



## Legislation Text

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**File #:** Res 1540-2021, **Version:** \*

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### Res. No. 1540

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, a bill which would amend the General Municipal Law to afford municipalities the ability to prioritize locally owned and operated businesses to contract with.

By Council Members Gjonaj, Rodriguez and Yeger

Whereas, The COVID-19 pandemic has wreaked havoc across New York City; and

Whereas, As of early February 2021, there have been more than 630,000 COVID-19 cases, and 27,600 deaths; and

Whereas, In Addition to the death and disease caused by the virus, the various steps taken to mitigate the spread have had severe financial effects; and

Whereas, A Comcast survey of around 600 small businesses, for example, showed that 86 percent of respondents faced a decline in business revenue in 2020; and

Whereas, More than half of the respondents had a grim outlook for their 2021 prospects too, predicting that it would take up to a year to return to previous notions of ‘normal’; and

Whereas, In New York City, between March 2020 and July 2020, close to 3000 small businesses were closed permanently because of the pandemic; and

Whereas, Business advocacy group The Partnership predicts that a third of the City’s small businesses will never reopen; and

Whereas, There have been various attempts by all levels of government to assist businesses during this time; and

Whereas, However, there have been many flaws and problems with many of the programs; and

Whereas, For example, only 12 percent of eligible businesses in New York City received assistance through the federal Paycheck Protection Program; and

Whereas, There were also inequities with the roll-out of two of the City-initiated support programs; and

Whereas, More than half (66 percent) of the money from the Small Business Continuity Loan Fund went to businesses in Manhattan; and

Whereas, The remainder was distributed between the four other boroughs with 18 percent going to businesses in Brooklyn, nine percent going to those in Queens; five percent going to businesses in Staten Island, with businesses in the Bronx receiving less than one percent; and

Whereas, A similar pattern was seen with the distribution of funds from the Employee Retention Grant Program; and

Whereas, Again, Manhattan businesses received a majority (53 percent) of the funds, while only 25 percent of businesses in Brooklyn, 16 percent of businesses in Queens and three percent of businesses in the Bronx and Staten Island received assistance through this program; and

Whereas, With one of the largest contracting budgets in the Country though, New York City could do more to support local struggling businesses; and

Whereas, For example, by prioritizing local businesses for contracts, the City could harness its purchasing power has a way to bolster the City's businesses; and

Whereas, In the spring of 2020, at the height of the pandemic, the NYC Economic Development Corporation (NYCEDC), a nonprofit funded through both private and public money, partnered with local businesses and manufactures to help supply much needed personal protective equipment (PPE); and

Whereas, Through this partnership, NYCEDC contracted with nine local manufacturers to produce over four million face shields, which supported more than 505 local jobs; and

Whereas, NYCEDC also worked with local manufactures, including a coalition of Broadway costume designers who were out of work due to the pandemic, to produce more than three million protective gowns; and

Whereas, Understanding that the pandemic was not going to end quickly, NYCEDC quickly pivoted to developing COVID-19 testing kits again by utilizing local expertise; and

Whereas, By developing a local supply chain, NYCEDC reported that, by the early summer of 2020, local manufacturers were producing 50,000 testing kits per week; and

Whereas, In fiscal year 2020, the City procured \$22.5 billion worth of goods and services through almost 114,500 transactions; and

Whereas, If city agencies were able to prioritize local procurement of these goods and services, as NYCEDC did during the pandemic, it would support New York City's struggling businesses and grow others, while keeping the money within the local economy; and

Whereas, State law, however, prevents the City from making this policy decision; and

Whereas, In most cases, the State's General Municipal Law § 103 requires contracting agencies to strictly award contracts to the lowest responsible bidder; and

Whereas, This means that the City is unable to give preference to a vendor simply because they are local; and

Whereas, Although this process helps to mitigate cases of nepotism, bribery, fraud or corruption, it also greatly limits the City's procurement policies, preventing the City from considering both social justice issues and our local economy; now, therefore, be it

Resolved, That the New York State Legislature pass, and the Governor sign, a bill which would amend the General Municipal Law to afford municipalities the ability to prioritize locally owned and operated businesses to contract with.

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