



Legislation Text

File #: Res 1407-2020, **Version:** *

Res. No. 1407

Resolution calling on the New York State Legislature to pass, and the Governor to sign, legislation granting the City of New York long-term borrowing authority for City expenditures arising from the COVID-19 pandemic and resulting fiscal crisis.

By Council Members Rosenthal, Treyger, Van Bramer, Koo, Chin, Maisel, Levin, Vallone, Salamanca, Dromm, Levine, Constantinides, Rose, Miller, Cumbo, Gibson and the Public Advocate (Mr. Williams)

Whereas, New York City has been the epicenter of the COVID-19 pandemic with over 237,000 cases and more than 23,000 deaths; and

Whereas, As a result of the pandemic, businesses and offices were required to shut down in order to stop the spread of the virus, leading to a quick and significant contraction of the City's economy; and

Whereas, The City is also facing skyrocketing unemployment with a June 2020 unemployment rate of 20.4 percent compared to only 3.9 percent just a year before, as reported by the New York State Department of Labor; and

Whereas, Because of the decreased business activity and the high unemployment rate, the City's forecasted tax revenues plummeted by \$7 billion between the Fiscal 2021 Preliminary and Adopted Budgets; and

Whereas, The combined impact of the COVID-19 pandemic itself and the resulting budget shortfall and economic downturn arguably makes this one of the most extraordinary crises in the City's history; and

Whereas, In the past, when the City has had to deal with a sudden hit to its budget and economy, the State Legislature and the Governor granted the City the authority to engage in long-term borrowing to cover operational expenses; and

Whereas, For example, after the September 11, 2001 terrorist attack, the State authorized the

Transitional Finance Authority to issue bonds to borrow billions of dollars for both operational and long-term spending related to the recovery efforts; and

Whereas, That borrowing allowed the City to pay for the expenses related to September 11 without having to sacrifice critical City services; and

Whereas, The City is currently facing a similar situation and would benefit from similar borrowing authority; and

Whereas, The additional influx of revenue could allow the City to avert the layoff of thousands of critical City workers and help maintain the City's social safety net services; and

Whereas, To date, the federal government has not stepped up to provide the City with the level of federal stimulus that is truly needed to help us deal with our current budget situation, hasten our economic recovery, and avoid the need for long-term borrowing; and

Whereas, The City cannot wait for the federal government to act and must instead look to the State for assistance; now, therefore, be it

Resolved, That the Council of the City of New York calls on the New York State Legislature to pass, and the Governor to sign, legislation granting the City of New York long-term borrowing authority for City expenditures arising from the COVID-19 pandemic and resulting fiscal crisis.

RKC
LS#15953