

OPTION:

Increase Parks Marina Dockage Rates to Mirror Market Rates

Revenue: \$1 million annually

The Department of Parks and Recreation owns and operates three marinas in the city—the West 79th Street Boat Basin in Manhattan, the World’s Fair Marina in Queens, and the Sheepshead Bay Piers in Brooklyn—where boat owners can rent docking slips to park their boats. There are waitlists to obtain docking permits—notably there are over 700 boats on the waitlist for the 79th Street Boat Basin. Six-month “summer” (May-October) docking permits from the parks department currently range from \$75 to \$120 per linear foot, rates that have not been changed since 2012. There are numerous privately owned marinas, as well as boat basins affiliated with park trusts, such as Brooklyn Bridge Park and the Hudson River Park, within the city or on the New Jersey side of the Hudson River that offer similar services, but charge rates that vary from \$180 to \$295 per linear foot for the same six-month period.

Under this option, the dockage rates at the municipally operated marinas would be raised to mirror the rates charged by the privately owned marinas, which could be done through a parks department rule change. IBO estimates that this could generate an additional \$1 million annually. There is the potential for additional revenue if rates for services such as cleaning, winter dry storage, and towing at city marinas were also increased to mirror market rates.

PROPOSERS MIGHT ARGUE that the parks department is providing the same service as other marinas and should charge comparable rates. Charging below-market rates hurts the competitiveness of private businesses. Current revenue does not cover the capital investment required to maintain the marinas, so the city is subsidizing those who use them, including permit holders who are not city residents.

OPPOSERS MIGHT ARGUE that holding dockage fees low allows for more New York residents and visitors to participate in boating by making it more affordable to dock a boat. If prices were to rise, some current permit-holders might become priced out due to the increase.

OPTION:

Charge a Fee for the Cost of Collecting Business Improvement District Assessments

Revenue: \$1 million annually

New York City has 72 Business Improvement Districts (BIDs)—organizations of property and business owners that provide services (primarily sanitation, security, and marketing) in defined commercial districts. These organizations receive a combination of public and private financing, with the majority of their revenue (75 percent in 2015) coming from additional assessments levied on property owners in the districts and typically passed on to tenants.

This assessment is billed and collected by the Department of Finance, which disburses funds to the District Management Associations, which in turn deliver the services. (The city also provides some additional services such as assistance forming BIDs and liaison and reporting services from the Department of Small Business Services.) The city does not currently charge or collect any fee for providing this administrative service. In fiscal year 2015, the city billed \$101.7 million on behalf of BIDs. Under this option, the city would levy a 1 percent fee for the collection and distribution of BID charges by the Department of Finance, resulting in about \$1 million in revenue. BID assessments vary greatly, so that the fee would range from about \$500 for a small BID in Queens to more than \$160,000 for the largest BIDs in Manhattan.

About one-third of BIDs reporting to the city had revenues of less than \$300,000 and were especially dependent on assessments for their revenue. The effect of an administrative fee would be relatively greater for these BIDs, where assessments constitute an average of 95 percent of revenue, as compared with 75 percent of revenue for all BIDs. BIDs also differ in the share of administrative costs in their budgets, accounting for 45 percent at smaller BIDs and only 15 percent at larger ones, on average. One option to address this problem would be to exempt some BIDs based on criteria such as low annual revenue or eligibility for the new BID Express program, which targets smaller neighborhoods in the city. Such a change would lower the potential revenue to the city.

PROPOSERS MIGHT ARGUE that the city is providing a free service to private organizations that provide services in limited geographic areas, rather than benefiting the city as a whole. As a general rule the city does not collect revenue on behalf of private organizations. Additionally, the fee would be easy to collect either as an additional charge on the property owners as part of the BID assessment billing, or a reduction in the distributions to the BIDs themselves.

OPPONENTS MIGHT ARGUE that that BIDs are important contributors to the economic health of the city and deserving of this small, but important support that the city provides. Furthermore, having the city administer the BID charges is efficient because the BID assessments are easily added to the existing property tax bills that the city prepares each year. Opponents could also argue that while a handful of BIDs—mostly in Manhattan—are well funded, the majority of BIDs are fairly small with limited budgets that have little room to incur additional fees.

OPTION:

Convert Multiple Dwelling Registration Flat Fee to Per Unit Fee

Revenue: \$2 million annually

Owners of residential buildings with three or more apartments are required to register their building annually with the Department of Housing Preservation and Development (HPD). The fee for registration is \$13 per building. In 2015, the city collected about \$2 million in multiple dwelling registration fees. Converting the flat fee to a \$2 per unit fee would increase the revenue collected by the city by \$2.3 million annually (assuming around a 90 percent collection rate). This would require City Council approval.

PROPOSERS MIGHT ARGUE that much of HPD's regulatory and enforcement activities take place at the unit rather than the building level. Tenants report maintenance deficiencies in their own units, for example, and HPD is responsible for inspecting and potentially correcting these deficiencies. Therefore, a building with 100 units represents a much larger universe of possible activity for HPD than a building with 10 units. Converting the registration from a flat fee to a per unit basis more equitably distributes the cost of monitoring the housing stock in New York City. They also would argue that a \$2 per unit fee is a negligible fraction of the unit's value, so it should have little or no effect on landlords' costs and rents.

OPPOSERS MIGHT ARGUE that, by law, fees and charges must be reasonably related to the services provided, and not simply a revenue generating tool. The cost of registering a building should not vary with the number of units in the building. They also might express concern about adding further financial burdens on building owners, particularly in light of the rising property tax liabilities faced by many of the properties subject to the fee.

OPTION:

Expand the Department of Transportation's PARK Smart Program

Revenue: \$33 million annually

This option would expand a program that prices certain New York City parking spaces at variable rates depending on the time of day. After successful pilots, the city permanently implemented variable parking rates in Greenwich Village, Park Slope, Cobble Hill, and Jackson Heights.

Under this option, the program would be expanded to 24,900 additional spaces in Manhattan below 96th Street, including new spaces created in lower Manhattan following the conversion of loading zones into parking spots. Based on the recent increase in parking fees, the implementation of variable-rate pricing would raise an additional \$33 million annually.

Hourly rates for these spaces would be set at \$5 between noon and 4 p.m., Monday through Saturday—the period identified as the peak usage period in each of the pilot programs. At other times of day the current base rate of \$3.50 an hour would be charged. In 2010, after consultation with the community, the Greenwich Village program was adjusted, with 6 p.m. to 10 p.m. now being the higher-rate period. Similar adjustments may be made in other neighborhoods, but for now we assume a uniform initial time period. The occupancy rate for the spaces is assumed to be 70 percent, roughly the peak period occupancy in the Greenwich Village study area following program implementation.

In the past, Department of Transportation officials have proposed introducing a sensor-based variable-rate parking system, akin to San Francisco's SFPark system. This more sophisticated program could replace the PARK Smart program as currently implemented, and potentially preclude expansion of the program proposed in this option.

PROPOSERS MIGHT ARGUE that inexpensive on-street parking encourages additional driving, with the related environmental costs and economic costs of lost productivity caused by congestion. They may also argue that efficiencies can be gained by promoting greater parking turnover, affording more motorists throughout the day the chance to park at high-demand destinations (albeit for shorter periods), as seen in evaluations of the Park Slope and Greenwich Village pilots. They could also argue that there are safety benefits from reducing the number of drivers circling for parking. Finally, proponents may argue that raising the cost of on-street parking would mean that drivers pay a higher share of the social costs of their choice to drive.

OPPONENTS MIGHT ARGUE that drivers will change their shopping habits, preferring shopping venues that provide free or less expensive parking, such as large supermarkets, big box retailers, and department stores. Although some of the venues are in the city, others are in suburban shopping malls, decreasing sales (and sales tax revenue) at small neighborhood retailers and promoting even more driving. Finally, opponents may argue that drivers are already paying their share of the cost of the choice to drive through tolls, car registration fees, and fuel taxes.

OPTION:

Impose Development Impact Fees On Construction Projects

Revenue: \$24 million to \$59 million annually

In recent years, the city has increasingly looked to extract benefits from real estate developers for a variety of public purposes, ranging from transportation improvements, to local hiring and living wage pledges, to affordable housing and open space. Currently, the city negotiates with each developer on a case by case basis, resulting in a variety of approaches, including a district improvement fund as part of the Hudson Yards rezoning, community benefit agreements as part of the Atlantic Yards redevelopment and Columbia University's expansion in Upper Manhattan, and a \$210 million commitment for transportation improvements from the developer of One Vanderbilt in exchange for rezoning the site for additional density.

Under this option, the city would introduce development fees that would impose a standard fee schedule on all projects to mitigate their impacts on city services and infrastructure.

Development fees in other cities are usually limited to specific types of development or to specific geographic areas. Based on the Department of City Planning's PLUTO database, from 2000 through 2013, developers constructed an average of 8.2 million square feet a year of new buildings in Manhattan south of 96th Street, of which about 59 percent was residential and the remainder commercial. Some of those buildings include affordable housing, community facilities, and other uses that would presumably be exempt from the fee. Imposing additional costs might also prevent some marginally feasible projects from going forward. Recognizing these issues, IBO has assumed that 80 percent of the projects would have been required to pay a development fee and that 90 percent of those projects would have gone forward despite the imposition of the fee. If the city imposed a fee of \$10 per square foot, it would have raised an average of about \$59 million a year. If it imposed the same fee only on commercial developments, revenue would have averaged \$24 million a year. This revenue would be offset in part by the cost to administer the fee and to track its use. Depending upon how the impact fees are structured, state approval may be needed.

There would likely be legal restrictions on how and where the city can spend the proceeds, but in general, the revenue could be spent on anything that is reasonably connected to the impacts of the project in question.

PROponents MIGHT ARGUE that development impact fees force new development projects to pay for their marginal impacts on the public realm and public services. Impact fees would also formalize and standardize exactions that are already occurring on an ad-hoc basis. Adding impact fees to projects going through the Uniform Land Use Review Procedure, for example, would increase transparency for community members and increase certainty for developers and lenders. It would also raise substantial amounts of money for public improvements in neighborhoods directly affected by development projects.

OPponents MIGHT ARGUE that construction costs in New York City are already among the highest in the world, and that new fees will either be passed through to end users or will discourage development. They would also argue that the use of impact fees could make the city overly reliant on real estate development to pay for city services and capital projects. They would argue that on-going city services and bond-financed capital projects should be funded by stable revenue sources like property taxes, not by volatile, nonrecurring sources of revenue like development fees. The use of impact fees also unfairly forces new developments to bear the cost of projects and services that benefit nearby property owners and future generations.

OPTION:

Increase Fees for Birth and Death Certificates to \$45

Revenue: \$17 million annually

Residents of New York State are entitled to original birth certificates at no cost, but both the state and the city charge a fee for duplicate copies of birth certificates and for all death certificates. The city's Department of Health and Mental Hygiene issued over 610,000 paid birth and death certificates in 2015.

A provision of the state public health law sets the fee New York City charges for birth and death certificates at \$15. Municipalities elsewhere in the state are subject to different limits; some are required to charge \$10, while in others the local health department is free to set any fee equal to or less than the \$45 fee charged by the New York State Department of Health.

Raising the city fee to the state level would presumably have little effect on the number of certificates purchased, since people require them for legal or employment reasons. IBO assumes that increasing the charge to \$45 would reduce the number of certificates requested by 5 percent, yielding a net revenue increase of \$16.9 million.

State legislation would be required for this proposal, either to raise the fee directly or to grant the authority to raise it to the City Council or health department.

PROponents MIGHT ARGUE that there is no reason the city should charge less than the state for the identical service. They might further argue that a state law specifically limiting fees in New York City is arbitrary and does not serve any legitimate policy goal; such fees should either be consistent statewide or set by local elected officials. Proponents might also argue that given the highly inelastic demand for birth and death certificates, even doubling the price will have little impact on the number of certificates purchased.

OPponents MIGHT ARGUE that the purpose of this fee is not to raise revenue but to cover the cost of producing the records, which has certainly not tripled. They might further argue that provision of vital records is a basic public service, access to which should not be restricted by fees. Finally, they might argue that it is appropriate for fees to be lower in New York City than elsewhere because of the greater proportion of low-income residents here.

OPTION:

Increase Food Service Permit Fee to \$700

Revenue: \$10 million annually

Restaurants and other food service establishments in New York require a license from the Department of Health and Mental Hygiene to operate, which must be renewed annually. Fees for these licenses are currently set at \$280, plus \$25 if the establishment serves frozen desserts. In 2012, the department processed 4,699 new food service establishment applications and 21,758 renewals, for a total of 26,457 permits. About 9 percent of these permits were for school cafeterias and other noncommercial establishments, which are exempt from fees.

In fiscal year 2013, the cost for processing these permits including the cost of inspections was budgeted at approximately \$14.5 million for commercial establishments. When enforcement costs from the Office of Administrative Trials and Hearings' budget are added in, the total cost is \$18.5 million. But the department collected only between \$6.8 million and \$7.4 million from restaurant permits during 2012. Thus, fees cover less than half of the full costs associated with restaurant permits. Increasing the application fee from \$280 to \$700 (leaving the frozen dessert charge unchanged) would bring permit fees closer in line with permit costs and raise \$10.2 million in revenue.

However, New York City is unable to raise permit fees under current New York State law, which holds that only the costs incurred in issuing the permit and the cost of an initial inspection can be included in the fee. Increasing the fee to cover the cost of subsequent inspections and enforcement would therefore require action by the state Legislature.

PROPOSERS MIGHT ARGUE that it is established city policy that the fees charged for services like restaurant permits should cover the full associated costs. They might further note that permits are a very small portion of restaurant costs so that this increase is unlikely to have a noticeable effect on restaurants' ability to operate in the city. In fact, if undercharging for permits leads to inadequate resources for processing permits, delay or uncertainty in that process could be much more costly to restaurants.

OPPONENTS MIGHT ARGUE that while while paying an additional \$420 would be trivial for a large restaurant, many restaurants are very small and operate on thin profit margins. In addition, they might argue that if the real goal of the option is simply to raise revenue, economists generally agree that broad-based taxes are preferable to charges focused on particular industries.

OPTION:**Increase Fines for Drivers Who Receive Repeated Speed and Red-Light Camera Violations****Revenue: \$5 million annually**

New York City gave out just over 1.7 million tickets for speed and red-light camera violations to around 1.2 million drivers (as measured by unique license plates) in fiscal year 2016. That same year the city received \$85 million in speed and red-light camera ticket revenue. While the majority of penalized drivers received only one ticket during the year, a small group of drivers received multiple tickets for the same offense. For example, of the nearly 800,000 drivers who received speed camera tickets—issued for speeding within a quarter mile of a school zone—nearly a third received more than one. A smaller share (13 percent) of the roughly 400,000 drivers who were photographed failing to stop at a red light received more than one ticket for doing so.

Tickets for speed and red-light camera violations carry \$50 fines. Unlike many other fines given out by the city—especially those meant to discourage behavior that impacts New Yorkers’ health and safety—these fines do not increase after multiple offenses. For example, repeat violations of the same building code within three years trigger “aggravated penalties” that are most often more than twice the initial penalty. Similarly, the state increases fines for drivers who repeatedly text while driving; the maximum fine is \$200 for the first offense, \$250 for the second offense, and then \$450 for the third and any subsequent offenses within 18 months.

If the city were to increase the fines for multiple speed and red-light camera tickets in the same year—for example \$100 for the second offense, \$200 for the third, and \$400 for the fourth and each subsequent offense—the city could increase revenue from speed and red-light camera fines by about \$5 million annually. This estimate assumes that in response to the increase in fines, some drivers will change their behavior, reducing the number of multiple violations by roughly a third. It also assumes that about 25 percent of the fines would go uncollected in any given year. This option requires changes to the state laws governing New York City’s speed and red-light cameras.

PROPOSERS MIGHT ARGUE that the city has prioritized traffic safety through its Vision Zero initiative and that the increase in the number of speed and red-light cameras has been a critical part of the program. A driver who receives multiple tickets for the same offense in one year is likely to be a more careless and dangerous driver than one who receives a single ticket. Higher fines for repeat violators can reduce the total number of violations without more harshly penalizing other drivers. Additionally, graduated fines do not create an administrative burden as the city already compiles electronic databases of tickets and could easily use license plate data to assign higher fines to repeat offenders.

OPPOSERS MIGHT ARGUE that increasing fines for multiple speed and red-light camera ticket violations unfairly targets certain parts of the city’s population, specifically those who live or work near schools and areas targeted for red-light cameras. Moreover, increasing fines would have a disproportionate impact on low-income households. Lastly, research on the impact of financial penalties on driver behavior is mixed and it is not certain that higher fines for repeat offenders would result in substantially fewer violations.

OPTION:

Increase the Cigarette Retail Dealer License Fee to \$340

Revenue: \$1 million annually

The Department of Consumer Affairs (DCA) currently regulates and issues licenses to 55 different categories of business operating in New York City. The fees associated with obtaining a license vary widely, and range from \$20 every two years for a locksmith apprentice to up to \$5,010 every year for a commercial lessor of space for bingo or games of chance. One of the most commonly issued licenses, with 5,241 given out in 2015, is for retail dealers of cigarettes. However, the fee for this license, at \$110 every two years, is lower than the fees for many other, similar business categories. For example, electronics store, gaming café, and laundry licenses all require biennial fees of \$340 (or more in the case of laundries with more than five employees). A general vendor license is even more costly at \$200 per year.

Increasing the cigarette retail dealer license fee to \$340 every two years would bring it in line with licensing fees charged for other, comparable business categories. This would also raise \$1.2 million in new revenue annually to support DCA's enforcement activities, assuming the number of licenses requested stays constant. If the number of licenses declines as a result of the \$230 hike in fees, this would lower the amount of additional revenue generated.

PROPOSERS MIGHT ARGUE that cigarette retail dealers should pay DCA licensing fees that are comparable to those charged to other, similar businesses. Furthermore, given the carcinogenic nature of the product sold and its impact on public health care costs, these vendors are generating significant negative externalities for which they are not adequately compensating tax payers. For example, the New York State Department of Health estimates that tobacco use is responsible for \$3.3 billion in annual Medicaid costs statewide. Finally, they might argue that if an increased licensing fee causes some vendors to either stop selling cigarettes or increase their prices this could positively impact public health by making cigarettes more difficult or costly to obtain.

OPPOSERS MIGHT ARGUE that cigarette retail dealers are more highly regulated than other business categories and incur a number of additional fees that justify a lower DCA licensing fee. Unlike electronics stores, general secondhand dealers, gaming cafés, laundries, and general vendors, retail vendors selling cigarettes must also pay a \$300 annual fee to register with the New York State Department of Taxation and Finance. In addition, they might argue that a fee increase would have a disproportionate effect on small business owners, who sell fewer cigarettes per license than large chains. Finally, the purpose of licensing fees is to fund DCA's enforcement activities—if the true goal of a higher fee is to raise revenue or even decrease the consumption of cigarettes, there are other, more appropriate, mechanisms policymakers can utilize to do so, such as increasing cigarette excise taxes.

OPTION:**Institute a Residential Permit Parking Program**

Revenue: \$2 million in the first year

This option involves establishing a pilot residential permit parking program in New York City. The program would be phased in over three years, with 25,000 annual permits issued the first year, 50,000 the second year, and 75,000 the third year. If successful, the program could be expanded further in subsequent years.

On-street parking has become increasingly difficult for residents of many New York City neighborhoods. Often these residents have few or no off-street parking options. Areas adjacent to commercial districts, educational institutions, and major employment centers attract large numbers of outside vehicles. These vehicles compete with those of residents for a limited number of parking spaces. Many cities, faced with similar situations, have decided to give preferential parking access to local residents. The most commonly used mechanism is a neighborhood parking permit. The permit itself does not guarantee a parking space, but by preventing all or most outside vehicles from using on-street spaces for more than a limited period of time, permit programs can make parking easier for residents. In November 2011, the City Council approved a home-rule message in support of a bill introduced in the State Legislature that would have allowed the city to establish residential parking permits in certain neighborhoods; the legislation was never enacted, however. The bill has been reintroduced in subsequent sessions, though it has never advanced out of committee.

Under the proposal, permit parking zones would be created in selected areas of the city. Within these zones, only permit holders would be eligible for nonmetered on-street parking for more than a few hours at a time. Permits would be sold primarily to neighborhood residents, although they might also be made available to nonresidents and to local businesses. IBO has assumed an annual charge of \$100, with administrative costs equal to 20 percent of revenue.

PROPOSERS MIGHT ARGUE that residential permit parking has a proven track record in other cities, and that the benefits to neighborhood residents of easier parking would far outweigh the fees. Neighborhoods chosen for the program would be those with ample public transportation options and, in many cases, paid off-street parking available as well; these alternatives, coupled with limited-time on-street parking, should allow sufficient traffic to maintain local business district activity. Indeed, they could argue, one of the principal reasons for limiting parking times in commercial districts is to facilitate access to local businesses for drivers by ensuring turnover in parking spaces.

OPPOSERS MIGHT ARGUE that it is unfair for city residents to have to pay for on-street parking in their own neighborhoods. Opponents also might worry that despite the availability of public transportation or off-street parking, businesses located in or near permit zones may experience a loss of clientele, particularly from outside the neighborhood, because residents would take more of the on-street parking. The Department of Transportation's report on parking conditions around Yankee Stadium and Atlantic Yards found that much of the demand for parking on game days is absorbed by off-street lots and garages, with much of the on-street parking supply remaining available for residents and other visitors. Some opponents may note that in cities and towns that already have residential permits, it appears to have worked best in neighborhoods where single-family homes predominate.

OPTION:

Institute Competitive Bidding for Mobile Food Vending Permits

Revenue: \$57 million annually

Food carts and trucks operating in New York City must obtain a Mobile Food Vending Unit permit from the Department of Health and Mental Hygiene (DOHMH). DOHMH collects fees from the vendors for the initial permit and for renewals—every two years for year-round permits and every year for seasonal permits. Local law limits the number of mobile food vending permits that may be issued for use on public space to 3,100 for year-round permits; 1,000 for seasonal permits, and there are an additional 1,000 permits available for vendors selling fresh fruit and vegetables. Demand for permits greatly exceeds the number available, so much so that DOHMH has closed the permit application wait list. In 2012, DOHMH issued 3,546 permits, 85 percent of them renewals, and raised \$399,450 in revenue.

Food carts or trucks that operate on private, commercially zoned property, or in city parks, are exempt from limits placed on the number of DOHMH permits. Vendors wishing to operate on park land must enter into a separate concession agreement with the parks department through a competitive bidding process. These concessions are valid year-round for five years; in 2015, they ranged in price from \$175 to \$883,478, depending on location. In 2014, 248 parks department mobile food vending concessions generated a total of \$5 million in revenues for the city, or an average of \$20,117 per concession. In contrast, health department-issued permits on average brought in only \$113 per permit.

If DOHMH were to institute a competitive bidding process for its food cart permits, it could increase revenues by \$63.8 million, assuming it was able to command prices somewhat lower than those obtained by the parks department. Based on data from the bidding for taxi medallions, the bidding process would raise administrative costs to about 12 percent of revenues, reducing net revenue to \$56.6 million. Because city and state law require that permit fees be set in accordance with administrative costs, implementing this option may also require DOHMH to reclassify their mobile food vending permits as concessions.

PROPOSERS MIGHT ARGUE that competitive bidding is successfully used in other city programs, such as the parks department food concessions and taxicab medallions. They might also argue that the current system of flat fees undervalues the true worth of permits to vendors, as evidenced by the long waiting lists. Further, allocating permits via a waiting list does not actually shield vendors from high costs, as it has encouraged the development of a black market in which permits are resold or rented out at a considerable mark up. In 2009, the Department of Investigation uncovered what it described as a “lucrative underground market” in which two-year mobile food vending permits were being resold for up to \$15,000 apiece. It recommended that DOHMH move to a competitive sealed bidding process.

OPPOSERS MIGHT ARGUE that competitive bidding would price some small vendors out of the mobile food vending market. If permit costs were to rise from the current maximum of \$200 to tens of thousands of dollars every two years, only large scale operators would be able to afford them. If a credit market were to form to provide financing for food vending permits, such as for taxicab medallions, this could enable small business owners to obtain permits, but it would increase their overall operating costs. In addition, critics might note that a competitive bidding system may lead to greater than anticipated increases in administrative costs or less revenue than expected. For example, a 2011 audit by the city Comptroller found that delays in the awarding of parks department mobile food vending concessions resulted in \$3 million in forgone revenue over three years.

OPTION:

Modify License Fees and Increase Regulations for Sightseeing Buses

Revenue: \$2 million annually

The sightseeing bus industry has grown rapidly in the last decade. There are currently eight bus companies with a total of 234 buses operating in New York City. In 2003 just 57 buses provided sightseeing tours. Despite their contribution to the tourism industry, their hop-on hop-off service and large size pose inconveniences. Local policymakers, as well as city residents, have complained about excessive congestion, pollution, and accidents caused by these buses, as well as too-frequent violations of traffic laws.

This option would modify the fees for sightseeing bus licenses from a flat, per bus fee to include a variable component that takes into account their level of activity as a proxy for their impact. It is modeled after fees for intercity buses. The fee for intercity buses, which are similar in size and create similar concerns in terms of congestion and violation of traffic laws, depends on the number of destinations the buses stop at each week. Currently, sightseeing buses make stops at from 30 to 50 destinations in the city. The new pricing system would maintain the current average of a \$70 fee per bus per year, which would cover up to 30 bus destinations. There would also be a premium of \$10 dollars for each additional stop after 30 stops, up to a maximum fee per bus of \$275 a year—the same \$275 maximum established under state law for intercity buses.

The second aspect of the option gives the Department of Transportation (DOT) additional regulatory authority over sightseeing buses. Again this would be modeled after intercity bus policy. In 2013, the City Council passed legislation that allowed DOT to create regulations specifically for intercity buses. In fiscal year 2016, there were 2,401 violations of these rules, of which 1,084 were violations that increase with the level of activity, such as unauthorized passenger pick up/discharge or stopping or standing in locations other than when actively engaged in the pick up or discharge of passengers. (The remaining violations were for failure to display permits or identification.) Based on the greater number of stops made by sightseeing buses relative to intercity buses, IBO estimates that applying similar rules for sightseeing buses could give rise to more than 4,000 violations a year. Assuming a 75 percent annual collection rate for fines associated with these violations, these additional regulations coupled with the new fee system could generate annual revenue of nearly \$2 million. This option would require City Council legislation.

PROPOSERS MIGHT ARGUE that additional regulations would encourage more responsible driving behavior and control excessive congestion, especially in places where multiple buses stop for extended periods of time. Others might argue that a variable price system dependent on the number of stops is a fairer measure than a fixed rate, as tour companies with more stops create an additional burden for the city. Finally, they might argue that regulations similar to those governing intercity buses are a better alternative than establishing an arbitrary cap on the number of sightseeing buses, as has been proposed in the past.

OPPONENTS MIGHT ARGUE that sightseeing buses are key to the city's tourism industry and additional regulations coupled with higher fees would raise the cost of entering the industry, thereby benefiting larger players and limiting competition. Others might argue that higher costs might discourage the inclusion of less traditional points of interest and contribute to the congestion of more traditional ones. Finally, they might argue that creating more regulations would require increased enforcement, offsetting some of the additional revenue.

OPTION:

Raise the City's Passenger Vehicle Use Tax And Charge More for Heavier Vehicles

Revenue: \$35 million annually

New York City residents and businesses that own or lease passenger vehicles kept, stored, or garaged in the city currently pay a biennial \$30 use tax for each registered vehicle (there are a few exemptions to the tax). Although New York City charges a flat rate for registered passenger vehicles, a majority of counties elsewhere in the state have an auto use tax that is based on weight—a lower fee for vehicles that weigh up to 3,500 pounds and a higher fee for vehicles that weigh more. Except for Westchester, counties that base their vehicle use tax on weight charge \$20 every two years for vehicles weighing more than 3,500 pounds; Westchester's use tax is \$60 every two years for these heavier vehicles. This type of county-level passenger vehicle use tax mirrors the weight-based differences in New York State's biennial vehicle registration fee. In New York City and its neighboring counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester that make up the Metropolitan Commuter Transportation District, there is also a supplemental biennial fee of \$50 for each registered vehicle.

Under this option, which would require state approval, a city resident or business that has a passenger vehicle registered in New York State would pay a higher, weight-based vehicle use tax to New York City. Owners of vehicles that weigh less than 3,500 pounds would pay \$40 and owners of vehicles that weigh more would pay \$100, which are roughly equivalent to the average vehicle registration fees imposed by New York State.

Since residents register their passenger vehicles every two years, it is assumed that half of the 1.8 million registered vehicles would renew each year. Under the current \$30 biennial auto use tax, New York City collected \$28.9 million in revenue in 2014. Based on registration data by vehicle weight for New York City, 49 percent of city auto use payers would pay the \$40 fee and 51 percent would pay the \$100 fee, resulting in \$35 million in additional annual revenue.

PROPOSERS MIGHT ARGUE that a change to a weight-based passenger vehicle use tax is consistent with similar taxes in much of the state. They could also point out that charging by weight reflects the greater social impact of heavier cars on road surfaces, accident fatality rates, and carbon emissions.

OPPOSERS MIGHT ARGUE that much of the negative consequences of automobile use in the city stems from commuters and visitors rather than city residents and that raising registration fees for local residents would do little to discourage driving in the city. They could also argue that in parts of the city poorly served by public transportation, a car remains a necessity for getting to work and that adding to the tax burden of residents in those areas is discriminatory.

OPTION:

Start Fining Drivers for Idling Violations Without Warnings

Revenue: \$1 million annually

New York City has some of the highest rates of asthma in the country and air pollution is a known risk factor for the condition. Reducing air pollutant emissions from vehicles and using fuel more efficiently are important goals for the city. But as an active, growing city, New York depends on cars and trucks to keep the city functioning. Yet vehicles parked with their engines running are emitting dangerous pollutants and are a substantial contributor to local air pollution in the city and pose risks to public health, particularly when idling occurs near schools or health facilities. Other than during very cold weather, there is usually no necessity to keep a vehicle running while parked.

The city currently has two laws that impose penalties for excessive idling of motor vehicles 1) traffic rules promulgated by the Department of Transportation and enforced by police department traffic enforcement agents, and 2) the city's air pollution control code, which is enforced by the Department of Environmental Protection (DEP). According to both regulations, no vehicle may idle for more than three minutes while parked, standing, or stopping, excepting emergency vehicles and vehicles that use the engine to operate another device. If the vehicle is in front of a school, the time limit is reduced to one minute. Currently, traffic enforcement agents who find cars idling ask drivers to turn off their engines twice before issuing tickets, which resulted in 3,284 violations in fiscal year 2016. These agents issue a \$100 parking summons or a criminal summons. Alternatively, DEP agents respond to idling complaints and monitor select areas where idling is an issue. These agents can issue notices of violations that are adjudicated through the city's Environmental Control Board with penalties ranging from \$200 to \$2,000 per violation, although in 2015 the average penalty was \$441.

This option would instruct traffic enforcement agents to no longer give drivers warnings before issuing a ticket and for DEP to be more aggressive in looking for idling drivers and in responding to complaints. IBO estimates that using existing resources, traffic enforcement agents could issue many more tickets to raise an additional \$985,000, while DEP agents could raise an additional \$80,000 through increased enforcement, resulting in just over \$1 million in new revenue. This total takes into account that about 25 percent of the penalties typically go uncollected in any given year. These actions would require only a change in enforcement policy from DEP and the police department.

PROPOSERS MIGHT ARGUE that asking drivers to turn off their engines has not meaningfully reduced the amount of idling that occurs and more aggressive enforcement will cause many drivers to turn off their vehicles when stopped. More vigorous enforcement will decrease the amount of air pollution in New York City, improving public health and fuel efficiency for drivers.

OPPOSERS MIGHT ARGUE that drivers will be upset about being ticketed without warning, which could reduce trust between law enforcement and citizens, while the difficult-to-prove nature of the infraction could increase administrative burdens as drivers contest citations, offsetting some of the new revenue. They might say this policy encourages drivers to circle the block instead, especially in the winter to keep the vehicle warm, which would actually increase air pollution. They might also point out that if the policy is successful and drivers no longer idle their vehicles, the new revenue stream from fines would diminish in future years.