



This Week in New York

Covering New York State and City Government

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March 8, 2019 Edition



In the News – State



2020
BUDGET

Shall We Dance?

Governor & Legislative Leaders Begin Effort to Lockdown State Fiscal Plan

The State legislative fiscal committees have heard from stakeholders on Governor Cuomo's Executive Budget. The legislative "ask" sign-on letters have been submitted for organizations seeking state funding. The State Comptroller has been drafted to provide a target revenue figure. It's time to begin the final stages of Albany's version of "March Madness."

With the Senate, Assembly, and the Governor unable to come up with a consensus revenue figure by March 1st, Comptroller Thomas DiNapoli provided an estimate \$190 million above the Governor's Executive budget. Previously, the Assembly and Senate each estimated that the number was closer to \$1 billion in additional revenues. The forecasting battle sets the stage for some complex negotiations in the coming weeks.

Now with the avails in hand, the Senate and Assembly have begun drafting their own fiscal plans for passage next week.

Senate Majority Leader Andrea Stewart Cousins contends the revenue discrepancies will not impact the planned increase in education aid. The Executive Budget proposed increasing education aid by \$1 billion, a 3.6 percent increase from last year.

"No, no, no, no," she said when asked if the state's revenue outlook would cause a decrease in funds for education, according to published reports.

Majority Leader Stewart-Cousins asserted the revenue and spending discussion has just begun and the chamber's one-house budget proposal would reflect "what we think" in terms of revenue and policy. "That is where we begin to negotiate," she said.

On the revenue side, Assembly Speaker Carl Heastie, speaking at today's Crain's Breakfast, cast some doubt on congestion pricing.

"...I don't know if I have 76 people who are ready to move forward on that," he said.

Meanwhile, Governor Cuomo has publicly begun to weigh in with his demands for the final negotiations, including agreements on ending cash bail, a permanent cap on property tax increases, and a boost in funding for New York City mass transit.

“The Governor has been crystal clear that he will not agree to a budget that is not fiscally responsible, or without MTA financing – using either congestion pricing or fare increases,” said Budget Director Robert Mujica. “Further the budget must include a permanent tax cap, and bail reform — which is currently stalled in the legislature but has been the Governor’s priority for years and promised by both houses.”

In addition, the Budget Director indicated that the Governor is focusing on a budget that gets it “right,” as opposed to a budget that is on time.

“The budget must be complete, if they are not in a rush, neither are we,” Mr. Mujica said. “The Governor agrees getting it right is more important than any deadline.”

Following the release of the respective legislative budgets, the Senate and Assembly will convene conference committees to hash out the differences.

The state budget is due April 1, a deadline which, if successfully made, triggers the first phase of the legislator’s pay increase approved last year.



Bills Passed by Both Houses



A111 (Sponsored by M of A Buchwald / Senator Myrie) -- Relates to publishing local campaign contribution limits.

S1195 (Sponsored by Senator Bailey / M of A Joyner) -- Relates to a study on the effects of trauma on child development and learning.

S2450A (Sponsored by Senator Krueger / M of A Paulin) -- Relates to requirements for the safe storage of rifles, shotguns and firearms.

In the News – City

NYC Council Speaker Delivers First ‘State Of The City’ Address, Offers New Option To Fix MTA

NYC Speaker Cory Johnson opened first State of the City Address with the promise that “this will not be your typical State of the City address” and he did not disappoint, providing an ambitious transit plan which has cornered both main stream and social media since its release.

“This will not be your typical State of the City address,” Speaker Johnson began his speech at LaGuardia Performing Arts Center in Long Island City, Queens. Instead of proposing “48 different solutions to 37 different problems,” he vowed to focus on just one: “Transit is the lifeblood of our city, and it is in crisis.”



Speaker Johnson promoted a plan, detailed in a [104-page report](#), “Let’s Go: A Case for Municipal Control and a Comprehensive Transportation Vision for the Five Boroughs,” creating a local transportation governing body with mayoral control. Big Apple Transit (B.A.T.) would run the subways, buses, bridges, and tunnels.

He also proposed creating a new deputy mayor position to focus on transportation, requiring the city to forecast the capital budget for public transportation 10 years in advance, and mandating a master plan for the city’s streets while setting aggressive benchmarks for installing bike lanes and pedestrian plazas.

Finally, Speaker Johnson proposed changing the zoning code to benefit real estate developers who would pay to install elevators at the 300 plus City subway stops that are inaccessible to wheelchair users.

The Speaker reiterated his support for congestion pricing, either by State or City action.

“Today, I am here to say that if Albany doesn’t pass congestion pricing this session, the City Council will,” he said. This move would be similar to last summers’ speed camera initiative.

Summary of Preferred Tax Revenue Options	
Payroll Mobility Tax	\$1 billion
Corporate Tax Surcharge	\$1 billion
NYC Business Taxes	\$1 billion

To help fund the takeover, the Speaker proposes a \$3 billion infusion from the City corporate taxpayers. His preferred taxing structure includes \$1 billion each from the payroll mobility tax, corporate surcharge and NYC business taxes. Payroll mobility taxes

would increase 50 % (.11% - .34% to .22% - .67%). The Corporate Tax Surcharge would increase from 28.9% to 61.4% for NYC based companies. The General Business Tax and the Unincorporated Business Tax would be increased by 17% collectively.

The Speaker provided alternatives to his preferred revenue options, as well, including:

- The millionaires tax.
- Raising the city sales tax from 8.75 percent to 9.25 percent.
- Doubling parking meter rates.
- Forcing hospitals and private colleges to make payments in lieu of taxes.

Speaker Johnson’s proposal also included a discussion of how the state’s Scaffold Law has made it more “expensive” to engage in construction in New York because of the “absolute vicarious liability, with no inquiry into worker contributory negligence.” He is proposing the introduction of a “comparative negligence standard” that would assign liability proportionally in situations where an injury is found to have happened after a worker failed to follow safety training or utilize safety devices.

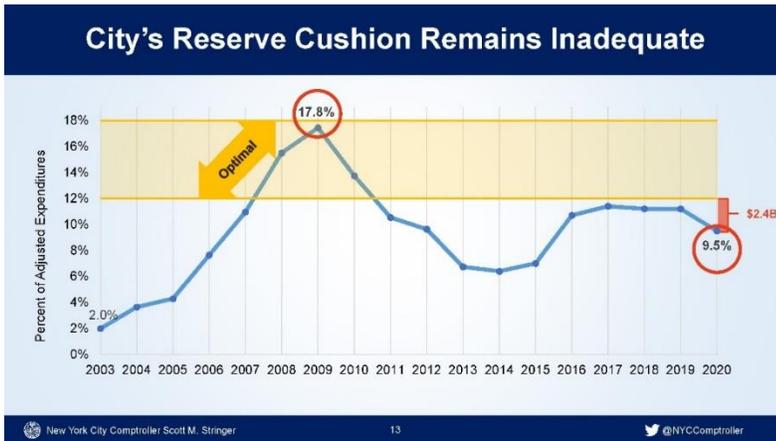


Comptroller Stringer on FY 2020: City Needs a Savings Plan

City Comptroller Scott Stringer found a “lack of financial preparedness” for potential economic uncertainty in the City’s FY2020 Preliminary budget, relying on numerous one-time actions to balance the budget. He called for a goal of increasing the City’s budget cushion to 15% of total spending to sufficiently prepare the City for unforeseen events.

According to the Comptroller, City spending is projected to grow at an average annual rate of 2.3% over the entire plan period, fiscal years 2019 to 2023. In contrast, revenues are projected to grow at an average rate of 1.8% each year until FY 2023, resulting in budget gaps of \$3.5 billion in FY 2021, \$2.9 billion in FY 2022, and \$3.3 billion in FY 2023.

The Comptroller’s office forecasts that the City’s economic growth will slow in coming years. Specifically, he noted that the stimulus effects of federal tax cuts and spending will wear off as the national economy slows. As a result, economic growth in the City is expected to decelerate, with job growth falling from nearly 90,000 new jobs per year (since 2010) to under 35,000 on average from 2020 through 2023. Also, the State Budget faces growing challenges, following a \$2.3 billion personal income tax revenue shortfall.



Based on these factors, the City’s projected budget cushion is currently insufficient, at just 9.5% of adjusted FY 2020 spending. The Comptroller asserts the optimal range for the City’s reserve cushion is between 12% and 18% of spending. To reach the lower bound of the optimal range, the City needs to add more than \$2 billion to the budget cushion before the FY 2020 budget is adopted.

Also, Comptroller Stringer added the Department of Buildings to his Agency Watch List based on the following findings:

- Since FY 2014, the Department of Buildings budget has grown 62%, and headcount has increased by over 50%, to 1,565 employees.
- Over the same period, however, the number of construction accidents – including fatalities – has skyrocketed, with accidents climbing 252%, and fatalities by 167%.
- Similarly, while the number of plan examiners has increased significantly, the number of new construction permits issued has only grown by 13%.

Briefs

Comptroller DiNapoli: Foreclosure Filings Fall Nearly 50 Percent Statewide Since 2013; Foreclosure Rate in Most Counties Below 1 Percent

Mortgage foreclosure filings across New York dropped 46 percent between 2013 and 2018, from 46,696 to 25,334, according to a report issued this week by New York State Comptroller Thomas DiNapoli. The report highlights improvements based on an analysis of recent data from the New York State Unified Court System (UCS).

As of mid-2018, only four counties — Clinton, Putnam, Rockland and Suffolk — had foreclosure rates over 1 percent, while 38 counties and three of New York City's five boroughs had rates below 0.50 percent.

NY Launches Consumer Protection Effort for Digital App Users

New York State Division of Consumer Protection is launching a program aimed at informing consumers about the terms of service and privacy policies of popular internet applications and services. The education initiative will begin with an analysis of the privacy policy of Venmo, the cash transfer digital app where users can log in using their Facebook credentials.

New York's initiative follows Governor Andrew Cuomo's call for the state Department of State and Department of Financial Services to investigate Facebook after a *Wall Street Journal* report said the social media company harvests personal data from smartphone apps without users' knowledge.

Mayor de Blasio Signs Legislation to Launch Basement Apartment Conversion Pilot Program

Mayor Bill de Blasio this week signed legislation establishing a three-year demonstration program to provide for the development of apartments in the basements and cellars of qualifying one- and two-family homes in Brooklyn Community District 5.

The New York City Department of Housing Preservation and Development (HPD) will partner with Cypress Hills Local Development Corporation (CHLDC). The program will provide eligible low- to middle-income homeowners living in one- to three-family homes in East New York and Cypress Hills, Brooklyn with low or no-interest loans to convert their basements into safe, legal, and rentable apartments, based on the altered Building Code. The homeowner will also be provided with the technical assistance needed to close on a loan and complete the construction project.

Modifications of code standards include minimum ceiling heights and window sizes in basement and cellar spaces and strengthened requirements for emergency egress and fire safety. Each proposed modification to the code standards for this program took into account the health and safety of residents. The changes will modify requirements in order to reduce costs and facilitate conversion of new residential units.

IBO: How NYC Can Save Money & How NYC Can Raise Money

The Independent Budget Office (IBO) has converted its annual Budget Options for New York City report to a web-based compendium of ideas of how New York City can steady its financial footing. While the mode of presenting the measures has changed, the fundamental concept remains the same: IBO summarizes each initiative, estimates its savings or revenue potential, and presents key arguments for and against its implementation. IBO neither endorses nor rejects any of the budget options presented. Below please find the latest editions:

How NYC Can Save Money

- 1) Extend Design-Build Authority to City Transportation Projects (Savings: \$3 million in first year, \$12 million by year four).
- 2) Eliminate City Funding for Nonpublic Schools (Savings: \$70 million annually).
- 3) Establish Copayments for the Early Intervention Program (Savings: \$12 million annually).
- 4) Alter Staffing Pattern in Emergency Medical Service Advanced Life Support Ambulances (Savings: \$6 million annually).
- 5) Consolidate the Administration of Supplemental Health and Welfare Benefit Funds (Savings: \$14 million annually).
- 6) State Reimbursement for Inmates in City Jails Awaiting Trial for More Than One Year (Savings: \$347 million annually).

How NYC Can Raise Money

- 1) Cap Personal Income Tax Credit at \$10,000 for Payers of the Unincorporated Business Tax (Revenue: \$77 million annually).
- 2) Impose Parks Districts Fees (Revenue: \$44 million annually).
- 3) Collect PILOTS From Private Higher Education Institutions And Hospitals (Revenue: \$147 million annually if applied to student, faculty, and staff housing).
- 4) Legalize and Tax Sports Betting in New York State (Revenue: \$9 million annually)
- 5) Charge a Fee for the Cost of Collecting Business Improvement District Assessments (Revenue: \$1 million annually).
- 6) Make City Marshals City Employees (Revenue: \$11 million annually).

NYC Could Save \$288 million With Employee Protections for Bus Drivers

New York City could save at least \$288 million if it adopts employee protections for school bus drivers that lapsed more than a decade ago, according to a new analysis released this week. The report, conducted by former White House economist Benjamin Harris, predicts those savings would be realized over a five-year period through reducing costs associated with turnover and labor unrest, saving on unemployment insurance and increased tax revenue based on higher wages.

Driving Our Future, comprised of unions, bus companies and parents, commissioned the report and traveled to Albany this week to deliver it to Governor Andrew Cuomo, Senate Majority Leader Andrea Stewart-Cousins, and Assembly Speaker Carl Heastie.

Body Cameras for All NYPD Officers Patrolling the City

All beat patrolmen, sergeants and lieutenants of the NYPD are now equipped with body cameras.

In total, 20,000 NYPD officers have been provided cameras. The department also has plans to outfit by August 4,000 officers in the Emergency Service Unit, Strategic Response Group and Critical Response Command.

Police are required to activate the cameras while conducting “investigative and enforcement actions” such as stopping and questioning someone, searching a suspect, issuing a summons or making an arrest. Officers who fail to do so are subject to retraining — while those who intentionally obstruct cameras face potential departmental investigation, according to officials.

The NYPD adopted the technology in 2017.

Coming Up

New York State

The Legislature is in session Monday March 11th through Thursday March 14th

New York City

Monday March 11th

Committee on Cultural Affairs, Libraries and International Intergroup Relations, Council Chambers – City Hall, 10 a.m.

Preliminary Budget Hearing

Committee on Public Housing, Committee Room – City Hall, 10 a.m.

Committee on Youth Services, Committee Room – City Hall, 2 p.m.

Preliminary Budget Hearing

Charter Revision Commission 2019, Borough of Manhattan Community College, 199 Chambers Street, New York, NY 10007

Tuesday March 12th

Committee on Aging, Council Chambers – City Hall, 10 a.m.

Preliminary Budget Hearing

Committee on Governmental Operations, Committee Room – City Hall, 10 a.m.
Preliminary Budget Hearing

Wednesday March 13th

City Council Stated Meeting, Council Chambers – City Hall, 1:30 p.m.

Thursday March 14th

Committee on Transportation, Council Chambers – City Hall, 9:30 a.m.
Preliminary Budget Hearing

Committee on Criminal Justice, Council Chambers – City Hall, 10 a.m.
Preliminary Budget Hearing

Committee on Public Housing, Committee Room, 16th Floor – 250 Broadway, 11 a.m.

Committee on Veterans, Committee Room – City Hall, 2:30 p.m.

Charter Revision Commission 2019, Borough of Manhattan Community College, 199 Chambers Street,
New York, NY 10007

Friday March 15th

Committee on Economic Development, Council Chambers – City Hall, 10 a.m.
Preliminary Budget Hearing

Committee on Consumer Affairs and Business Licensing, Committee Room – City Hall, 11 a.m.
Preliminary Budget Hearing

Committee on Small Business, Council Chambers – City Hall, 1 p.m.
Preliminary Budget Hearing

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