



New York City Council  
Committee on Finance Hearing

New York City Department of Finance

**Testimony of**

**Zal Kumar, Director of Business Tax Services**

August 8, 2017

Good morning, Chair Ferreras-Copeland and members of the Committee on Finance. I am Zal Kumar, Director of Business Tax Services at the New York City Department of Finance. With me today is Samara Karasyk, Assistant Commissioner of External Affairs.

The Department of Finance supports Pre-Considered Intro 6461, legislation that will allow the City to impose a surcharge on the retail sale of prepaid wireless communications services and continue the surcharge on wireless communications services.

The City of New York imposes surcharges on landline, Voice-over-Internet Protocol, and wireless communications services to support the enhanced 911 emergency telephone or “E-911” system. The existing wireless communications surcharge, which appears as a 30-cent fee on New Yorkers’ monthly cell phone bills, generates approximately \$20 million for New York City’s E-911 system each year.

The New York State Fiscal Year 2018 enacted budget, adopted in April 2017, stipulates that prepaid wireless communications services can now be subject to a 30-cent-per-sale surcharge as well. We support this change and expect that it will generate \$2 million annually for the City’s E-911 system.

The FY 2018 enacted budget also shifts administration of the wireless communications surcharge from the City to the State. As a result, we will receive the proceeds via wire transfers into the City’s central treasury. The change was adopted as an efficiency measure, as the State collects the surcharge for all counties throughout New York State that are outside the City.

As part of the change, the existing authorization for the wireless communications surcharge was given a repeal date of December 1. The City must now adopt a local law to authorize the surcharges, and thereby maintain the existing wireless communications surcharge and ensure a seamless transition for wireless customers.

The City of New York supports this bill to treat prepaid and other wireless communications services consistently, ensure continuity with the existing surcharge, and continue to raise much-needed revenue for the City’s E-911 system. I am happy to take any questions the Committee may have.