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|  | **The Council of the City of New York**  **Finance Division**  **Latonia Mckinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No:**  **Committee:** **Finance** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to a wireless communications surcharge | **Sponsor(S):** By Council Member Ferreras-Copeland (by request of the Mayor) |

**Summary of Legislation:** Currently, New York City levies a 30-cent per month surcharge on postpaid wireless communications services. However, New York State passed budget legislation in 2017 repealing the authority of the City to levy this surcharge under Article 6 of the County Law, effective December 1, 2017. In its place, the legislation authorizes the City to enact a new, State-administered wireless communications service surcharge, pursuant to Tax Law § 186-g. Under the new authorization, the City would impose a new surcharge on prepaid wireless communications services in addition to postpaid service. Wireless communication service refers to all commercial mobile services, including but not limited to cellphones and broadband communication devices.

This local law would impose, pursuant to the authorization in Tax Law §186-g, a surcharge on wireless communications service. The surcharge would continue to be imposed at a rate of 30 cents per month on each wireless communications device in service during any part of the month. Wireless communications service suppliers would be directed to add the surcharge to the billings of customers beginning on December 1, 2017. The local law would additionally, pursuant to the State Tax Law, impose a new surcharge on prepaid wireless communications service at a rate of 30 cents per retail sale. Prepaid wireless communications sellers would be directed to collect this surcharge from customers beginning on December 1, 2017. Finally, the bill would establish that no surcharge may be imposed pursuant to the current Administrative Code provisions governing the wireless communications service surcharge on or after December 1, 2017.

**Effective Date:** December 1, 2017

**Fiscal Year In Which Full Fiscal Impact Anticipated: 2019**

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY19** | **Full Fiscal Impact FY19** |
| **Revenues** | $4,800,000 | $8,200,000 | $8,200,000 |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | $4,800,000 | $8,200,000 | $8,200,000 |

**Impact on Revenues:** The continuation of the current surcharge is assumed in the financial plan.The above fiscal impact represents the additional revenues compared to current law, which will no longer be effective as of December 1, 2017. If the City elects not to adopt the new legislation, the City would forego around $15.9 million in Fiscal 2018, and $27.2 million in subsequent years. In Fiscal 2018, revenues projected at Adoption, would be reduced by $11.1 million.

**Impact on Expenditures:** N/A

**Source of Funds To Cover Estimated Costs:** N/A

**Source of Information:** OMB’s Adopted 2018 Financial Plan and NYC Department of Consumer Affairs.

**Estimate Prepared By:** Paul Sturm, Supervising Economist

**Estimate Reviewed By:** Raymond Majewski, Deputy Director/Chief Economist

Eric Bernstein, Counsel

**Legislative History:** Article 6 of the County Law to impose a wireless communications surcharge, has been repealed by enacted State budget legislation effective December 1, 2017 (Part EEE of Chapter 59 of the Laws of 2017). In its place, the State authorized a new State-administered wireless surcharge pursuant to Tax Law §186-g. Proposed Intro. No. will receive a hearing on August 8, 2017 by the Finance Committee, and will be voted on August 9, 2017 by the Finance Committee. Upon successful vote by the Committee, Proposed Intro. No. will be submitted to the full Council for a vote on August 9, 2017.

**Date Prepared:** August 3, 2017