



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



Comptroller DiNapoli: Thruway Authority Toll Increases Should Be Last Option

State Comptroller Thomas DiNapoli called upon the State Thruway Authority to improve its operations and maximize non-toll revenues before increasing tolls on New York's 570 mile highway. Late last year, the Thruway proposed a multi-year schedule of systemwide toll increases to begin in 2024.

"The Thruway Authority's toll increase proposal comes at a time of extraordinary challenges for New Yorkers who are faced with rising costs for everything from food to shelter to gas," Comptroller DiNapoli explained. "The Thruway should be more transparent with the public and disclose critical information, and identify and put in place all possible cost-savings and alternative revenue actions to minimize costs to drivers. Raising tolls should be the last option, and the Thruway has more work to do."

Comptroller DiNapoli's office reviewed a decade of the Thruway's finances and the toll hike proposal and found gaps in essential information necessary to evaluate the proposal. Specifically, it cited the need for additional evaluation of issues impacting the Authority's finances including problems with the Thruway's Tolls by Mail system, declines in revenue due to COVID-19 pandemic (toll revenues declined 16.8% in 2020 before rebounding in 2021) and construction costs associated with the Mario M. Cuomo bridge (remaining capital costs are financed with Authority debt).

In December 2022, the Thruway's Board of Directors began the process of implementing toll increases. The proposal calls for higher toll rates that would take effect on January 1, 2024, and again on January 1, 2027, for the highway system and annually over four years beginning in 2024 for the Governor Mario M. Cuomo (Cuomo) Bridge. It also expands the rate differential between New York-issued E-ZPass users and all others. The toll increases are expected to increase toll revenue by 28.4%, or \$1.9 billion, through 2031.

Comptroller DiNapoli urged that before any tolls are increased, the Thruway should:

- **Resolve systemwide cashless tolling and TBM issues.** The Thruway should address its implementation problems and ensure that it has an accurate forecast.

In 2022, Thruway leadership reported that cashless tolling, which started in 2020, had not yet produced cost savings or efficiencies. In addition, problems including erroneous bills and significant fines and penalties have prompted calls from state officials and the public. State legislative proposals intended to address some of the challenges associated with cashless tolling and improve transparency should be considered.

- **Perform a comprehensive assessment of operating needs and expenses to identify costs that may no longer be necessary.** Since 2012, there has been a significant decline in the number of Thruway staff, while its reliance on procurements has increased. Reporting of key performance indicators is essential to identify opportunities to improve efficiency and transparency. In addition, savings from better coordination with other state agencies or authorities should be explored.
- **Maximize non-toll revenue sources, including federal funding as well as revenue streams that could be generated from its assets and infrastructure.** As shown by recent major increases in revenue from its fiber optic system, the Thruway should pursue alternative revenue streams from its service areas and gasoline stations, special permits, and other property. Also, it should look to new federal infrastructure and other funds.
- **Disclose capital needs assessment to justify cost projections.** The Thruway’s new \$1.9 billion Capital Program for 2023 through 2027 and associated debt costs are cited as part of the justification for the toll increases. However, there are significant gaps in available information related to the management and condition of its assets and its capital needs.

Testifying at the Legislative Fiscal Committees’ hearing on the FY24 Executive Budget, Interim Thruway Authority Executive Director Frank Hoare discounted the Comptroller’s “assessment.”

“The ‘Assessment’ released by the Comptroller’s Office... was released outside of the Comptroller’s own audit procedures and Thruway was not contacted to provide additional information or respond to any of the assertions and assumptions made in that report,” Hoare explained. “As a result, the Assessment contains inaccurate and misleading findings, and does not address the revenue needed to operate, maintain, and construct a safe and reliable transportation system.”



FY24 Executive Budget Authorizes Annual Tuition Hikes for SUNY & CUNY

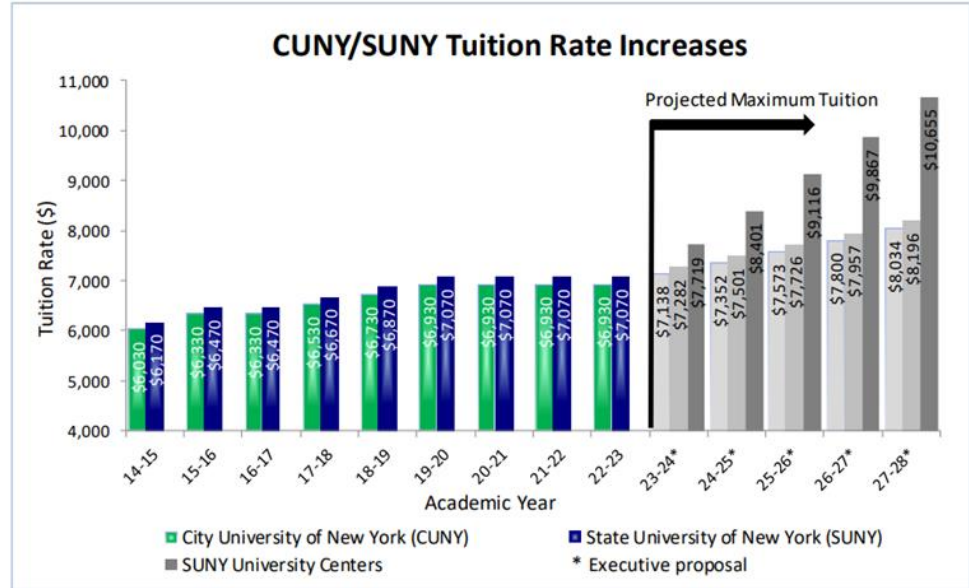
Governor Kathy Hochul’s FY24 spending plan included a proposal to provide “tuition flexibility” throughout CUNY and SUNY. Specifically, the Executive’s proposal would authorize CUNY senior colleges and SUNY state-operated campuses to annually increase resident undergraduate tuition by the lesser of the Higher Education Price Index or three percent.

In addition, the Executive Budget proposes phasing in differential tuition for SUNY’s university centers, allowing tuition at these campuses to rise an additional 6 percentage points above SUNY’s base tuition rate each year for the next five years (capped at 30 percent above the base rate) for in-state students. University Centers would also be authorized to increase non-resident tuition by up to 10 percent if the Board of Trustees determine that tuition is competitive with peer institutions.

According to the Assembly Yellow Book, these actions are projected to provide \$97 million in new operating support to SUNY and \$31 million for CUNY in 2023-24.

The Executive Budget also provides \$1.5 billion in new funding for capital projects to help maintain SUNY and CUNY campus facilities in a “state of good repair and make strategic investments in new

facilities.” This funding is in addition to the \$400 million for SUNY transformation capital investments and includes: \$750 million for SUNY State-operated campuses, \$104 million for SUNY community colleges, and \$484 million for CUNY senior colleges.



Source: Assembly Yellow Book



NYS Legislative Fiscal Committee Executive Budget Hearings



<u>Date</u>	<u>Time</u>	<u>Hearing</u>
February 13	11:30 a.m.	Human Services
February 14	9:30 a.m.	Environmental Conservation
February 15	9:30 a.m.	Local/General Government
February 16	9:30 a.m.	Mental Hygiene
February 27	11:30 a.m.	Higher Education
February 28	9:30 a.m.	Health
March 1	9:30 a.m.	Housing
		Workforce Development/Labor

In the News-New York City



Mayor Adams, Manhattan DA Bragg Join Efforts to Combat Illegal, Unlicensed Cannabis Dispensaries



New York City Mayor Eric Adams and Manhattan District Attorney Alvin Bragg, Jr. this week announced a partnership with the New York Police Department (NYPD) to combat the growth of illegal, unlicensed cannabis dispensaries across Manhattan. Using current City and State laws, the City will work to shut down or evict operators of illegal shops.

“For nearly two years, we’ve seen a proliferation of storefronts across Manhattan selling unlicensed, unregulated, and untaxed cannabis products. It’s time for the operation of unlicensed cannabis dispensaries to end,” said District Attorney Bragg. “Just as we don’t allow endless unlicensed bars and liquor stores to open on every corner, we cannot allow that for cannabis.

The Manhattan D.A.’s office mailed letters to each of the more than 400 known smoke shops in Manhattan, warning them of the potential for eviction proceedings for unlawful cannabis sales. The specifically informs commercial entities that the office “is prepared to use its civil authority under Real Property Actions and Proceedings Law § 715(1) to require owners and landlords to commence eviction proceedings of commercial tenants who are engaged in illegal trade or business, and to take over such eviction proceedings if necessary.”

According to the District Attorney, the D.A.’s office will work with its partners to determine where evidence exists of unauthorized cannabis sales and other illegal activity, and then will notify landlords of their requirement to begin eviction proceedings. If the landlord does not make an application to evict within five days of the written notice — or if, after making the application, the landlord does not “in good faith diligently prosecute it” — then the D.A.’s office will bring its own proceeding against the tenant as though it were the landlord.

In addition, NYPD filed [complaints against four unlicensed establishments](#) selling cannabis in the NYPD’s Ninth Precinct. The complaints allege that an officer observed the sale of cannabis products at these establishments to underage individuals and seek to shut them down for the illegal sale of cannabis products and operating without a license. The NYPD now seeks to shut down these unlicensed establishments under New York City’s Nuisance Abatement Law for the unlicensed sale of cannabis, also a violation of New York State’s Marijuana Regulation and Taxation Act.



IBO Sees Brighter NYC Budget Picture

The New York City Independent Budget Office (IBO) issued a brighter picture of the City's finances this week projecting an almost \$5 billion surplus in 2023 and manageable outyear gaps. However, the IBO noted both slowing tax revenue and employment.

IBO projects that the City will end fiscal year 2023 with a \$4.9 billion surplus, \$2.8 billion more than the surplus projected by the Office of Management and Budget (OMB) in the Preliminary Budget. This higher surplus results from IBO's forecast of \$1.8 billion more in anticipated tax revenues in 2023 than OMB, coupled with IBO's estimate that city-funded spending will total about \$1 billion less than budgeted in the Preliminary Budget. Specifically, IBO projects that the City will underspend on personal services costs, offset somewhat by increased estimates of city-funded costs in other areas of the budget, including for the Department of Education, overtime at the uniform agencies, and for costs related to asylum seekers.

With respect to budget gaps, IBO assumes the City will prepay some of next year's expenses with this year's surplus, resulting in a surplus of \$2.6 billion in fiscal year 2024. After 2024, IBO projects gaps of \$2.8 billion, \$3.9 billion, and \$2.9 billion in fiscal years 2025, 2026 and 2027, respectively. According to IBO, these gaps, while not insubstantial, are well within the range the City has closed in the past. The City could also roll forward some of its 2024 projected surplus to help close the gap in 2025.

Tax revenue growth through 2027 will peak in this year, followed by a decline in 2024 and will level off to moderate increases through 2027. Specifically, led by strong growth in revenue from property, sales, and hotel taxes, IBO forecasts \$70.6 billion in total tax revenue this fiscal year, \$1.2 billion (1.7 percent) greater than 2022 collections.

Slower economic growth, higher interest rates, and the end of Wall Street's bull market in 2022 have caused declines in the forecasts of business income, personal income, and property transfer taxes. Further decreases in business and personal income taxes are expected next fiscal year. IBO's forecast of total tax revenue in 2024 is \$69.7 billion, 1.3 percent less than 2023 revenue. After 2024, the tax revenue forecast increases at an average annual rate of 3.8 percent through 2027.

In terms of employment, IBO estimates that the City ended 2022 with a net gain of 212,300 jobs, bringing employment back to 97.6 percent of its pre-pandemic level. Given the broader economic slowdown nationwide, IBO projects local employment growth will slow substantially, to an annual gain of 45,700 jobs for 2023. Employment growth in the leisure and hospitality industry has improved, but IBO projects current year employment growth in the information and finance sectors to stall. Overall, IBO expects job growth to double to 93,000 jobs in 2024, before settling to an average gain of 67,300 jobs each year from 2025 to 2027.

Briefs

COVID-19 Vaccination Becomes Optional for City Workers Starting Today

NYC Sanitation Workers Union to Sue for Worker Reinstatement & Back Pay

Effective today, the City will make vaccination optional for current and prospective city workers. The City also ended the vaccination requirements for nonpublic school, early child care, and daycare staff. As part of this change, also beginning today, visitors to Department of Education (DOE) school buildings will no longer be required to provide proof of at least one dose of the COVID-19 vaccine.

According to Mayor Eric Adams, while the approximately 1,780 former employees terminated for failing to submit proof of vaccination will not be able to automatically return to their previous positions, they will be able to apply for positions with their former agencies through existing city rules and regulations and hiring processes.

On Wednesday, Harry Nespoli, president of the Uniformed Sanitationmen's Association, said the union planned to sue the Adams Administration to demand backpay for workers who lost their jobs at the sanitation department after refusing the vaccine. He said the union would also seek to get those workers reinstated.

"Now they want to turn around and drop the mandate, but what about all that revenue that was lost by families?" Nespoli said, according to published reports.

In October, a Staten Island judge ordered that 16 sanitation workers be reinstated to their posts at the department and given backpay. The City appealed the decision.

Federal Court Upholds NY Rent Stabilization Laws

A Federal appeals court this week upheld New York's laws capping rent increases and limiting evictions for approximately a million apartments citywide. The Second Circuit Court of Appeals affirmed the rent stabilization laws following two related court challenges from landlord trade groups and property owners.

The plaintiffs including the Community Housing Improvement Program and the Rent Stabilization Association (RSA), sued the City and State arguing that the rent stabilization laws violate the Constitution's "takings clause" by forcing owners to cap prices for their personal property while limiting their ability to legally evict tenants.

"All in all, as with previous versions, the [Rent Stabilization Law] 'regulates land use rather than effecting a physical occupation,' the judges wrote, citing previous decisions, according to published reports. "The case law is exceptionally clear that legislatures enjoy broad authority to regulate land use without running afoul of the Fifth Amendment's bar on physical takings."

New York Regulators to Assess How Banks Serve Minority and Women-Owned Businesses

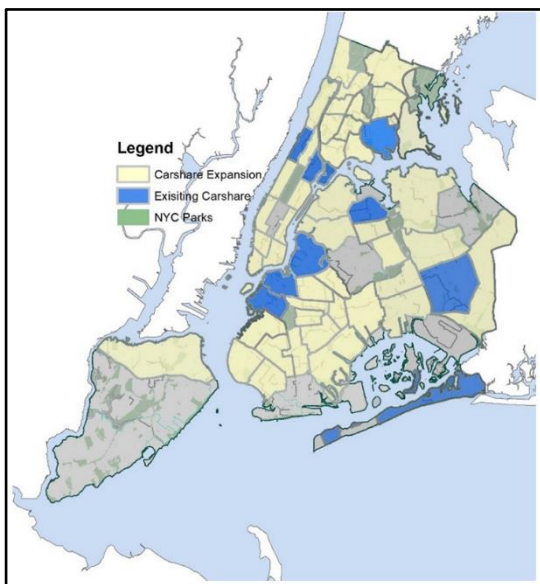
The New York state Department of Financial Services (DFS) put forth regulations this week to review how New York State banks are providing services to minority-owned and women-owned businesses in their communities. The new regulation is an update to the Community Reinvestment Act (CRA).

The amended regulation directs financial institutions to collect and submit data to DFS, including the details of applications such as whether the applicant is a minority-owned business, or a firm owned by women. In addition, DFS will require institutions to disclose the type and amount of credit being applied for, whether the application was approved or denied, and the size and location of the business.

The Department will publish a data submission template in the coming months for institutions to use during CRA evaluations. The [regulation](#) will take effect on August 8, 2023.

NYC DOT Begins Major Expansion of On-Street Carshare After Successful Pilot

First 80 of hundreds of new curbside parking spaces reserved for carshare vehicles will be installed starting today in Brooklyn, Queens, and the Bronx, with a focus on equitable distribution



New York City Department of Transportation Commissioner Ydanis Rodriguez announced the expansion of its citywide curbside carshare program following a successful 5-year pilot

Over the next two weeks, DOT will install new signage to demarcate the first 80 new, dedicated curbside parking spaces for carshare service across Brooklyn, the Bronx and Queens. DOT's program goal for 2023 is to supplement the current 230 on-street parking spaces with several hundred more, working with the three carshare companies – Zipcar, Getaround, and Truqit – to deploy shared vehicles at new locations.

Carsharing is a service that gives members access to an automobile for short-term use – usually by the hour, or day – at a cost that includes maintenance. With cars parked in publicly accessible neighborhood locations across the City, members can reserve vehicles via smartphone. Vehicles must be returned to the same reserved spot.

The expansion builds on the success of DOT's on-street carshare pilot, begun in 2018 with 14 zones in Brooklyn, the Bronx, Queens, and Manhattan, which found:

- Carshare users took about 160,000 trips total during the pilot, with an average of 24 trips per month per space. Each month, and 17 unique carshare members used vehicles in each space.

- Annual Vehicles Miles Traveled (VMT) were reduced by about 38.7 million miles and produced an annual net reduction of ~12,000 metric tons in greenhouse gases per year.
- Comparing their pre-carshare behavior, carshare users in the pilot drove fewer miles (7% reduction) and reduced greenhouse gas emissions (6% reduction).
- Diversity in use increased with Black/Latino membership doubling to about 30% of total carshare users.



What is ChatGPT?

Have you heard of the new tech craze sweeping the nation? ChatGPT is a language model artificial intelligence that allows users to input questions, similarly to chat bots of days past, and receive impressively informed responses. This new technology has been used by students to write term papers, by athletes to create meal plans, and by curators to provide vivid descriptions of art, to name a few applications. Releasing in November of 2022, ChatGPT quickly reached 1 million users within the span of a few days and has subsequently spurred conversations on the ethical implications of artificial intelligence technology while simultaneously bolstering heavy investment in the sector.

ChatGPT is developed by OpenAI, an artificial intelligence research laboratory founded in 2015 consisting of OpenAI, Inc (a non-profit) and OpenAI LP (its for-profit subsidiary corporation). Amongst its founders are founders and executives from companies such as PayPal and LinkedIn. Elon Musk, who was a founder of OpenAI, left the board in 2018 but remains a major donor. Being a language model AI, ChatGPT is trained to string together words in a sequence based on large amounts of statistical and probability-based data – this is the same basis for the technology that allows your phone to predict the next word in a text message. The vast amount of data that it pulls from (being trained with information up to 2021) allows it to mimic speech patterns while dispatching knowledge to an almost chilling effect.

Since its release, users have been using ChatGPT in a variety of creative ways. This ranges from providing robust translations of documents, developing answers to interview questions, debugging code, and even writing entire essays. This has drawn ire from some, such as New York City Public Schools, which banned ChatGPT's use on school computers throughout the largest school district in the country over concerns of cheating. Nevertheless, ChatGPT's popularity is only rising. Microsoft recently provided a \$10 billion multi-year investment to OpenAI for ChatGPT's ongoing development. Other tech giants are also releasing competitors to ChatGPT, with Google having released its own AI chatbot, Bard, in early February.

ChatGPT is currently free for users to try and explore OpenAI's website, with an option to upgrade to ChatGPT Plus for \$20 a month which grants users access to faster response times and timed-limited exclusivity to new features. While the artificial intelligence takeover is likely still just a Sci-Fi inspired fear, it may be worth monitoring how the increased use of this technology will affect our industries and lives.

Coming Up

New York State

Monday, February 13th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, 2 p.m.

Senate Session, New York State Capitol Building, Senate Chamber, Albany, 3 p.m.

Tuesday, February 14th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, TBD

Senate Session, New York State Capitol Building, Senate Chamber, Albany, TBD

Wednesday, February 15th

Assembly Session, New York State Capitol Building, Assembly Chamber, Albany, TBD

Senate Session, New York State Capitol Building, Senate Chamber, Albany, TBD

Thursday, February 16th

Status of Mandated Reporters of Child Abuse or Maltreatment in New York State

Assembly Standing Committee on Children and Families & Assembly Subcommittee on Foster Care

Assembly Hearing Room, 250 Broadway, Room 1923, 19th Floor, New York, 11 a.m.

New York City

Tuesday, February 14th

Committee on Civil Service and Labor, 250 Broadway – Committee Room, 14th Floor, 10 a.m.

Oversight – Permanent Teleworking Option for City Employees.

Committee on Transportation and Infrastructure, Council Chambers – City Hall, 10 a.m.

Oversight – Street Safety Infrastructure.

Committee on Health & Hospitals & Subcommittee on COVID Recovery and Resiliency, Council Chambers – City Hall, 1 p.m.

Oversight – NYC’s Response to the Post-Holiday Surge in COVID-19.

Wednesday, February 15th

Committees on Immigration & Criminal Justice, Council Chambers – City Hall, 10 a.m.

Oversight - New York City’s Detainer Laws.

Committee on Education, Committee Room – City Hall, 1 p.m.

Oversight – 3-K Funding Cuts and Delayed Reimbursements to Early Childhood Providers.

Committee on Technology, Council Chambers – City Hall, 1 p.m.

Oversight - Cryptocurrency and Blockchain Technology in New York City.

Committee on Cultural Affairs, Libraries, and International Intergroup Relations, 250 Broadway - Committee Room, 14th Floor, 1 p.m.

Thursday, February 16th

Committee on Finance, Committee Room – City Hall, 10 a.m.

City Council, Council Chambers - City Hall, 1:30 p.m.

Friday, February 17th

Committees on Aging & Criminal Justice, Council Chambers - City Hall, 10 a.m.

Oversight - Justice in Aging – Reentry Issues for Older New Yorkers.

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