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THIS WEEK IN NEW YORK

COVERING NEW YORK & CITY GOVERNMENT

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"No Man can be a good citizen unless he has a wage more than sufficient to cover the bare cost of living, and hour of labor short enough so that after his day's work is done he will have time and energy to bear his share in the management of the community, to help in carrying the general load" Governor Theodore Roosevelt.

In The News-New York State

Governor Hochul Pauses New Hyperscale Data Centers

On Tuesday, July 14th, Governor Kathy Hochul issued an Executive Order imposing a temporary statewide moratorium on new hyperscale data centers while New York develops a comprehensive regulatory framework for these rapidly expanding facilities. The order stipulates that the Department of Environmental Conservation shall submit its assessment report "no later than 12 months after the date of the order."

According to the Governor the review will focus on protecting electric ratepayers, ensuring grid reliability, safeguarding the environment, and creating a Community Investment Framework so host municipalities share in the economic benefits of future projects. She also announced plans to pursue legislation repealing certain sales tax exemptions currently available to large data centers.

Following the pause, Governor Hochul hosted a roundtable discussion with stakeholders, including business groups and organized labor. Hochul said that, in the long run, companies will value the certainty New York's regulatory framework will provide.

"When they look for the state that has the most clear road ahead, that we remove uncertainty and say this is what our expectations are, but if you meet them and you'll be able to meet them, you'll be able to move forward, they'll come back to New York, I have no doubt about it," Governor Hochul said. "But they'll come back to New York on our terms. That's the difference."

While the temporary moratorium may delay some projects, it may also present organized labor with an important opportunity to help shape the future of AI and digital infrastructure development in New York.

Hyperscale data centers represent multi-billion-dollar investments that generate substantial work for the building trades during construction and create long-term opportunities for skilled union workers responsible for operating, maintaining, and modernizing these highly technical facilities. Electrical workers, operating engineers, plumbers, laborers, ironworkers, sheet metal workers, carpenters, and many other union trades all stand to benefit from continued investment in this sector.

As New York develops its regulatory framework, organized labor will be able to advocate for policies that ensure these projects create high-quality union jobs, by including provisions requiring prevailing wage, registered apprenticeships, project labor agreements, Buy America provisions, and strong community benefit commitments can help ensure that future data center development delivers lasting economic benefits for workers and host communities alike.

Earlier this year the State Legislature passed legislation calling for a data center approval moratorium and other data center regulations. Assembly Speaker Carl Heastie said, in published reports, “As far as what she said to me, we’re still going to continue to look at getting a bill signed into law.”

Over $1.7 Billion in Workers’ Compensation Insurance Savings Projected for Employers and Policyholders Statewide

The New York State Department of Financial Services (DFS) this week approved a significant rate reduction in workers’ compensation rates for State Employers effective October 1, 2026. DFS estimates New York State employers statewide will see, on average, a 22 percent reduction in workers’ compensation insurance premium rates, an estimated savings of more than $1 billion for businesses or an average of $1,779 per policyholder in New York State.

In announcing the reduction, Governor Kathy Hochul cited that enhanced workplace safety efforts such as the Warehouse Worker Protections Act, sponsored by Senator Jessica Ramos and Assemblymember Harry Bronson, have contributed to the decline in the frequency of workers’ compensation claims.

“Measures to enhance workplace safety and more flexible working conditions have been successful in reducing costs to businesses and have especially benefitted our small businesses,” Assemblyman Bronson explained. “This will help our businesses, but there is more work to do to bring balance to our Workers Compensation system for workers, and I look forward to continuing steps that will further reduce costs while increasing safety and bringing timely benefits for injured workers.”

The new reduction in insurance costs for employers is in addition to a significantly reduced employer assessment rate, which has declined by 37.5 percent since 2021. The employer assessment rates are determined by the NYS Workers’ Compensation Board’s need and budgeted statewide premium. The rate is calculated by dividing the Board’s total estimated annual expenses by a base of total estimated statewide premium. Insurers are required to apply the assessment rate to their premium or premium equivalent.

Additionally, the New York State Insurance Fund distributed more than $700 million to its policyholders over the past year through dividends and discount programs that lowered the cost of workers’ compensation and disability benefits for New York businesses. The total included $698 million in dividends and discounts for more than 100,000 employers in workers’ compensation safety groups and $2.9 million in dividends for more than 27,000 policyholders with disability benefits coverage through NYSIF.

In The News-New York City

Comptroller DiNapoli: NYC Hotel Industry Among Nation's Largest, Strongest

Demand for NYC Hotels Leads U.S.

New York City's hotel industry is one of the nation's strongest, with high demand for rooms led by a surge in domestic visitors, but it remains vulnerable to changes in tourism and the continued loss of international travelers due to geopolitical instability, according to a new report by State Comptroller Thomas DiNapoli.

"The city's hotel industry has largely recovered from the pandemic. It is doing well, but it could be doing even better if international visitors returned more quickly," Comptroller DiNapoli said. "Federal policies on trade and immigration, and other domestic and global geopolitical issues, are keeping some tourists away. Despite the challenges, we expect the sector to continue to grow, but a complete recovery requires a return of international visitors and increased employment to keep up with demand."

New York City welcomed 65 million visitors in 2025. The vast majority, 52.4 million or 81%, were domestic travelers, which was close to full recovery of pre-pandemic numbers. International visitors (12.5 million) in 2025 were at 92.6% of their pre-pandemic numbers. Business travel to the city has also recovered less quickly and was at 92.6% of its 2019 level.

New York State has the fourth most hotel rooms (245,291) after California (571,794), Texas (531,721) and Florida (498,655), with more than half in the city. The city's hotel industry has met the strong demand from domestic leisure visitors, with the number of rooms increasing 16.7% from 2014 to 2024, more than national growth of 13.6%. The addition of 4,852 new hotel rooms expected this year would lead the nation in hotel construction for the second consecutive year. Those rooms are part of the 24 hotel projects with 5,778 rooms slated to open in the city through 2028.

Among the boroughs, The Bronx saw the greatest percentage increase in hotels (67.7%) going from 31 in 2019 to 52 in 2025. Brooklyn was second, having added 32 hotels over the period to reach 147, an increase of 27.8%. Queens added 37 new hotels, a 23.1% increase.

"This report from State Comptroller DiNapoli underscores the critical role New York City's hotel industry plays in our economy, and how its recovery post-pandemic continues to set a gold standard for businesses and workers alike," said Rich Maroko, President of the Hotel & Gaming Trades Council. "Our hotels welcome millions of visitors, generate billions in tax revenue, and support the highest salaries nationwide for workers. With tourism continuing to grow and more new hotels on the horizon than anywhere else in the country, we look forward to building on this momentum by creating more good paying jobs and ensuring the industry's continued success benefits the workers who make it possible."

Comptroller DiNapoli's report found that employment in hotels has recovered more slowly than guests. There were 45,325 men and women working in hotels in 2025, 12.9% fewer than in 2019. Most of that lag is in Manhattan, the city's largest hotel market. In 2019, it accounted for 45,594 employees or 87.6% of the total number of hotel workers. For the industry to fully recover, Manhattan has to restore the jobs it lost, DiNapoli's report concludes.

The average hotel employee salary, citywide, was $86,588 in 2025, up 24.8% from $69,371 in 2019. The citywide average wage is nearly double the national average of $45,681, but wages in city hotels vary widely by borough. Manhattan hotels paid an average salary of $91,879 last year, significantly more than Queens ($63,370), Brooklyn ($60,259), The Bronx ($37,932), or Staten Island ($31,942).

In May, the Hotel & Gaming Trades Council, AFL-CIO, the union representing 27,000 hotel workers in the city, reached an eight-year contract with the Hotel Association of New York City, which represents close to 250 hotels, that includes increased benefits and 50% wage increase over the life of the contract.

Other findings from Comptroller DiNapoli's report include:

- NYC hotels' occupancy rate was 84.1% in 2025, the highest in the nation for the third consecutive year, but still below the 87.5% occupancy rate in 2019.
- $333.71 was the average room rate 2025, up 4.7% from 2024 and 17.1% more than a room cost 2019, but lower than the pre-pandemic rate when adjusted for inflation.
- 80.9% of hotel workers live in the city, with 46% in Brooklyn and Queens.
- 63% of hotel workers were born outside the U.S., the largest share of foreign-born workers in any city industry, with construction second at 60%.
- Room attendants account for the largest occupation in the city's hotel industry with 29.2% of the workforce and an average salary of $49,887.
- City visitors spent $55.6 billion in 2025, with hotels accounting for $13.9 billion (around 25%) of their spending, up from $11.9 billion in 2019.
- The city collected $2.4 billion in tax revenue from the industry, including $770 million from the hotel occupancy tax, in Fiscal Year 2025.

NYC Office of the Mayor

Mayor Mamdani Releases "Rental Ripoff" Report

Mayor Zohran Kwame Mamdani released the Rental Ripoff Report, a package of 23 policy actions shaped by testimony of New Yorkers at Rental Ripoff Hearings held across the five boroughs.

The report identifies the most common concerns raised by tenants including widespread problems with poor housing conditions, landlord harassment, confusing interactions with agencies, deceptive fees and surprise utility bills. According to the Administration, that feedback directly informed the policies included in the Rental Ripoff Report.

In releasing the report, the Mamdani administration asserted it "will use every tool at the City's disposal" to implement the report's recommendations, including executive action, agency rulemaking, legislation and litigation.

Examples of executive actions and agency rulemaking include:

- Investigating every heat complaint individually rather than consolidating complaints from the same building.
- Allowing tenants to schedule certain building inspections.
- Improving response time to elevator outage complaints.
- Addressing the root causes of residential fires.
- Streamlining public information about tenants' rights and strengthening protections against harassment based on immigration status.

The Mayor's Office to Protect Tenants will also convene a Legislative Task Force to recommend reforms to the City's housing quality enforcement system. Possible reforms to be studied include:

- Adding financial penalties to the Underlying Conditions Program for landlords who fail to remediate mold.
- Strengthening the Alternative Enforcement Program (AEP) to better address chronic building violations.
- Modernizing the property registration process, which remains paper-based and does not require building owners to provide an email address.
- Allowing the Department of Housing Preservation and Development (HPD) to serve building owners with violations through digital notice to existing methods.

Briefs

Comptroller DiNapoli Releases Report on SFY 2027 Enacted State Budget and Financial Plan

New York's $277 billion Enacted Budget for State Fiscal Year (SFY) 2027 is an increase of 7% from SFY 2026 with the state Division of the Budget (DOB) projecting that disbursements will exceed receipts in each year of the Financial Plan, raising questions about long-term fiscal sustainability, according to a report released by State Comptroller Thomas DiNapoli.

According to the Comptroller, the Financial Plan showed the impact of current pressures on state finances, with DOB projecting that cumulative out-year budget gaps now total $31.8 billion. No increases were made to the state's total reserves. In addition, the state is anticipating drawing down on $1.3 billion in General Fund balance by the end of SFY 2027 to help balance the budget.

"The state's finances remain highly exposed to federal actions and potential economic downturns," Comptroller DiNapoli said. "While state spending has increased to fund critical programs, most notably healthcare, education and childcare, total reserves have remained flat, which could put these investments at risk in the future. Major national and international developments risk affecting New York's economy, with downstream impacts on tax revenues and fiscal stability."

Major concerns highlighted in Comptroller DiNapoli's report include:

- **Federal Funding Risks** - The Financial Plan reflects changes to federal funding for healthcare and food security programs resulting from the 2025 federal budget bill. New York preserved healthcare coverage for over a million New Yorkers, but 450,000 New Yorkers lost eligibility. The future of the Essential Plan is uncertain, with few details as to whether it will continue beyond SFY 2028.

- **Structural Budget Imbalance** - Increased spending pressure continues to strain the state's ability to find structural budget balance and puts into question the state's future ability to make important investments. To prevent budget gaps from growing, new recurring spending should be matched with recurring revenues.

- **Reserves** - The Financial Plan indicates that reserves will remain flat – at approximately $15 billion – meaning that their effectiveness is being diluted as the budget grows, potentially limiting the state's ability to weather fiscal challenges in the years ahead.

- **Contract Review and Oversight** - The Enacted Budget continues the inclusion of troubling provisions that erode the State Comptroller's independent oversight of state contracts and expenditures.

Mayor Mamdani Expands Next Mile NYC

Connecting New Yorkers on Probation to Careers in the Trucking Industry

Mayor Zohran Mamdani, Mayor's Office of Criminal Justice (MOCJ) Director Deanna Logan, and Department of Probation (DOP) Commissioner Sharun Goodwin tannounced the expansion of the City's Next Mile NYC Commercial Driver's License (CDL) training program to eligible New Yorkers on probation.

The new partnership extends Next Mile NYC to more than 11,000 New Yorkers currently under DOP supervision across the five boroughs. In March 2026 the program was expanded to people in custody on Rikers Island. Participants complete a 40-hour online CDL training course, earn their Commercial Learner's Permits (CLPs), receive behind-the-wheel instruction and take the New York State CDL road test.

Bills Passed by the City Council

Introduction 692-A, **sponsored by Council Member Carmen De La Rosa**, would require the Department of Education (DOE) to provide a workforce stabilization payment, totaling up to $10,000, to each eligible school paraprofessional for work performed during the 2026-2027 school year.

Introduction 812-A, **sponsored by Deputy Whip Elsie Encarnación**, would require the Commissioner of the Department for the Aging (DFTA) to develop a protocol in collaboration with NYC Emergency Management (NYCEM) and relevant agencies to conduct wellness checks during cold weather alerts, extreme heat warnings, and heat-related emergencies.

Introduction 913-A, **sponsored by Council Member Amanda Farías**, would raise the maximum age at which someone can take the civil service exam to become a police officer from 35 years of age to 43 years of age. This legislation would align local eligibility standards with those established pursuant to State law, which was similarly amended in 2025 to increase the maximum age of police officer applicants.

Introduction 955-A, **sponsored by Council Member Susan Zhuang**, would require the Mayor to establish a program that would coordinate inspections and plan reviews among agencies to cut down on the time for new businesses to open. Eligibility requirements for this program will be up to the discretion of the Mayor.

Introduction 983, **sponsored by Deputy Speaker Dr. Nantasha Williams**, would increase the salaries of the Mayor, Public Advocate, Comptroller, Council Members, Borough Presidents, and District Attorneys by 18.2% since the last time their salaries were adjusted by local law, as recommended by the recently released Report of the New York City Quadrennial Advisory Commission for the Review of Compensation Levels of Elected Officials. It would change the timing of future commissions to the third year of a term of office, rather than the first year, and provide each commission with 120 days to complete their work.

What Happens to Senator Graham's Campaign War Chest?

The death of U.S. Senator Lindsey Graham has raised an important campaign finance question: what happens to the tens of millions of dollars his campaign raised for the 2026 election? While the race to replace Graham is moving quickly under South Carolina's special election process, federal law places strict limits on how his campaign funds may be used.

Under Federal Election Commission (FEC) rules, the money remaining in Senator Graham's campaign account does not automatically transfer to the Republican nominee who ultimately replaces him on the ballot. Instead, control of the campaign committee rests solely with its treasurer, who must distribute the remaining funds in accordance with federal campaign finance laws. The committee may may make unlimited transfers to national, state, or local party committees, donate funds to charitable organizations, refund contributions where appropriate, or make limited contributions to other candidates. However, direct contributions to another federal candidate—including Graham's eventual replacement—is limited per FEC rules.

The practical effect is that whoever emerges as the Republican nominee will be unable to inherit Graham's formidable national fundraising operation. Even when an incumbent leaves office unexpectedly, the funds raised for that campaign remain subject to FEC rules designed to ensure transparency and prevent unrestricted transfers between federal candidates.

Coming Up

New York State

Tuesday, July 21st

New York State Workers Compensation Board Meeting, 328 State Street, Schenectady – Room 324, 10 a.m.

New York City

Tuesday, July 21st

Subcommittee on Zoning and Franchises, 250 Broadway – 8th Floor – Hearing Room 3, 11 a.m.

Wednesday, July 22nd

Subcommittee on Landmarks, Public Sitings, Resiliency and Dispositions, 250 Broadway – 8th Floor – Hearing Room 1, 11 a.m.

To Our Clients: If you have any questions regarding any of the matters addressed in this newsletter, or regarding any legislative, government relations or political or consulting or related issues in general, please contact the Pitta Bishop & Del Giorno LLC professional with whom you usually work. ***This Week in New York*** is a publication of Pitta Bishop & Del Giorno LLC.

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