

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

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May 13, 2020  
Start: 10:09 AM  
Recess: 10:21 AM

HELD AT: REMOTE LOCATION

B E F O R E: MARK GJONAJ  
CHAIRPERSON

COUNCIL MEMBERS: Stephen t. Levin  
Bill Perkins  
Ydanis A. Rodriguez  
Helen K. Rosenthal

A P P E A R A N C E S (CONTINUED)

2 MALE SPEAKER: Good morning everyone and  
3 welcome to the Committee on Small Business. Will  
4 Council Members and Council staff please turn on  
5 their video at this time. Please place all cell  
6 phones and electronic devices to vibrate. Thank you,  
7 Chair and we are reading to begin

8 CHAIRPERSON GJONAJ: Thank you. (gavel)  
9 Good morning. I'm Council Member Mark Gjonaj, Chair  
10 of the Committee on Small Business, and I'd like to  
11 welcome you to our vote on Intros 1898-A, 1908-B,  
12 1914-A, 1932-A, Intros 1898 and 1908 designed to  
13 increase the cash flow for our struggling restaurants  
14 and Intros 1914 and 1932 intend to help businesses  
15 that may be harassed during COVID-19 crisis. Many  
16 businesses were practically forced to shut their  
17 doors during this pandemic. According to a recent  
18 survey by the U.S. State Restaurant Association,  
19 sales have declined by 79% for restaurants across the  
20 state. Just half of all restaurants have been able to  
21 move their operations online and nearly 80% of  
22 restaurant workers have lost their jobs. Some  
23 restaurants have been able to move their operations  
24 online. Many of them have entered into contracts  
25 with third-party platforms like Grub Hub, UGLA Eats,

2 Doordash or Post Mates. While these platforms can  
3 offer restaurants a making or delivery service, they  
4 charge restaurants commissions, fees as high as 30%  
5 per quarter, which is extremely high considering they  
6 don't—they didn't create the recipe, they don't cook  
7 the food nor did they make the investment and open a  
8 restaurant or share the risk with the restaurants. I  
9 am therefore, proud to be a co-prime sponsor with my  
10 colleague, Council Member Francisco Moya on Intro  
11 1908, which will cap commission fees for the duration  
12 of this crisis and for an additional 90 days after  
13 the restaurants are allowed to re-open their doors to  
14 bring in customers. I'm very proud of my bill Intro  
15 1898, a bill designed to prevent third party  
16 platforms from charging restaurants for telephone  
17 orders that did not result in an actual transaction.  
18 A restaurant owner testified during a hearing last  
19 month that he's been charged hundreds of dollars for  
20 phone calls that did not result in sales, and we're  
21 aware that these erroneous charges are still  
22 occurring today while these restaurants are  
23 struggling to survive. Intro 1898 will make the  
24 practice illegal shifting the burden to the third-  
25 party platform to ensure no restaurant is charged for

2 a non-transactional phone order. We also will be  
3 rolling out Intros 1932 and 1914. Intro 1932 will  
4 prohibit enforcement of commercial lease provisions  
5 that hold business owners personally responsible when  
6 their business cannot pay rent due to COVID-19.  
7 Intro 1914 protects tenants from landlord harassment  
8 during this crisis. While many landlords in the  
9 state are renegotiating leases to help their tenants,  
10 this bill will provide additional protection to small  
11 businesses that may be experiencing harassment. The  
12 bills we're voting on today are strong starts to  
13 protecting our small businesses during this pandemic  
14 and as Chair of the Small Business Committee it is my  
15 priority to ensure that our small business sector  
16 will re-emerge strong after stay at home orders are  
17 lifted and the city begins to reopen. I'd like to  
18 thank my Chief of Staff, Chief of Staff Reggie  
19 Johnson; Committee Counsel Stephanie Jones; Policy  
20 Analyst Noah Mexler and Financial Analyst Alia Alli  
21 for all their hard work. I call on the Legislative  
22 Clerk to do a roll call on today's vote, but before  
23 we do that, I'd like to acknowledge my colleagues who  
24 have joined me today. With us we have Council  
25 Members Adams, Council Member Chin, Council Member

2 Perkins, Council Member Rodriguez, Council Member  
3 Rosenthal, Council Member Yeger, and Council Member  
4 Moya. I'd like to turn it over to Council Member  
5 Moya to deliver a statement about Intro 1908.

6 COUNCIL MEMBER MOYA: Thank you, Chair  
7 Gjonaj. I want to take this opportunity to say thank  
8 you to your (inaudible) I mean they have a fine  
9 impact on our small businesses here in the city of  
10 New York. I also want to thank Speaker Corey Johnson  
11 for his support and guidance throughout this period  
12 of time that we've been going through. We could take  
13 and I wanted to take the opportunity to thank, um,  
14 the staff especially Stephanie Jones for the great  
15 work that she's done working on this bill with me and  
16 also my Chief of Staff Megan Tatteo (sp?) for the  
17 great work that they've been doing. I want to thank  
18 all the members helping to protect New York's mom and  
19 pop restaurants from the exorbitant amount of fees of  
20 billion dollar tech companies. When I introduced 18-  
21 1908 in February, the city looked a lot different  
22 than it does today. One thing that remained constant,  
23 though was that restaurants were struggling to keep  
24 their doors open over the commission fees from apps  
25 like Grubhub. These (inaudible) or higher on every

2 online order exceeding the already raised profit  
3 margin that restaurants were operating under. If  
4 these tech companies were nibbling away at  
5 restaurants before COVID, they are now bleeding them  
6 dry. Like so many other longstanding inequities  
7 around the city and then constantly the pandemic  
8 deepened and expanded this imbalance between  
9 neighborhood restaurants and tech giants like robots.  
10 So as the city landscape changed in the wake of the  
11 COVID crisis, we also realized we had to change this  
12 bill to better meet that moment. Here is how we  
13 updated the bill to serve out local restaurants. We  
14 made this bill specifically to address COVID times  
15 and declare a state of emergencies so we could  
16 provide restaurants critical relief at the time it's  
17 most needed. The fee tax will automatically go into  
18 place at the time that a state of emergency...when a  
19 state of emergency is declared, and remain in place  
20 for 90 days after it's (inaudible). We also carved  
21 that to separate delivery services from other needs  
22 like marketing services there is a real fixed cost  
23 for delivery or actual workers not programs and lines  
24 of code who have to go out and make these deliveries.  
25 These are mostly people of color who we not count as

2 essential front line workers exposing themselves to  
3 the pandemic so that New Yorkers across the city to  
4 meet safely. These fess will be taxed at 15% of all  
5 deliveries, and 5% fees like marketing and other  
6 processing. We also fully intend to pursue the  
7 permitting tax because we know COVID didn't create  
8 this problem, it just exacerbated it. Too many  
9 restaurants across the city have already announced  
10 their doors are shut food good. If we do not have  
11 this bill now, there are going to be fewer and fewer  
12 restaurants to choose from whenever we finally have  
13 the option to do so again. Neighborhood restaurants  
14 are part of our community's character and culture  
15 especially when moved by time. Even if there is even  
16 one, who is going to replace another mom and pop  
17 shop? I doubt it. Before the pandemic, I have  
18 already see the nightmare driven of a visit on New  
19 York. It was nothing but chain restaurants on every  
20 side. there is not local places of private crossings  
21 here in the city. Without putting in place the  
22 protections these bills would create, that nightmare  
23 seems almost impossible to avoid. That's why we're  
24 going to ask 1908 and that there be greater urgency  
25 to get this done, and do I want to thank my

2 colleagues and the central staff again for their  
3 support on this issue. On behalf of myself and the  
4 locally owned restaurants in my community and across  
5 the city, I say thank you. Thank you, Chair.

6 CHAIRPERSON GJONAJ: Thank you Council  
7 Member Moya. It's a tremendous day for us all and  
8 that taking for our restaurants and small businesses.  
9 I call on Council Member Adams who would like to make  
10 any remarks on her Intro 1914. (pause) Council Member  
11 Adams it's on you today?

12 COUNCIL MEMBER ADAMS: So, this was...I'm  
13 mute. Sorry. Good morning Chair. Good morning to my  
14 colleagues. Thank you so much, Chair Gjonaj for  
15 having this important, important meeting today and  
16 for the vote, which Intro 1914, which would make  
17 threatening a commercial tenant based on their status  
18 as a COVID-19 impacted business or person a form of  
19 harassment punishable by a civil penalty of \$10,000  
20 to \$13,000. Our businesses especially small  
21 businesses are so important to our neighborhoods.  
22 These businesses are suffering right now as we all  
23 know. they're forced to adapt to a new model, and we  
24 need to act now to protect the businesses that make  
25 our neighborhood vibrant and build the character for

2 our communities. Unfortunately, thousands of  
3 businesses in our city are suffering and have been  
4 forced to close due to COVID-19. As the availability  
5 of federal loans is limited, many businesses are  
6 unable to pay their rents. This can make them  
7 vulnerable to harassment from landlords looking to  
8 find ways to collect or to get them to voluntarily  
9 abandon the property so they can find tenants willing  
10 and able to pay higher rents. The threat of  
11 harassment will particularly impact the city's small,  
12 independently owned and immigrant owned businesses,  
13 many of which were operating on very thin margins and  
14 struggling to pay rent even before this crisis. So, I  
15 thank the Speaker for his support on these efforts on  
16 this entire package of legislation, and I encourage  
17 my colleagues to support commercial tenant protection  
18 and vote in favor of Intro 1914. Thank you again,  
19 Mr. Chair.

20 CHAIRPERSON GJONAJ: Thank you Council  
21 Member. I'd like to turn it over to William Martin  
22 who hold the roll call on these bills.

23 CLERK: Good morning. William Martin,  
24 Committee Clerk, roll call vote Committee on Small  
25 Business. All items are coupled. Chair Gjonaj.

1 COMMITTEE ON SMALL BUSINESS

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2 CHAIRPERSON GJONAJ: Aye on all.

3 CLERK: Rodriguez.

4 COUNCIL MEMBER RODRIGUEZ: Aye on all.

5 CLERK: Rosenthal.

6 COUNCIL MEMBER ROSENTHAL: Aye on all.

7 CLERK: Perkins.

8 COUNCIL MEMBER PERKINS: Aye on all.

9 CLERK: By a vote of 4 in the  
10 affirmative, zero in the negative and no abstentions,  
11 all items have been adopted by the committee.

12 FEMALE SPEAKER: I think Council Member  
13 Levin may have just joined us a well. I don't know  
14 if he's able to vote now.

15 CLERK: Council Member Levin.

16 COUNCIL MEMBER LEVIN: I vote aye on all.

17 CLERK: Thank you. The final vote in the  
18 Committee on Small Business is now all items have  
19 been adopted by—in the affirmative, zero in the  
20 negative and no abstentions. thank you.

21 CHAIRPERSON GJONAJ: Thank you, Mr.  
22 Martin. This will conclude today's hearing and vote.  
23 (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 May 26, 2020