



## Legislation Text

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**File #:** Res 1539-2021, **Version:** \*

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Res. No. 1539

Resolution calling upon the New York State Legislature to adopt and the Governor to sign legislation to exempt small businesses in New York City from the local sales tax.

By Council Members Gjonaj, Rodriguez, Perkins and Yeger

Whereas, The New York State sales and compensating use taxes lay out a broad-based state sales tax, including on charges and sales of services, and provide cities, counties, and school districts of the State the authority to impose taxes of a similar nature, as well as other types of taxes, on a local basis; and

Whereas, Unless specifically exempted, the State and local sales tax applies to retail sales of tangible personal property and to certain services, and a compensating use tax applies to the use within the State of tangible personal property and services purchased outside the State; and

Whereas, In New York City, a local sales tax has been imposed with a total sales tax rate of 8.875 percent, which includes the City local sales tax rate of 4.5 percent, the State sales tax rate of four percent and the Metropolitan Commuter Transportation District surcharge of 0.375 percent; and

Whereas, According to a publication issued by the Office of the New York State Comptroller, *Local Sales Taxes in New York Allocations, Collections and Withholdings*, New York City ranks among the top localities in the State with the highest city portion of the local sales tax rate as of January 1, 2020; and

Whereas, Furthermore, according to an article in the Tax Foundation dated January 6, 2021, *State and Local Sales Tax Rates, 2021*, New York ranks among the top five states with the highest average local sales tax rate nationwide; and

Whereas, New York City was among the first cities in the nation impacted by COVID-19, and as a consequence, the local economy has suffered, affecting various City's industries and small businesses; and

Whereas, According to a report issued by the New York City Comptroller, *Save Main Street: A Crash Program to Help Save NYC Small Businesses*, of the 758,000 private sector jobs that have been lost in New York City through June, 187,000 were in food services, 71,000 in retail, and 36,000 in personal services; and

Whereas, Furthermore, according to the Comptroller's report, at least 2,800 small businesses closed permanently between March 1st and July 10th, including 1,289 restaurants and 844 retail establishments, marking a permanent loss of jobs, wages, and wealth; and

Whereas, Consumer spending has also declined in the City, dropping as low as 53 percent in March 2020, according to an article written by the Partnership for New York City, *Consumer Spending during COVID-19*; and

Whereas, Between the loss of jobs and wages, the sharp decline in consumer spending and the operational restrictions imposed on businesses in the City, small business revenues have dropped 50.1 percent as of December 2020, in comparison to January 2020, according to data compiled by Opportunity Insights, *Economic Tracker*; and

Whereas, In an effort rebuild the local economy and to encourage local buying, goods and services sold by small businesses in New York City should be exempted from the local sales tax; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to adopt and the Governor to sign legislation to exempt small businesses in New York City from the local sales tax.

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