL CLERK: Powers?

8 COUNCIL MEMBER POWERS: Permission to explain my
9 vote.

10 CHAIRPERSON DROMM: Yes.

11 COUNCIL MEMBER POWERS: Thank you, I am voting
12 aye on all and I'm abstaining on 1780. I recognize
13 there's about \$92 million raised by that extension of
14 the hotel tax occupancy rate and a dedicated stream
15 goes to the tourism and convention centers here in
16 New York City.

17 I think there is a actually a longer conversation
18 to be had with those in this industry who are
19 struggling and we've had hearings here in the Council
20 around tourism. How to improve tourism in New York
21 City that I think could actually even benefit the
22 ability to track people here and even enhance our
23 investments in tourism and tourism in the city. For
24 that reason, I'm abstaining about it and I, you know,
25 in the future would hope that we can have a deeper

1 conversation with all those who are affected around
2 impact to the city's industry and the ecosystem
3 around the tourism as well. Thank you.

4 COUNCIL CLERK: Council Member Gjonaj?

5 COUNCIL MEMBER GJONAJ: Thank you. Let me just
6 revise that was in my passion, the heat of the
7 moment, I overlooked the transparency resolution.
8 So, my vote is to reflect no on 1780, no on 1152, no
9 on 1153 and 1154 and aye on the rest.

10 COUNCIL CLERK: By a vote of 14 in the
11 affirmative, zero in the negative and no abstentions,
12 Preconsidered Land Use and Resolution 1155 has been
13 adopted by the Committee with Introduction 1780 being
14 adopted by the Committee. Ten in the affirmative,
15 three in the negative, and one abstention and
16 Preconsidered Resolutions 1152, 1153, and 1154 are
17 twelve in the affirmative, two in the negative and
18 zero abstentions.

19 CHAIRPERSON DROMM: Okay, thank you very much and
20 with that, this meeting is adjourned at about 11:27.

21 [GAVEL]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date April 1, 2018