

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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October 30, 2023  
Start: 10:19 a.m.  
Recess: 10:31 a.m.

HELD AT: COUNCIL CHAMBERS - CITY HALL

B E F O R E: Justin L. Brannan, Chairperson

COUNCIL MEMBERS:

Diana Ayala  
Charles Barron  
Gale A. Brewer  
David M. Carr  
Crystal Hudson  
Farrah N. Louis  
Francisco P. Moya  
Chi A. Ossé  
Pierina Ana Sanchez

A P P E A R A N C E S

Matthew Penfold, Assistant Commissioner of Real Property Tax Research and Analytics at the New York City Department of Finance

Vijay Dandepani, Hotel Association of New York City

2 SERGEANT-AT-ARMS: Good morning. This is a  
3 microphone check for the Committee on Finance.  
4 Recorded on October 30, 2023, in the Chambers.

5 SERGEANT-AT-ARMS: Good morning and  
6 welcome to the Committee on Finance.

7 At this time, we ask if you could please  
8 place phones on vibrate or silent mode.

9 At no point during the hearing is anyone  
10 allowed to approach the dais. That includes Staff and  
11 public.

12 Thank you for your cooperation.

13 Chair, we are ready to begin.

14 CHAIRPERSON BRANNAN: Thank you, Sergeant.

15 [GAVEL] Good morning and welcome to today's Finance  
16 Committee meeting. I'm Council Member Justin Brannan.  
17 I have the privilege of Chairing the Committee on  
18 Finance in the City Council.

19 I've been joined this morning by my  
20 Colleagues, Council Members Ayala, Hudson, Carr, and  
21 on Zoom we've got Moya.

22 Today, the Committee will be holding this  
23 hearing on one bill, Intro. 1208, sponsored by Deputy  
24 Speaker Ayala which would extend the rate of the  
25 additional tax on the occupancy of hotel rooms.

2 Intro. 1208 would extend the current rate  
3 of 5.875 percent for the additional tax on the  
4 occupancy of hotel rooms through November 30, 2027,  
5 to maintain the status quo. It's estimated by the  
6 Council Finance Division that the tax if extended at  
7 the current rate beyond November 30, 2023, would  
8 generate approximately 50 million in FY-24 and  
9 approximately 99 million in FY-25.

10 The Administration is supportive of  
11 extending the tax rate, and we've been joined by  
12 representatives from the Department of Finance to  
13 speak on the importance of this legislation.

14 Before we call up the witnesses, I want  
15 to thank the Finance Staff as always for putting this  
16 hearing together and working so hard behind the  
17 scenes, Deputy Director Emre Edev; our Chief  
18 Economist Dilara Dimnaku; Committee Counsel Mike  
19 Twomey; and last but far from least tremendous thanks  
20 to our Senior Economist Nashia Roman who is leaving  
21 us after four and a half years with the Council  
22 Finance Revenue Unit. Nashia has been a continual  
23 contribution to the Council Finance quality of work  
24 as our Hotel Tax Analyst and for her range of other  
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2 topics so we're sorry to see her go but we wish her  
3 the best.

4 I'm now going to turn over to Committee  
5 Counsel, Mike Twomey, to swear in the witnesses.

6 We've also been joined by Council Member  
7 Louis.

8 COMMITTEE COUNSEL TWOMEY: Good morning.

9 Could you raise your right hand, please?

10 Do you affirm that your testimony will be  
11 truthful to the best of your knowledge, information,  
12 and belief and that you will respond honestly to  
13 Council Member questions? Mr. Penfold.

14 ASSISTANT COMMISSIONER PENFOLD: Yes.

15 COMMITTEE COUNSEL TWOMEY: Thank you. You  
16 may begin.

17 ASSISTANT COMMISSIONER PENFOLD: Good  
18 morning, Chair Brannan, Members of the Finance  
19 Committee. My name is Matthew Penfold, and I'm the  
20 Assistant Commissioner for Real Property Tax Research  
21 and Analytics for the New York City Department of  
22 Finance. I'm here today to discuss the importance of  
23 passing Intro. 1208 sponsored by Council Member Ayala  
24 which would extend the currently additional tax on  
25 the occupancy of hotel rooms.

2           The 5.875 percent rate which has  
3 generally been in effect since March 1, 2009, except  
4 for the third quarter of 2021 during the pandemic,  
5 will default to 5 percent on December 1, 2023. If the  
6 City Council does not pass this extension and the  
7 higher rate expires, we estimate the impact on the  
8 second half of Fiscal Year 2024 would be 43 million  
9 while the four-year cost for Fiscal Years 2025, 2026,  
10 and 2027 would be 91 million, 94 million, and 98  
11 million respectively. As the City faces difficult  
12 budget decisions, maintaining the existing rates of  
13 hotel occupancy tax will preserve an important  
14 revenue source without burdening residents or  
15 discouraging tourism. The existing rate will help  
16 ensure that City tax revenues are sufficient to  
17 continue to fund important public services.

18           In closing, the Department of Finance  
19 encourages the City Council to pass Intro. 1208. We  
20 appreciate the opportunity to testify, and I'm here  
21 to answer any questions that you may have.

22           CHAIRPERSON BRANNAN: Thank you very much,  
23 Matt.

24           We've also been joined by Council Member  
25 Ossé on Zoom. Sorry about that.

2           The hotel industry obviously continues to  
3 navigate challenges from the pandemic as well as some  
4 more recent headwinds from labor shortages,  
5 inflation, and geopolitical concerns so while tourism  
6 and hotel performance recovery forges ahead in much  
7 of the world, the need for timely data and analysis  
8 here in New York City remains as great as ever so  
9 could you give us just a general overview of how many  
10 hotels are still standing in the city and how many  
11 rooms do they have and how does that compare to pre-  
12 COVID?

13           ASSISTANT COMMISSIONER PENFOLD: Thank you  
14 for your question, Chair Brannan. According to our  
15 latest annual Hotel Occupancy Tax Report through tax  
16 year 2022, there were 919 hotels which rented  
17 approximately 37,000 rooms that had hotel tax  
18 liability. In tax year 2019, there was 940 hotels  
19 which rented approximately 40,000 rooms. Again, these  
20 were just those that had hotel tax liability.

21           CHAIRPERSON BRANNAN: So 919 hotels total?

22           ASSISTANT COMMISSIONER PENFOLD: Yes.

23           CHAIRPERSON BRANNAN: Renting out 37,000  
24 rooms?

25           ASSISTANT COMMISSIONER PENFOLD: Yes.

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2 CHAIRPERSON BRANNAN: Okay. How many of  
3 those hotels or those rooms are offline now for  
4 migrant services?

5 ASSISTANT COMMISSIONER PENFOLD: That is  
6 information, Chair Brannan, I do not have to hand.  
7 These are just simply from our report on hotels that  
8 have hotel tax liability.

9 CHAIRPERSON BRANNAN: I got it, okay. How  
10 many certificates of registration required for new  
11 hotels have been filed since the beginning of the  
12 year?

13 ASSISTANT COMMISSIONER PENFOLD: This is  
14 information that I do not have personally to hand,  
15 but it is certainly something that we can get for you  
16 and circle back.

17 CHAIRPERSON BRANNAN: Okay. I know that we  
18 recently announced a week or two ago, the Mayor that  
19 we've actually recovered all the jobs we've lost  
20 during COVID, which actually wasn't supposed to  
21 happen until late next Fiscal Year. Does the  
22 Department of Finance think that we'll see total  
23 visitors reach pre-pandemic levels by next year?

24 ASSISTANT COMMISSIONER PENFOLD: The  
25 Department of Finance, we don't collect information



2 on visitor counts, but publicly available information  
3 from the New York City Tourism and Conventions does  
4 forecast that visitor numbers will exceed pre-  
5 pandemic levels next year, in 2024.

6 CHAIRPERSON BRANNAN: Okay. Does Airbnb  
7 and other non-hotel short-term rentals pay the hotel  
8 tax?

9 ASSISTANT COMMISSIONER PENFOLD: Any  
10 short-term rental, including Airbnb, are obliged to  
11 pay hotel occupancy tax should the rental meet the  
12 minimal requirement for the hotel occupancy tax.

13 CHAIRPERSON BRANNAN: How does the hotel  
14 tax apply to the resort fee that hotels charge?

15 ASSISTANT COMMISSIONER PENFOLD: Resort  
16 fees are taxable under the hotel occupancy tax.

17 CHAIRPERSON BRANNAN: Any of my Colleagues  
18 have questions? No?

19 I know we've seen some cities with a  
20 large amount of tourism like Amsterdam and Venice  
21 move to raise their hotel taxes to offset the high  
22 impact of tourism. Do you think that's something we  
23 should consider here?

24 ASSISTANT COMMISSIONER PENFOLD:  
25 Interesting question. Changing the rate above 6

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2 percent requires State authorization. Department of  
3 Finance supports extending the existing 5.875 percent  
4 rate.

5 CHAIRPERSON BRANNAN: I guess  
6 holistically, does DOF have a sense of how revenue is  
7 generated from the hotel sector in its entirety,  
8 business taxes, property taxes, sales tax?

9 ASSISTANT COMMISSIONER PENFOLD: I can  
10 certainly provide the high-level revenue streams.  
11 Hotel tax collections for Fiscal Year 2023 were  
12 approximately 642 million. For Fiscal Year 2023  
13 property tax, it was just over 820 million levied  
14 towards hotels. For sales tax for the tax year ending  
15 in February 2023, revenue was approximately 371  
16 million.

17 CHAIRPERSON BRANNAN: Okay. I think I'm  
18 good. You guys good?

19 All right. Thank you so much. Appreciate  
20 it.

21 CHAIRPERSON BRANNAN: Okay, we've got some  
22 public testimony on Zoom. First from Vijay from the  
23 Hotel Association.

24 VIJAY DANDEPANI: (INAUDIBLE)

25

2 CHAIRPERSON BRANNAN: Yeah, we can hear  
3 you.

4 VIJAY DANDEPANI: Sorry. I was waiting for  
5 (INAUDIBLE). Apologies for that.

6 Thank you for your time. I'm Vijay  
7 Dandepani, President and CEO of the Hotel  
8 Association.

9 Intro. 1208 wishes to extend the 5.875  
10 hotel tax from December 1, 2023, to 2027. This  
11 additional tax (INAUDIBLE) was first imposed in 2009  
12 in the aftermath of the great financial crisis.  
13 (INAUDIBLE) it has since been continually extended.

14 If I may point out, there is a mistaken  
15 notion that hotel tax is not assumed to affect New  
16 Yorkers when in fact there is both a direct and  
17 corollary effect (INAUDIBLE). The direct effect is  
18 due to the fact that an overwhelming majority of New  
19 Yorkers live and work within the five boroughs, and  
20 the arresting effect of hotel taxes not only results  
21 in lost jobs but also precludes much needed future  
22 job growth. A reduction in the occupancy tax that we  
23 are requesting, a temporary reduction, naturally will  
24 increase hotel stays by about 45,000 room nights for  
25 the city overall, and the concomitant tax increase

2 that will come from that is also a meaningful number  
3 so extending this current rate will actually prevent  
4 us from recouping the jobs and revenue that was lost  
5 during the pandemic. We are still 20,000 jobs short  
6 of where we were pre-pandemic.

7           If I may also quickly point out a recent  
8 study from the reputable Journal of Travel Research,  
9 which noted that lodging taxes have a negative effect  
10 on hotel performance, particularly from group  
11 bookings because group and meeting planners regularly  
12 practice destination shopping, where pricing is  
13 critically important.

14           I'd also like to note New York City hotel  
15 occupancy is still behind 2019 by nearly 6 percent  
16 through this year while trailing principle  
17 international gateway cities which are our  
18 competitors like London and Paris. Hotel rates in  
19 both those cities...

20           SERGEANT-AT-ARMS: Time has expired.

21           VIJAY DANDEPANI: For the month of July,  
22 for instance, exceeded July 2019 by 25 and 39 percent  
23 respectively, while New York City saw a 14 percent  
24 increase with over 20 percent of hotels (INAUDIBLE)

2 closed or catering to the migrant crisis. Thank you  
3 for your time (INAUDIBLE).

4 CHAIRPERSON BRANNAN: Thank you, Vijay. If  
5 you could submit your testimony to us too, that would  
6 be helpful.

7 VIJAY DANDEPANI: We will submit something  
8 in writing. Thank you, again, for your time.

9 CHAIRPERSON BRANNAN: Thank you. We've  
10 also been joined by Council Member Brewer and Barron,  
11 and we were joined by Council Member Sanchez as well.

12 Seeing no other people signed up to  
13 testify are present, we are going to close this  
14 hearing. Thank you. [GAVEL]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date November 7, 2023