



## Legislation Text

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**File #:** Res 1260-2020, **Version:** \*

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### Res. No. 1260

Resolution calling on Congress to pass, and the President to sign, the Taxi Medallion Loan Forgiveness Debt Relief Act of 2020, H.R.5617, amending the Internal Revenue Code of 1986 to exclude discharges of indebtedness on taxi medallions from gross income.

By Council Members Rodriguez, Brannan and Menchaca

Whereas, New York City has been operating a taxi medallion licensing system to regulate the taxi industry for over eighty years; and

Whereas, The sale price of a taxi medallion reached over \$1 million dollars in March 2014 during the height of the industry, representing an unprecedented increase in value; and

Whereas, In 2014, taxi medallion values began to plummet as for-hire vehicle companies entered the market and introduced a large influx of new for-hire vehicles to the streets of New York City; and

Whereas, In November 2019, According to the Taxi and Limousine Commission, the average sale price of a taxi medallion dropped to \$164,518; and

Whereas, The National Credit Union Administration's Material Loss Review, published March 29, 2019, found that three federally insured credit unions had engaged in unsafe lending practices, predatory loan terms, and risky management policies in the taxi medallion industry; and

Whereas, According to the Taxi and Limousine Commission's 2019 taxi medallion owner debt survey and the New York Taxi Workers Alliance, taxi medallion owners now face an average of approximately \$500,000 - \$600,000 in loans for medallions currently valued at approximately \$160,000; and

Whereas, According to the New York Times, the onerous debt has caused extreme financial hardship for many drivers, prompting over 950 taxi medallion owners to file for bankruptcy and several taxi medallion

owners or drivers to take their own lives as a result of overwhelming financial troubles; and

Whereas, The Taxicab Medallion Sale Prices Task Force, created pursuant to Local Law 212 of 2018 to study the financial crisis in the taxi industry, recommended that a debt purchase and modification program for acquiring medallion loans and right-sizing them be used to assist overindebted medallion owners, potentially resulting in debt forgiveness for a portion of the outstanding debt; and

Whereas, According to a January 17<sup>th</sup>, 2020 press statement by New York Congressman Gregory Meeks, financial institutions have begun providing debt forgiveness to taxi medallion owners, yet borrowers are still faced with thousands of dollars in tax bills as debt relief can be considered taxable income pursuant to the Internal Revenue Code of 1986; and

Whereas, The Taxi Medallion Loan Forgiveness Debt Relief Act of 2020, H.R. 5617, which was introduced by Congressman Gregory Meeks with co-sponsorship from members of the New York City Congressional Delegation, would amend the Internal Revenue Code of 1986 to exclude discharges of indebtedness on taxi medallions from gross income; and

Whereas, Financial institutions such as Signature Bank, a New York-based full-service commercial bank, have publically announced their support for H.R. 5617 and committed to forgive over \$75 million of principal debt for over 250 medallion borrowers; and

Whereas, Federal legislation targeting income-based tax relief would provide financial assistance for thousands of embattled taxi medallion owners by allowing the retention of more earned income, alleviating indebted hardships, and improving the economic livelihoods of those struggling in this financial crisis; now, therefore, be it

Resolved, That the Council of the City of New York calls on Congress to pass, and the President to sign, the Taxi Medallion Loan Forgiveness Debt Relief Act of 2020, H.R.5617, amending the Internal Revenue Code of 1986 to exclude discharges of indebtedness on taxi medallions from gross income.

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