



Legislation Text

File #: Res 0166-2022, Version: *

Res. No. 166

Resolution calling upon the New York State Legislature to pass, and the Governor to sign, a temporary tax holiday suspending sales tax to boost sales for small businesses across New York City.

By Council Members Menin, Brannan, Abreu, Yeger, Brewer and Louis

Whereas, The outbreak and spread of COVID-19 has devastated the small business economy; and

Whereas, As New Yorkers sheltered in place to stop the spread of the virus, businesses in New York City (NYC) experienced massive declines in revenue; and

Whereas, According to State Comptroller DiNapoli, the restaurant industry in NYC still employs around 54,000 fewer workers than it did in February 2020; and

Whereas, The retail industry in NYC still employs around 39,000 fewer workers than it did in February 2020; and

Whereas, As small businesses across the City have experienced decreases in revenue, thousands of businesses have been forced to close; and

Whereas, Since the start of the pandemic over 26,300 businesses have closed permanently; and

Whereas, Nearly 90 percent of those closures were businesses with fewer than ten employees; and

Whereas, The closure of small businesses has hampered the City's recovery from the pandemic; and

Whereas, While small businesses in NYC have completely reopened since their closure, many business owners are still dealing with the economic impact of the pandemic; and

Whereas, Unless specifically exempted, the state and local sales tax applies to retail sales of tangible personal property and to certain services; 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 4 percent and the Metropolitan Commuter Transportation District surcharge of 0.375 percent; and

Whereas, The Urban-Brookings Tax Policy Center has recognized tax holidays as an effective tool in stimulating short-term sales by providing relief to taxpayers; and

Whereas, The New York State (NYS) Legislature has previously recognized the usefulness of suspending certain taxes to provide relief to NYS residents; and

Whereas, As part of the passage of the NYS budget, a gas break from June 1 through December 31 was implemented to temporarily remove 16 cents per gallon in state taxes; and

Whereas, Small businesses in NYC are the cornerstone of neighborhoods across the five boroughs, employing over half of NYC's private sector workforce and beautifying commercial corridors; and

Whereas, Given small businesses continue to face a difficult financial environment, NYS must take action to support the welfare of small businesses; and

Whereas, The suspension of sales tax for a period of time would increase small business revenues by decreasing the price consumers pay for certain products; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass, and the Governor to sign, a temporary tax holiday suspending sales tax to boost sales for small businesses across New York City.

NM
LS #7257
5/5/2022