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|  | **The Council of the City of New York**  **Finance Division**  **Latonia Mckinney, Director**  **Fiscal Impact Statement**  **Proposed Intro. No: 799-B**  **Committee:** **Finance** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to the commercial rent tax. | **Sponsor(S):** Council Members Garodnick, Rosenthal, Chin, Mendez, Johnson, Kallos, Levine, Ferreras-Copeland, Cornegy, Rodriguez, Dickens, Constantinides, Koo, Koslowitz, Mealy, Rose, Cabrera, Cumbo, Deutsch, Espinal, Gentile, Greenfield, Grodenchik, King, Lancman, Maisel, Miller, Salamanca, Torres, Treyger, Vallone, Van Bramer, Williams, Menchaca, Dromm, Levin, Richards, Perkins, Reynoso, Lander, Borelli, Ulrich and Matteo |

**Summary of Legislation:** Proposed Int. 799-B would establish a Small Business Tax Credit (“the credit”) against the Commercial Rent Tax (“CRT”). The credit would provide complete tax relief for taxpayers who report incomes of $5 million or less and who pay less than $500,000 per year in rent. Taxpayers who report incomes of $5 million or less and who pay between $500,000 and $550,000 per year in rent, and those taxpayers who report incomes between $5 million and $10 million and who pay less than $550,000 per year in rent would receive a partial, sliding scale credit. Taxpayers who report incomes of more than $10 million or who pay $550,000 or more in rent would not receive any credit. The credit would be available beginning July 1, 2018.

**Effective Date:** This local law would take effect immediately.

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

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY19** | **Full Fiscal Impact FY19** |
| **Revenues** | $0 | (36,800,000) | (36,800,000) |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | $0 | (36,800,000) | (36,800,000) |

**Impact on Revenues:** It is anticipated that this legislation would have a cost of $36.8 million in foregone CRT revenue in Fiscal 2019, the first full year in which the credit will be available. It is estimated that over 2,700 taxpayers would receive a benefit under this legislation.

**Impact on Expenditures:** It is estimated that this bill would not have an impact on expenditures.

**Source of Funds To Cover Estimated Costs:** General Fund

**Source of Information:** New York City Council Finance Division

Department of Finance

**Estimate Prepared By:** Davis Winslow, Economist

**Estimate Reviewed By:** Emre Edev, Assistant Director, NYC Council Finance Division

Ray Majewski, Deputy Director / Chief Economist, NYC Council Finance Division

Rebecca Chasan, Counsel, NYC Council Finance Division

**Legislative History:** This legislation was introduced to the full Council on May 27, 2015, and was referred to the Committee on Finance (Committee). The legislation was amended after introduction and the Committee held a hearing on February 13, 2017 on the amended legislation, Proposed Int. No. 799-A, and the bill was laid over. The bill was subsequently amended again, and the Committee will vote on the amended legislation, Proposed Int. No. 799-B, at a hearing on November 30, 2017. Upon successful vote by the Committee, the full Council will vote on the legislation on November 30, 2017.

**Date Prepared:** November 28, 2017