



Community Board 12 - Manhattan Washington Heights & Inwood

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Shahabuddeen A. Ally, Esq., Chairperson
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October 26, 2017

Hon. Gale Brewer
Manhattan Borough President
1 Centre Street
19th Floor
New York, NY 10007

RESOLUTION RECOMMENDING NEW YORK CITY COUNCIL PASSAGE AND MAYOR SIGNING INTO LAW OF INT. 799A: A LOCAL LAW IN RELATION TO THE COMMERCIAL RENT TAX AND INT. 1472: A LOCAL LAW IN RELATION TO EXEMPTING CERTAIN GROCERY STORES FROM THE COMMERCIAL RENT TAX.

Dear Borough President Brewer:

At the General Meeting, Tuesday, October 24, 2017 Community Board 12 Manhattan, passed the following resolution with a vote of 35 in favor, 0 opposed, 0 abstention urging the New York City Council to pass Int. 799A and Int. 1472 and the Mayor sign them into law before the close of the current City Council legislative session in December 2017 and; urging the Manhattan Borough President and the Manhattan Borough Board to pass a resolution at its October meeting calling on the New York City Council to so act.

WHEREAS: the City of New York imposes a tax on the rent paid by a tenant in commercial space south of 96th Street in Manhattan and north of Murray Street where the annual rent exceeds \$250,000. After allowing for certain statutory adjustments, and subject to certain exemptions and partial credits, the commercial tax rate is 3.9% of the base rent. The threshold for the imposition of the commercial rent tax ("the Tax") has not been adjusted since 2001; and

WHEREAS: the City of New York and the State of Florida are the only jurisdictions in the United States still employing a version of a commercial rent tax; and

WHEREAS: the Tax only applies in Manhattan between 96th Street and the Financial District, it puts an unfair, regressive burden on businesses in some of the city's most expensive neighborhoods, where there is immense upward pressure on commercial storefront rents; and

WHEREAS: our small businesses operate in one of the most competitive and challenging markets anywhere in the nation. In addition, in a typical commercial lease in Manhattan, the landlord passes along to its commercial tenants some or all of the real property taxes on the premises, or at a minimum some or all of increases to the real property taxes during the lease term; and

WHEREAS: full service grocery stores – also known as supermarkets – are low profit margin neighborhood businesses that are essential to providing local access to a range of affordable fresh foods and staples for home preparation and consumption, especially for families and older adults; and

WHEREAS: Commercial Rent Tax reform is a borough wide and citywide issue of concern as many who live above or below the CRT zone may still work or study in the CRT zone and shop in the CRT zone, or work for employers within the CRT zone; and

WHEREAS: Int. 799A, sponsored by City Council Member Daniel Garodnick, proposes to raise the threshold for the imposition of the Tax from \$250,000 to \$500,000, and to make certain other amendments to increase certain partial credits and adjustments to the Tax. As of tax year 2016, the increase in the threshold would have made about 3,400 fewer businesses subject to the Tax, with a savings of \$45.9 million.

WHEREAS: Int. 1472, sponsored by Manhattan Borough President Gale A. Brewer and City Council Member Corey Johnson, was crafted this to resemble the FRESH program's insistence on produce, fresh meats and dairy. Stores seeking the CRT exemption must accept SNAP and WIC, while earning the majority of their revenue from the sale of grocery items; and

WHEREAS: the New York City Council Committee on Finance held a February 13, 2017 public hearing on Int. 799 and Int. 1472 at which the Manhattan Chambers of Commerce, Partnership for NYC, New York City Hospitality Alliance, Times Square Alliance, REBNY, testified in support of Int. 799A, building on the wide range of citywide support the proposal has received from a broad-based coalition of electeds, businesses organizations and owners; and


WHEREAS: Hunter College Food Policy Center, CUNY Urban Food Policy Institute, American Heart Association, Locals 338 and 1500, the National Supermarket Association, Food Industry Alliance, Red Apple Group and Morton Williams testified in support of Int. 1472 at that same Finance Committee hearing; and

WHEREAS: small businesses in our District and Borough face many more challenges to their survival, and are in need of a far more comprehensive approach to supporting and sustaining these vital elements of our local economy and sources of employment, the measures cited above are an important first step in leveling the playing field for these small and low profit margin businesses which could be otherwise be hiring additional employees or investing in their businesses; now therefor be it

RESOLVED: that Community Board 12, Manhattan urges the New York City Council to pass Int. 799A and Int. 1472 and the Mayor sign them into law before the close of the current City Council legislative session in December 2017, and be it further

RESOLVED: that Community Board 12, Manhattan urges the Manhattan Borough President and the Manhattan Borough Board to pass a resolution at its October meeting calling on the New York City Council to so act.

Sincerely,



Shahabuddeen A. Ally, Esq.
Chairperson

cc: Hon. Bill de Blasio, Mayor
Hon. Letitia James, Public Advocate
Hon. Daniel Garodnick

Hon. Scott M. Stringer, Comptroller
Hon. Ydanis Rodriguez, Council Member
Hon. Mark Levine, Council Member