



This Week in New York

Covering New York State and City Government

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"Obstacles don't define us. Rather, it is the unparalleled courage and character of us that defines us as a people. So my confidence in the future is steeped in our glorious past - in the face of adversity, we always persist. We persevere, we prevail." Governor Kathy Hochul

In the News-New York State



New York Legislature Works to Close Down FY 2025 Budget

The FY2025 Budget Season is quickly coming to a close, with Assemblymembers and Senators voting on bills within hours of the Legislative Retrieval System's announcement of the agreed-upon measure. Governor Kathy Hochul is sending the Legislature Messages of Necessity to bypass the required 3-day review process to help the bodies close out the budget.

As of 5 p.m. Friday, approximately half of the 10-bill budget has been passed by both houses. Outstanding are the Aid to Localities (the majority of the State's spending), the Health and Mental Hygiene Article VII bill (which will include \$3.9 billion for distressed hospitals, \$20 billion multi-year investment for health care infrastructure) and the Education, Labor and Family Assistance (which will include the most-publicized state-wide Affordable Housing Program).

Legislators will be working through the evening into tomorrow to complete their work. Once the Budget is passed, the Legislature will leave Albany for the Passover break, returning on May 6th.

Earlier this week, Governor Hochul announced a framework for a "conceptual agreement" with legislative leaders. The agreement included:

- **Housing:** Creating a new 485x tax incentive for affordable housing; extending the 421a incentive for projects already in the pipeline; making it easier to convert unused office space into affordable housing; eliminating outdated density caps in New York City; unlocking the potential of units that have been vacant since 2019; establishing a new law to protect tenants from price gouging.
- **Retail Theft:** Increasing penalties for offenders who assault retail workers; \$40.2 million for retail theft enforcement; and a \$3,000 tax credit for business owners to invest in security resources.

- **Mental Health:** Investing in mental health, including \$19 million for mental health services for school aged children, \$55 million to establish 200 new inpatient psychiatric beds at State-run facilities; and mandating better mental health care at hospitals.
- **Medicaid:** Securing \$200 million in Medicaid savings through fiscal intermediaries and by cracking down on CDPAP fraud; investing \$7.5 billion in the health care system over the next three years through an amendment to New York’s Medicaid Section 1115 Demonstration program to support a comprehensive series of actions to advance health equity, reduce health disparities, and strengthen access to primary and behavioral health care across the state.
- **Managed Care Tax:** Authorizing the State to pursue federal approval for a managed care organization (MCO) tax, which could generate significant revenue for the State to provide a multi-year investment in New York’s health care system.
- **Education:** Investing \$35.9 billion in total school aid, including \$24.9 billion in Foundation Aid; lowering the inflation factor in the Foundation Aid formula to right-size funding for the 2024-25 school year and commissioning a Rockefeller Institute study to examine the Foundation Aid formula to prepare for changes next year; ensuring every school district utilizes instructional best practices grounded in the Science of Reading to improve reading proficiency among New York students.
- **Empire AI:** Establishing an artificial intelligence computing center in Buffalo to be used by New York colleges and universities.
- **Mass Transit:** Providing critical funding support to mass transit systems statewide, including \$7.9 billion in operating aid for the MTA, \$333 million for upstate transit systems, and \$551 million for non-MTA downstate systems, a 5.4 percent increase in funding.
- **Environment:** Making record environmental investments with \$500 million for clean water, \$400 million for the Environmental Protection Fund, and \$47 million to support the Governor's goal to plant 25 million trees by 2033.



New Initiatives to Shut Down Illicit Cannabis Operations and Protect Legal Marketplace in FY25 Budget Agreement

The FY25 Budget provides the State with additional powers to shut down illicit cannabis operations and protect the fledgling legal marketplace. The plan provides the Office of Cannabis Management (OCM) and local municipalities with new authority to take action against illicit storefronts and those who enable them.

OCM will be authorized to padlock businesses immediately following an inspection if they are selling illicit cannabis and pose an imminent threat to health and safety for the following reasons:

- Sales to minors.
- Unlicensed processing of cannabis.
- Violent conduct.
- Presence of unlawful firearms.
- Proximity to schools, houses of worship or public youth facilities.
- Products leading to illness or hospitalization.
- Products not tested or labeled according to NY Law.

Additionally, authorities from counties and cities, including New York City, will be authorized to padlock unlicensed businesses.

In addition to expanding padlocking authority, the Budget establishes a misdemeanor penalty for damaging or removing a padlock. According to Governor Kathy Hochul, this addresses previous limitations that beleaguered padlocking efforts statewide.

The Governor explained if a business is found to not meet the standards of imminent harm required for padlocking, OCM will issue a notice of violation and an order to cease unlicensed activity. These stores will be padlocked upon reinspection if unlicensed sales activity is still ongoing. If the store has approval from a State agency to sell alcoholic beverages, lottery tickets, or tobacco and vaping products, OCM will send a notice to the relevant State licensing agencies to inform of a violation under the cannabis law, and the business will be warned they are at risk of losing their licenses.

OCM will immediately padlock a business following a reinspection if the unlicensed activity is continuing, even absent imminent threat. For all hearings, OCM, upon request must provide a hearing within 3 days, and a decision within 4 days after that. Should include that for consistency with the other parts.

The FY25 Budget also provides that if landlords fail to bring eviction proceedings against tenants in violation of the cannabis law, they will be subject to strict penalties including: a \$50,000 fine for any landlord notified of the violation within New York City and five times the rent from the time the landlord was notified of the violation outside of New York City.

Counties and cities, including New York City, will be able to adopt laws related to regulating unlicensed cannabis businesses. The local laws must ensure consistent enforcement by requiring the establishment of procedures to conduct inspections, hearings, and emergency padlocking of businesses that mirror the State's processes.

Local governments will now be able to initiate emergency proceedings against both unlicensed businesses and landlords. This allows localities to establish their own orders to cease unlicensed activity (upon 10-days' notice to OCM), and they may collect penalties through those proceedings.

In the News-New York City



NYC Comptroller: City Paid \$1.45B in Settlements Last Fiscal Year

New York City Comptroller Brad Lander released the Annual Claims Report, summarizing claims filed against and settled by the City during Fiscal Year (FY) 2023. In FY 2023, 13,227 claims and lawsuits against New York City were resolved for \$1.45 billion — down 7% from the \$1.56 billion paid out for the 12,188 claims settled in FY 2022.

The New York City Police Department (NYPD) (\$266.7 million), Department of Education (DOE) (\$92.8 million), Department of Transportation (\$91.2 million), Department of Sanitation (\$75.4 million), and Health + Hospitals (\$54.5 million) were the five agencies with the highest tort claim settlement and judgment costs in FY 2023.

In FY 2023, the City paid out \$739.6 million in personal injury and property damage claims (collectively “tort claims”), a \$1.8 million increase from the previous year’s payout of \$737.8 million.

Some FY 2023 tort claims trends include:

- 6,891 claims against the NYPD, a 50 percent increase from 4,588 claims in FY 2022.
- NYPD settlements totaled \$266.7 million, a 12 percent increase from \$239.1 million in FY 2022.
- 1,352 claims against DOE, a 17 percent increase from 1,153 claims in FY 2022.
- DOE settlements totaled \$92.8 million, a 12 percent increase from \$82.6 million in FY 2022.
- 19 of DOE settlements were payouts of \$1 million or more — 13 of which were sexual assault cases revived by the Child Victims Act.
- 1,693 motor vehicle crash claims, a 14 percent increase from 1,480 claims in FY 2022.
- Vehicular crash settlements payouts totaled \$173.7 million, a 23 percent increase from \$141.1 million in FY 2022.

Of the ten largest individual tort claims against the city in FY 2023, six settlements were for reversed convictions, two for excessive police force, one for medical malpractice, and one because of negligent roadway design.

In FY 2023, the City paid out \$708.9 million in law claims, a 14 percent decrease from the \$821.6 million in law claims paid out in FY 2022. Eighty-nine percent of all law claim settlements and judgments and 56 percent of total law claim payouts were for special education tuition and/or services reimbursement (including attorneys’ fees claims) in FY 2023.

Specifically, the City paid out:

- **\$397 million in special education settlements**, a 31 percent increase from the \$303.5 million paid out in FY 2022 and continuing the 10-year trend of increasing payments on special education claims.
- **\$260.8 million in salary settlements** — including \$218.8 million resulting from judgments in the *Gulino* case, a 1996 class action that alleges DOE's use of two New York State mandated teacher certification examinations had a disparate impact on Black and Latino teachers.
- **\$44.3 million in contract settlements** — 98 percent (\$43.2 million) stem from eight delay claim settlements, where contractors alleged the City bore responsibility for construction project delays.

The full Annual Claims Report for Fiscal Year 2023 can be read [here](#).



Initiatives Passed by the City Council

Introduction 129-A, sponsored by Council Member Justin Brannan -- Mandates a pilot program to install solar canopies in at least one city-controlled parking lot in each borough where the solar canopy would be cost effective. After the conclusion of the pilot program, this local law would require a report on the total number and locations of city-controlled parking lots where solar canopies were installed and where they would be cost effective and recommend whether and how the program can be expanded and made permanent.

Introduction 689-A, sponsored by Council Member Crystal Hudson, would codify the Cabinet for Older New Yorkers into city law. The Cabinet, made up of commissioners of 23 city agencies and chaired by the Commissioner of the Department for the Aging (DFTA), was established in September 2022 and is designed to help improve programming and services for older New Yorkers. The DFTA commissioner would be required to report annually to the Council, Public Advocate, Comptroller, Borough Presidents, and the public on the activity of the Cabinet.

Gaming Facility Text Amendment – A text amendment to allow applicants, with a proposed gaming site in the city, to be considered by committees of local officials established by the State's casino licensing process. Currently, casinos are not permitted uses within New York City's zoning. This text amendment would resolve this zoning conflict, while maintaining communities' decision-making authority on casino licenses within the State's application process, which first requires approval by local Community Advisory Committees (CACs). Only applicants who submit an application before June 30, 2025, and are awarded one of the three gaming facility licenses authorized by the State Commission, after CAC approval and Gaming Facility Location Board recommendation, would be able to operate in the city. Potential sites would be limited to high-density commercial and manufacturing areas.

Briefs

The FY25 New York State Budget includes Plan to Fight Organized Retail Theft

The State's Public Protection and General Government Article VII Budget bill included language which would protect retail workers and deter organized retail theft.

Specifically, the bill, which was part of Governor Kathy Hochul's Executive Budget, includes provisions to:

- Bolster the criminal penalties for anyone who assaults a retail worker by elevating it from a misdemeanor to felony. Any person who causes physical injury to a retail worker performing their job will be subject to this new felony.
- Allow prosecutors to combine the value of stolen goods when they file larceny charges. The Budget allows retail goods from different stores to be aggregated for the purposes of reaching a higher larceny threshold when stolen under the same criminal scheme.
- Make it illegal to foster the sale of stolen goods to go after third-party sellers. A person will be found guilty if they use any website or physical location to sell stolen goods.

Attorney General James Secures More than \$700,000 from Pathward Bank for Illegally Freezing Bank Accounts and Turning Over Consumer Funds to Debt Collectors

New York Attorney General Letitia James this week secured more than \$700,000 from Pathward, National Association (Pathward), a national bank formerly known as MetaBank, for unlawfully freezing customer accounts and illegally transferring money to debt collectors.

An investigation by the Office of the Attorney General (OAG) found that Pathward illegally sent debt collectors tens of thousands of dollars from New Yorkers' accounts and froze hundreds of customers' accounts more than 1,400 times.

New York law prohibits debt collectors from obtaining funds that include certain government benefits and prevents banks from freezing bank accounts with protected wages. The OAG investigation found that Pathward regularly sent debt collectors funds that were government benefits or that should have been subject to the protected wages threshold. As a result of this agreement, Pathward is required to refund dozens of New Yorkers in the Bronx, Manhattan, Brooklyn, and Queens nearly \$80,000 and pay \$627,000 in penalties.

Mayor Adams, Speaker Adams Protect Over \$500 Million in Key Education Programs Previously Funded With Temporary Stimulus Dollars

New York City Mayor Eric Adams and New York City Council Speaker Adrienne Adams today announced that the city will make multiple new investments, including more than \$500 million in city and state funding for educational programs for young New Yorkers.

First, the city will protect \$514 million — the majority of which will be baselined with recurring dollars — in New York City Department of Education (DOE) programs that were only previously supported with temporary stimulus dollars, including mental health care, career readiness, and literacy programs for New York City public school students in the Fiscal Year 2025 (FY25) Executive Budget.

The Adams administration will also launch a \$5 million outreach effort to maximize the number of children enrolled in 3-K and Pre-K programs across New York City. Additionally, the city will invest \$25 million in funding to provide special education classes and related services within district schools to Pre-K students with special needs who would otherwise be on waiting lists at contracted providers.

Mayor Adams, NYC Health + Hospitals to Open 16 Mental Health Clinics in New York City Public Schools

Clinics Will Serve Over 6,000 New York City Public Schools Students Across Bronx and Central Brooklyn

New York City Mayor Eric Adams and NYC Health + Hospitals this week announced the opening of 16 school-based mental health clinics in New York City Department of Education (DOE) schools over the next six months to serve over 6,000 students across the Bronx and Central Brooklyn.

Clinics will offer students access to individual, family, and group therapy, with connections to outpatient clinics and telehealth services as needed. Additionally, teachers and school staff will have access to mental health clinic staff for consultation, trainings, and workshops to ensure students are appropriately supported and referred to care. The 16 new satellite clinics build on the five existing mental health clinics that NYC Health + Hospitals already utilizes in the city's public schools.

Comptroller Lander Unveils New Dashboard to Track Shelter Population, Eviction & Housing Vouchers

New York City Comptroller Brad Lander this week launched a new dashboard, *Charting Homelessness in NYC*, which tracks New York City's shelter population — broken down by family type, age, and race, factors leading to homelessness like eviction filings, and shelter exits with housing vouchers.

The Office of the New York City Comptroller developed this dashboard to help New Yorkers track homelessness trends and to monitor the City's efforts to help more residents move out of shelter into stable housing. Last summer, the Comptroller's office published [an audit review of pathways in and out of shelter](#) as well as [a policy report on Housing First](#), which recommends various approaches to reduce street homelessness.

View the new dashboard *Charting Homelessness in NYC* [here](#).

Coming Up

New York State

New York State Senate, On Break for Passover and will return Monday, May 6th.

New York State Assembly, On Break for Passover and will return Monday, May 6th.

New York City

Wednesday, April 24th

Committee on Children and Youth, Committee Room – City Hall, 10 a.m.

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

Thursday, April 25th

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

Committee on Technology, Council Chamber – City Hall, 10 a.m.

Committee on Civil and Human Rights, Council Chamber – City Hall, 1 p.m.

Committee on Women and Gender Equity, Council Chamber – City Hall, 1 p.m.

Committee on Civil Service and Labor, Council Chamber – City Hall, 1 p.m.

Friday, April 26th

Committee on Environmental Protection, Resiliency, and Waterfronts,
Council Chamber – City Hall, 10 a.m.

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