



CITY OF NEW YORK
MANHATTAN COMMUNITY BOARD 10
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Resolution Recommending New York City Council Passage and Mayor Signing into Law 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

WHEREAS, the City of New York imposes a commercial rent tax (“CRT”) on the rent paid by tenants in commercial space south of 96th Street and north of Murray Street in Manhattan (the “CRT Zone) 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 base rent. The threshold for the imposition of the CRT 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 employing a version of a commercial rent tax; and

WHEREAS, NYC businesses operate in one of the most competitive and challenging markets 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 older adults and families; and

WHEREAS, CRT reform is a borough-wide and citywide issue of concern as many who live above or below the CRT Zone also work, study or shop in the CRT Zone, or work for employers within the CRT Zone; and

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

WHEREAS, Int 1472 was crafted this to resemble the FRESH program’s insistence on produce, fresh meats and dairy. Stores that seek the CRT exemption would have to 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 also testified in support of Int 1472; and

WHEREAS, while 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; and

THEREFORE BE IT RESOLVED, that on November 1,2017, Manhattan Community Board 10 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 with a vote of 30 in favor, 0 opposed and 3 abstention.