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BIC ANNOUNCES PROPOSAL TO RAISE MAXIMUM WASTE HAULING RATE FOR FIRST TIME IN MORE THAN A DECADE

Proposal Would Maintain Key Element of Anti-Organized Crime Regulation

Sept. 22 (NEW YORK) Michael J. Mansfield, Commissioner and Chair of the New York City Business Integrity Commission, announced a proposal today to increase the maximum rate that waste haulers may charge New York City commercial establishments for garbage removal. These new regulations, an effort to make sure the private waste hauling industry remains competitive and economically viable, represent the first increase since 1997 in the maximum allowable rate charged by waste haulers. The Commission remains committed to maintaining a free, open and competitive market for waste removal services in New York City. In conjunction with the rate cap increase, the Commission is also increasing its regulatory enforcement efforts and the haulers' reporting and disclosure requirements.

Commissioner Mansfield said, "Increasing the rate cap, but not removing it entirely, is the best solution for ensuring that private carters can make a reasonable rate of return and that the organized crime cartel doesn't reemerge in the waste industry. The rate cap hasn't changed since 1997, and the available data shows that the rate cap needs to be adapted to the current economic conditions."

According to the proposed regulations, the Commission would increase the maximum rate (rate cap) to $15.89 per cubic yard or $10.42 per 100 pounds from $12.20 per cubic yard or $8.00 per 100 pounds.

The Business Integrity Commission, originally known as the Trade Waste Commission, was created in 1997 in response to the indictment of key players in an organized crime cartel that controlled the private waste hauling industry. In 1997, the Commission reduced the existing rate cap to $12.20 per cubic yard to prevent the reemergence of the cartel and to refund the "mob tax" imposed by organized crime on New York City businesses. In 2003, the Commission added an alternative weight-based

maximum rate of $8.00 per 100 pounds. These rate caps have remained the same since 1997 and 2003, respectively.

The Commission's proposed rate cap increase is meant to comply with its statutory obligation to ensure that waste haulers in New York City can earn a reasonable rate of return and that all commercial establishments continue to receive high-quality, reasonably-priced, full-service waste removal. In June 2007, the Business Integrity Commission, working in conjunction with the New York City Economic Development Corporation, commissioned PriceWaterhouseCoopers to study the functioning of the existing rate cap structure. According to the PriceWaterhouseCoopers study, due to the increasing costs of fuel, waste disposal and labor, it has become economically unfeasible for waste-carting companies to collect certain types of waste in New York City within the current rate cap -- principally heavy food waste. Due to the nature of their business, some commercial establishments require special pick ups (seven-day a week pick-up and time-specific pick-ups) that carting companies may be unable to provide within the current rate cap. More broadly, the study found that the carting industry in New York is functioning well and is, on the whole, competitive. The majority of businesses in New York City pay below the rate cap: in particular, those businesses that dispose of recyclables and lighter waste generally pay significantly less than the rate cap.

The Commission is both a regulatory and law enforcement agency. It consists of the Chair and the Commissioners of the New York City Police Department, the New York City Department of Investigation, the New York City Department of Sanitation, the New York City Department of Consumer Affairs, and the New York City Department of Small Business Services, with the Chair having administrative management over the agency. In November 2001, a charter revision measure created the Organized Crime Control Commission, which was later renamed the Business Integrity Commission, to consolidate under one agency the regulatory jurisdiction over the private carting industry, businesses operating in the City's public wholesale markets, and the shipboard gambling industry. The mission of the Commission is to eliminate organized crime and other forms of corruption and criminality from the industries it regulates. The Commission's goals are numerous: to ensure that the regulated businesses are able to compete fairly; that the marketplaces remain free from violence, fraud, rackets, and threats; that customers receive fair treatment; and that the businesses which are allowed to operate in these industries always conduct their affairs with honesty and integrity.

The proposed rules changes will be published today in the City Record and are available on the Commission's website. The Commission will be holding public hearings on October 28, 2008.