



**THE COUNCIL OF THE CITY OF NEW YORK  
FINANCE DIVISION**

**LATONIA MCKINNEY, DIRECTOR**

**FISCAL IMPACT STATEMENT**

**PROPOSED INTRO. NO: 295-A**

**COMMITTEE: Transportation**

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to requiring certain qualified transportation benefits.

**Sponsor:** By Council Members Garodnick, Johnson, Chin, Cohen, Constantinides, Crowley, Dickens, Gentile, King, Koo, Lancman, Lander, Levine, Miller, Richards, Rose, Vallone, Cornegy, Espinal, Palma, Cumbo, Barron, Maisel, Wills, Rosenthal, Koslowitz, Deutsch, Ferreras, Menchaca, Dromm, Torres, Treyger, Vacca, Rodriguez, Kallos, Levin, Reynoso, Arroyo, Van Bramer and Ulrich

**SUMMARY OF LEGISLATION:** This legislation would require that every employer with twenty or more full-time employees, defined as “employees who work an average of 30 hours or more per week” in the city of New York offer its full-time employees the opportunity to use pre-tax earnings to purchase qualified transportation fringe benefits, other than qualified parking. The law would not apply the United States government, the state of New York, the city of New York, any local government, municipality or county, where a collective bargaining agreement exists, and where the employer is not required to pay federal, state, and city payroll taxes.

The bill would impose a civil penalty of between \$100 and \$250 on any employer found to be in its violation, and for every thirty days thereafter where such employer fails to offer such benefit, an additional civil penalty of \$250 would be imposed. However, the bill allows employers ninety days to cure the first violation before imposing such civil penalty. In the event that an employer’s number of full-time employees is reduced to less than twenty, any employee eligible to be provided with the pre-tax transportation benefit prior to the employee reduction will continue to be provided such opportunity for the duration of the employee’s employment with such employer.

**EFFECTIVE DATE:** This local law would take effect January 1, 2016, provided that (i) the Commissioner of Consumer Affairs shall, prior to the effective date of this local law, promulgate such rules, and take such other steps, as may be necessary to effectuate the provisions of this local law on its effective date and (ii) in the event qualified transportation benefits are no longer permitted to be excluded from an employee’s gross income for federal income tax purposes and from an employer’s wages for federal payroll tax purposes, this local law would no longer be effective. No penalties may be imposed for violations occurring prior to July 1, 2016.

**FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: 2016**

**FISCAL IMPACT STATEMENT:**

	Effective FY16	FY Succeeding Effective FY17	Full Fiscal Impact FY16
Revenues (+)	(\$7,300,000)	(\$7,300,000)	(\$7,300,000)
Expenditures (-)	\$2,856,063	\$1,292,563	\$2,856,063
Net	\$10,156,063	\$8,592,563	\$10,156,063

**IMPACT ON REVENUES:** The bill is intended to increase participation in a Federal program that impacts on City personal income tax revenue. The impact depends upon how successful the program is in encouraging City residents to use the benefit.

**IMPACT ON EXPENDITURES:** The Department of Consumer Affairs (DCA) will oversee the implementation and enforcement of this bill. The DCA plans to hire 11 full-time positions at an annual cost of approximately \$1 million in addition to an other than personal services (OTPS) cost of approximately \$1.9 million that includes approximately \$1.6 million for an outreach campaign in the first year. As such, it is estimated that the total cost of enacting this legislation would be approximately \$2.9 million in the first year and decreasing to approximately \$1.3 million in the outyears.

**SOURCE OF FUNDS TO COVER ESTIMATED COSTS:** N/A

**SOURCE OF INFORMATION:** NYC Council Finance Division  
NYC Department of Consumer Affairs  
Mayor's Office of Legislative Affairs

**ESTIMATE PREPARED BY:** Chima Obichere, Unit Head  
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**ESTIMATED REVIEWED BY:** Nathan Toth, Deputy Director, Finance Division  
Rebecca Chasan, Assistant Counsel, Finance Division  
Raymond Majewski, Deputy Director/Chief Economist, Finance Division

**LEGISLATIVE HISTORY:** This legislation was introduced as Intro. No. 295 by the Council on April 29, 2014 and referred to the Committee on Transportation. A hearing was held by the Committee on June 30, 2014 and the legislation was laid over. Intro. 295 was subsequently amended, and the amended version, Proposed Intro. No. 295-A will be considered by the Committee on Transportation on October 6, 2014. Upon a successful vote by the Committee, Proposed Intro. 295-A will be submitted to the full Council for a vote on October 7, 2014.

**DATE PREPARED:** October 3, 2014