

## Create a Civilian Complaint Program for Bike Lane Violations

Revenue: \$3 million in the first year, \$6 million annually thereafter

According to the New York City Department of Transportation (DOT), 30 percent of adult New Yorkers ride a bike, and over 550,000 bike trips were made each day in New York City in 2021. That same year, 311 received more than 13,000 complaints regarding blocked bike lanes, and the Department of Finance's Parking Violations Bureau adjudicated over 77,000 summonses for vehicles stopping, standing, or parking in a marked bike lane, a violation that carries a \$115 fine.

In 2022, legislation was introduced at the City Council that would create a new violation for vehicles obstructing, among other infrastructure, bike lanes near schools. This legislation, which has not yet been heard in committee, also proposed a program for civilians (i.e., individuals who are not city employees empowered to issue summonses) to submit complaints and supporting evidence for alleged violations to DOT and receive a reward of 25 percent of any fines collected. This is similar to the city's Citizens Air Complaint Program, which allows for citizen documenting and submitting of complaints about idling vehicles, also with a 25 percent reward.

If the city were to introduce such a civilian complaint program, but instead apply it beyond just school zones to all violations of stopping, standing, or parking in bike lanes throughout the city, IBO estimates this would generate \$3 million in additional fine revenues in its first year, after netting out the \$1 million the city would award to civilian reporters. In subsequent years, as the city improves reporting systems and public knowledge of the program grows, IBO estimates the program would yield \$6 million in fine revenues annually, after netting out \$2 million in rewards. This estimate could decrease as behavior improves in response to increased enforcement.

To arrive at this estimate, IBO assumes the program would double the number of bike lane violations, as the city saw a dramatic increase in idling violations after the introduction of the city's Citizens Air Complaint Program in early 2018. We also assume the Parking Violation Bureau will continue to adjudicate bike lane violation summonses and collect fines and will maintain its current collection rate for bike lane violation fines (about 92 percent of such fines are collected within three years).

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**Proponents might argue** that a civilian complaint program for bike lane violations is necessary, because many 311 complaints do not result in a summons since violators have often moved on before city officials arrive to investigate. They may also argue that if this program discourages drivers from blocking bike lanes it will improve safety for bicyclists who face greater risks when they veer into the motor vehicle lanes to get around obstructions in the bike lane. Rider safety would also benefit if the revenue from these fines was used for further improvements to street safety.

**Opponents might argue** that a civilian complaint program inappropriately places the city's responsibility to enforce its laws on civilians, rather than agencies like the New York City Police Department, which are already responsible for and funded to enforce bike lane laws. They may also argue that encouraging civilians to participate in bike lane enforcement could lead to confrontations between drivers and reporters as they collect evidence of violations.

## Establish a Stormwater Utility Fee

Revenue: \$120 million annually for investment in the city's water and sewer system

In New York City, over 60 percent of the city has a combined sewer system, where stormwater and wastewater run into the same channel. To avoid overloading the sewage system during heavy rain or storms, the city discharges untreated sewage into local waterways. This has harmful environmental and public health impacts. In 2012, the city signed an agreement with the state to reduce combined sewer overflows or CSOs. In the city's fiscal year 2023 Adopted Capital Commitment Plan, \$3.2 billion is planned for mandated projects to reduce CSOs over the next eight years.

The operation and maintenance of the city's water system, as well as the debt service on its capital infrastructure, is paid for through water and sewer fees. These fees are collected by the New York City Water Board. Water fee revenues are not available for general operating purposes as they must be used for reinvestment into the city's water system. Currently, water fees are collected based on the consumption of water, and not on the quantity of stormwater runoff generated by a property's impervious surface area. The Water Board has the authority to set utility rates to cover the cost of operating and capital improvements for the water and sewer system; pending legislation in Albany would further clarify the scope of the Water Board's rate-setting authority.

In this option, the Water Board would add a stormwater utility fee to each property's water bill based on the square footage of impervious surface on their lot. (IBO assumes public roads would not be charged for impervious area.) The fee would be set to \$2.67 per 1,000 impervious square feet each month. This is what Washington D.C. charges—the lowest rate among cities with stormwater charges reported in an ongoing study by the city's Department of Environmental Protection. IBO estimates that a stormwater fee could generate \$120 million annually in revenue, based on impervious surfaces measured by the city in 2020. This revenue would be dedicated to maintenance of the city's water and sewer infrastructure. Because a stormwater fee would likely be accompanied by a credit program for residents who install green infrastructure, the total revenue generated from this fee may decrease over time as drainage improvements are made by property owners.

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**Proponents might argue** that implementation of stormwater fees would provide incentives for property owners to reduce runoff, making the sewer system better able to handle demand during rainy periods and reducing pollution in local waterways. Because properties, such as parking lots, which contribute a substantial amount of runoff into the city's stormwater system are not necessarily the properties paying the current fees based on water usage, the Water Board could use stormwater fee revenue to offset existing or future water rate increases, improving equity across properties. Stormwater fees can also be designed to fit the needs of a community through credits, discounts, and grant programs that enhance equity and encourage green infrastructure.

**Opponents might argue** that adding a stormwater fee would place a financial burden on property owners that currently do not have buildings using water. The data required to accurately measure impervious surface and charge properties could be costly to keep up-to-date and is still only an estimate that property owners may dispute, potentially adding to city administrative costs. Lastly, if the credits and discounts are popular, the total revenue produced by a stormwater fee could be much smaller than IBO's estimate.

## Increase Film Permit Fees

Revenue: \$4 million annually

New York City long has been regarded as one of the most sought-after filming locations. For many years, it also was fairly unique in providing free permits and other perks to attract projects to shoot in the city. However, in 2010, citing budget constraints due to the Great Recession, then-Mayor Bloomberg implemented a production fee with the intention of offsetting the city's administrative costs, an action that was in line with fees that were collected in other major cities.

Under the current structure, the city has two sets of permits: required permits cost \$300 per production and optional permits are free. Required permits are needed for productions with filming equipment, prop weapons, prop vehicles, and actors in police uniform. Optional permits are for hand-held camera productions only, but by getting a permit (optional or required), producers receive access to parking, the police department's Movie & TV Unit, and other services. From 2012 through 2019, the city issued an annual average of 11,000 filming permits annually according to the Mayor's Office of Media and Entertainment, and during fiscal year 2022 around 7,150 permits were issued.

When the permit fee was introduced in 2010, it was set at \$300 to offset costs associated with administering city services for filming productions. In this option, the city would instead implement a \$30 application processing fee and increase the film permit fee to \$400. This change would allow New York City to account for inflation costs, but also bring the fee structure in line with what other cities, such as Chicago, Washington, DC, and Barcelona, are charging on a per production basis.

Because of Covid-19, the number of films produced in the city has yet to come back to pre-pandemic levels, but a recovery is expected in this industry in the coming years. Based upon pre-pandemic permit levels, under the new fee structure, application and production fee revenue would be just under \$5 million annually, a net revenue increase of about \$4 million per year compared with the \$1 million in permit fees the city received in fiscal year 2022.

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**Proponents might argue** that fee increases are a natural occurrence in local governments that happen every few years, so this change is essentially playing catch up to match the cost to the city of providing services to film shoots. Residents and businesses can have their daily lives interrupted by film productions, and film production companies—not taxpayers—should be bearing the costs of the services provided by the city. Also, proponents might argue that New York City is a premier filming location, so producers will continue to choose the city for filming locations even with a permit fee increase.

**Opponents might argue** that if filming permits become too expensive, particularly for independent producers and low budget films, productions will relocate to another city while potentially replicating a New York City background. Not only would this cause the city to lose out on productions but may lower the number of film crew jobs and other film-related employment. Opponents would also argue that the media and entertainment industry took a massive hit during the Covid-19 pandemic so trying to enforce a fee hike would make this recovery period more difficult for the whole industry.

## Issue Financial Penalties Against Property Owners Who Fail to Give Access for Buildings Inspections

Revenue: \$13 million annually

Inspections made by the Department of Buildings (DOB) often stem from 311 complaints. However, a DOB inspector cannot inspect a building without being allowed into the building or onto the construction site; if the inspector is refused access, or no one is there to allow the inspector to enter after two attempts, DOB often closes the complaint without any violation being issued. Nearly 20 percent of complaints forwarded to DOB by 311—representing about 50,000 complaints—end in this way each year. While DOB can pursue an access warrant to gain entry, this process is onerous, requiring DOB to coordinate with the Law Department and other city agencies before petitioning in court to justify an access warrant, and so is rarely pursued.

DOB violations can carry financial penalties, which are enforced and collected by the city's Office of Administrative Trials and Hearings (OATH). When inspectors are denied access to properties, this means fewer violations and so fewer penalties. Property owners who know they are likely in violation of DOB rules have reasons to refuse access to DOB inspectors. After all, violations not only carry financial penalties, but an open DOB violation on a property can prevent it from receiving construction permits, or even temporarily halt construction work altogether. Currently, other than an access warrant, there is no mechanism to compel or incentivize property owners to allow DOB inspections.

Under this option, DOB inspectors would be able to impose a \$500 penalty when they are unable to gain access to a property. Property owners could get the penalty dropped by permitting access at a subsequent inspection. Were the threat of these penalties sufficient to reduce the number of properties where a DOB inspector were unable to gain access by one third, thereby boosting the number of OATH summons issued by DOB, IBO estimates that the combined revenue from these no-access penalties, plus the additional OATH penalties collected for violations found, would result in an additional \$13 million in revenue per year, in addition to the benefit of safer buildings and construction sites.

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**Proponents might argue** that the current system presents a moral hazard—property owners who know they are likely in violation of DOB rules are more likely to refuse access to DOB inspectors. With limited ways to disincentivize property owners from refusing to access to DOB inspectors, some unsafe conditions and unlawful activities, such as illegal conversions of apartments, likely remain unaddressed, leading to buildings that are less safe for city residents.

**Opponents might argue** that the process to get an access warrant, through the court system, is a sufficient and fair way to decide whether DOB should be allowed to enter a property. The argument that the bureaucratic process of obtaining access warrants through the court system is too cumbersome does not justify that the city should instead use financial penalties to coerce property owners who do not elect to provide that access freely.

# Repeal the Cap on Mobile Food Vendor Permits

Revenue: \$10 million annually

Since 1983, the city has capped mobile food vendor permits at 5,100, despite growth in the number of city residents and workers in the past 40 years. Permits are issued for specific mobile food vending units and are separate from the food vending and supervisory licenses, which are issued to the workers and operators of the mobile food unit. Despite the 2021 passage of Local Law 18, set to approximately double the permit cap by 2032, the outpaced demand for a limited supply of mobile food vendor permits has led to a surge in illicit leasing of permits and long waiting lists for the existing permits.

This option proposes eliminating the cap on mobile food vending permits. IBO estimates this change would yield an additional \$10 million per year in sales tax revenue to the city.<sup>1</sup> IBO's estimate does not account for future changes planned under Local Law 18. We assume that without the cap, permits would increase by 6,250, which is a midpoint between the current permit waitlist and the longer list of interested parties kept by the Department of Health and Mental Hygiene, for a total of 11,350 permits. If the number of permits available were to increase, revenue would as well.

IBO recognizes some of the sales tax revenue collected from an expansion in mobile food vending sales could reduce sales tax collections from brick-and-mortar restaurants if customers shift purchases from restaurants to vendors. However, new sales tax revenue would also be expected from the legalization of thousands of mobile food vendors that are already operating without permits and not currently remitting state and local sales tax. IBO's estimate does not assume additional administrative or staffing costs, which we believe would be covered by proportional changes to licensing and permitting fees

**Proponents might argue** that lifting the mobile food vendor permit cap is prudent in stemming illicit market activity, protecting consumers, and supporting the city's smallest business owners. (Most are classified as microbusinesses, employing less than 10 people.) Street vendors increase food access and variety across the city and are a vibrant part of their communities. Many areas in the city could benefit from the expanded vending as an amenity with potential to increase local economic activity within neighborhoods. Without sufficient permits, vendors simply sell without proper licensing and permitting, which has led to police involvement that poses an unnecessary risk and liability to the city as well as the vendors themselves. Street vending has a low barrier of entry when it comes to capital and educational requirements compared with other industries. The scarcity of permits is a hurdle in an industry that is otherwise an accessible small business opportunity for lower-income or foreign-born New Yorkers. Allowing vendors to legalize can increase fairness in accessing small business support services that many brick-and-mortar businesses are already able to access.

**Opponents might argue** that the cap would lead to increased vending on city streets which may pose space-related challenges for some areas of the city. [AT1] There is also a shortage of commissary space, health department-licensed storage and prep spaces that most vendors are required to use to store their pushcarts or trucks and prepare food when not out on the streets. This may lead current commissary space to up-charge permit holders or lead to more vendors storing their mobile food vending equipment in non-commissary locations (outdoors or at their places of residence). The expansion of mobile food vending is unpopular amongst the brick-and-mortar restaurant sector, since mobile vendors often have a lower cost of business and can charge less, which could negatively impact storefront restaurants.

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<sup>1</sup>IBO analysis of vendor income and expenses from the Street Vendor Census Survey, 2021. Completed by the Street Vendor Project through the Urban Justice Center.

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

Revenue: \$1 million annually

New York City has 76 Business Improvement Districts (BIDs)—organizations of property and business owners which provide services (primarily sanitation, marketing/public events, and public safety) in defined commercial districts. These organizations receive a combination of public and private financing, with most of their revenues (81 percent in 2021) 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 2021, the city collected \$142 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 over \$1 million in revenue. BID assessments vary greatly, so that the fee would range from about \$750 for the smallest BID (86th Street Bay Ridge BID in Brooklyn) to nearly \$204,000 for the largest BID (Hudson Yards Hell's Kitchen BID in Manhattan).

Smaller BIDs tend to rely more heavily on the BID assessment revenue to make up the majority of their budgets, while larger BIDs supplement to a greater extent with private funding and grants. In fiscal year 2021, smaller BIDs—with yearly budget of less than \$250,000—received on average 93 percent of their revenue from the city's assessment. In contrast, the largest group of BIDs—with yearly budgets greater than \$8 million—received only 75 percent on average of their annual revenue from the city's assessment. This disparity in access to outside revenue sources would make the effect of an administration fee greater for smaller BIDs. 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 estimated potential revenue to the city.

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**Proponents 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. Generally, 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 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, most BIDs are fairly small with limited budgets that have little room to incur additional fees.

## 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 2019, 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 HPD by \$2 million annually (assuming around a 90 percent collection rate). This would require City Council approval.

**Proponents 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 could 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.

**Opponents 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.

## Impose Fee on Nitrous Oxides and Fine Particulate Matter Emissions

Revenue: \$596 million annually

Even though air quality and emissions are regulated at the federal, state, and local level, pollutants in parts of New York City are still above safe limits. Midtown is often in violation of Environmental Protection Agency air quality regulations, and 12 other neighborhoods are above World Health Organization guidelines. Poor air quality contributes to instances of asthma, heart disease, and lung cancer every year. The primary pollutants responsible—nitrous oxides (NOx) and fine particulate matter (known as PM2.5)—are emitted from cars, trucks, electricity generation, buildings, and small internal combustion engines. These pollutants tend to be generated locally, meaning that New York City has direct jurisdiction over many of the emitters and most of the health benefits of abatement would accrue to local residents and businesses.

This option would impose an emissions toll on traffic sufficient to offset the social cost of NOx and PM2.5 pollutants. Cars, trucks, and buses emit NOx and PM2.5 from their exhaust as well as from brake and tire wear. The Environmental Protection Agency has estimated the social cost of these pollutants using their Benefits Mapping and Analysis Program. Using a social cost of \$7,800 per ton for NOx and \$540,000 per ton for PM2.5 yields an average social cost of driving in New York City of \$4.98 per vehicle per day. The toll would be assessed at existing bridge and tunnel crossings. Since vehicles can drive through multiple tolling locations per day, the toll would be set at half the social cost, \$2.49. An emissions toll of \$2.49 at all existing bridge and tunnel tolling locations would raise \$596 million a year. If the Metropolitan Transportation Authority's congestion pricing system is established, it would provide additional locations for imposing the emission toll.

Similar calculations can be made for buildings, electricity generation, and other activities, which would further increase revenue. To the extent that pollution tolls change behavior, improved health outcomes could reduce the city's share of health care costs, offsetting some of the toll revenue lost due to the reduction in driving. Imposing a pollution toll would require state approval.

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**Proponents might argue** that charging tolls for NOx and PM2.5 would send a price signal to drivers and might motivate behavior change and create environmental benefits. They could also note that the city benefits from this fee—regardless of whether drivers switch to cleaner modes of transportation—either through improved air quality or increased funding for local services. The toll is also fair since it falls more heavily on those who drive more, and much of the tolling infrastructure is already in place. If city residents were tolled at a lower rate, it also might cut down on the practice of city residents registering cars in other states, since vehicles with out-of-state plates would be assumed to be passing through and charged the higher rate.

**Opponents might argue** that the toll structure in the city is already unequal, charging some drivers whose regular movements include tolled crossings while other drivers scarcely ever encounter a toll. Although congestion pricing could mitigate this issue, no tolling scheme can be completely fair. Adding a fee for NOx and PM2.5 emissions may also increase congestion in areas that do not currently have tolls as drivers seek out un-tolled routes. They might also note that since trucks are major polluters, much of the burden would fall on businesses that rely on truck shipments and consumers who purchase the products being shipped. They might also say that because demand for driving into Manhattan is very inelastic, increases in tolls are likely to deter very few cars and trucks and therefore have little impact on air quality.



# Impose Penalties for Failed Façade Inspections and Increase Penalties for Outstanding Façade Repairs

Revenue: \$150 million annually

The Department of Buildings (DOB) Façade Inspection Safety Program, also referred to as Local Law 11, is designed to protect pedestrians from falling debris from unstable building façades. Under Local Law 11, buildings that are six stories or taller are required to undergo façade inspections every five years. If the building fails the inspection, the building owner must erect a sidewalk shed and make repairs within 90 days, although this timeframe may be extended by DOB. Beyond that period, if repairs are not addressed, the building owner incurs a civil penalty of \$1,000 per month, with additional penalties that increase after the first year.

Over the past two decades, the number of sidewalk sheds on city streets erected after a failed façade inspection more than tripled, from 1,100 in 2000 to 3,400 in 2021. Many of the buildings that fail a façade inspection are not repaired in the year following the failed inspection. In 2021, 57 percent of sidewalk sheds erected after a failed façade inspection were up longer than a year; 7 percent of these sheds were older than four years. Sidewalk sheds can be a nuisance to pedestrians, residents, and business owners; they block light, collect trash, narrow sidewalks, and interrupt the streetscape. Furthermore, sidewalk sheds that remain up for years after a failed façade inspection represent long-uncorrected unsafe conditions.

This option would impose a penalty for buildings that fail a façade inspection in an effort to encourage more preventive maintenance and improve the timeliness of repairs when problems are identified through Local Law 11. The penalty would be equal to 1 percent of the building's assessed value, with a cap at \$150,000, upon failure of an inspection. An additional penalty of the same amount would be added on for each additional year the façade repairs are not completed. The median annual penalty for failing a façade inspection under this option is estimated at \$48,000. IBO estimates that the city would collect an additional \$150 million per year were this option to be adopted, assuming the number of buildings with outstanding façade repairs fell by 20 percent in response to the new penalties.

**Proponents might argue** that current penalties do little to ensure that building owners proactively maintain their façades, let alone encourage timely repairs for problems identified through Local Law 11 inspections. That incentive is particularly low for owners of high-value properties, for which the \$1,000 per month penalty pales in comparison to other expenses. Proponents might say building owners may be more likely to undertake proactive repairs on their façades, rather than waiting until they fail a façade inspection to identify and address issues. When building owners drag their feet in making façade repairs, the sidewalk sheds clutter the sidewalks and create inconvenience for building occupants and their neighbors for years. The additional penalties that would accrue annually after a year would encourage building owners to resolve façade issues more quickly. Proponents might also argue that the current penalties are regressive, since the law currently penalizes owners of low-value buildings the same as high-value buildings.

**Opponents might argue** that the cost to fix a building's façade in a short time frame may be more than some building owners are able to afford. Were this option to be adopted, some building owners might be pushed to sell their building due to the increased penalties. Furthermore, older buildings often feature ornate stone façades that are more expensive to maintain. This option could make it more likely for building owners to raze older buildings in favor of new construction, or to replace ornate façades with plainer façades that are easier to maintain.

# Impose Development Impact Fees On Construction Projects

Revenue: \$26 million to \$63 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 exaction 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 2019, developers constructed an average of 7.8 million square feet a year of new buildings in Manhattan south of 96th Street, of which 60 percent was residential and the remainder commercial. Some of those buildings include affordable housing, community facilities, and other uses that would likely 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 \$63 million a year. If it imposed the same fee only on commercial developments, revenues would have averaged \$26 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.

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**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.

## Increase Certain Vehicle Fines for Multiple Violations in the Same Year

Revenue: \$119 million in 2022

The New York State Legislature has authorized the installation of cameras around the city to provide for monitoring and enforcement of certain vehicular violations. Speed cameras operate around the clock in 750 school zones around the city. Based on images captured by school zone speed cameras, the city issues citations to owners of vehicles that are found to exceed the posted speed limit by more than 10 miles per hour. The city also operates hundreds of cameras posted at critical intersections, monitoring vehicles that illegally pass through red lights.

Currently, the fine for either a speed or red light camera violation is \$50. While legislation passed in early 2020 requires vehicle-owners who get 5 camera-issued red light tickets or 15 camera-issued speeding tickets in a 12-month period to take a traffic safety course or risk losing their vehicles, the legislation did not increase the fines for multiple violations. A number of other violations issued by the city include incremental increases for multiple violations in the same 12-month period. For example, the owner of a vehicle that illegally travels in a posted bus lane is currently fined \$50. A second offense within the same 12-month period results in a fine of \$100 and the fines increase to \$150 for a third offense, \$200 for a fourth offense, and \$250 for each additional offense after that.

In calendar year 2019 the city issued over 2.3 million summonses to 1.3 million vehicles that violated the posted speed limits in school zones. Over 490,000 of these vehicles (39.0 percent) were issued multiple school speed zone violations during the year, while over 7,400 were issued 10 or more violations. The city also issued nearly 430,000 summonses to over 368,000 vehicles for red light camera violations during 2019. Of this total just over 47,000 vehicles (12.8 percent) were issued multiple summonses for red-light violations, with 845 vehicles issued more than five violations in the year.

If in 2019 the city had an incremental fine structure for repeated school zone speeding and red light camera violations that mirrored the existing incremental fines for other violations, the city would have collected approximately \$119 million of additional revenue. Fines for school zone speed camera violations would have increased by 84 percent while the red light camera fines would have increased by 16 percent. State legislation would be required to implement this change.

The primary goal of establishing an incremental fine structure would be to further discourage reckless driving. Some studies of the relation between recidivism and increased traffic fines have found that the effects of fine increases are very mixed, however. The most frequent offenders do not seem to be influenced by increases in fines, while more occasional offenders do seem to change their behavior. Our estimate of revenues under an incremental fine structure assumes no behavioral change.

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**Proponents might argue** that school speed zone and red light camera violations involve moving vehicles and pose a serious threat to life and property. In too many cases, innocent lives have been lost due to someone driving recklessly. Increasing the fine structure for multiple violations could help to further deter reckless driving and thus increase the safety of the city's streets.

**Opponents might argue** that because red light and school speed zone camera violations are issued to the owner of a vehicle, it is possible that the actual driver of the vehicle may not be paying the increase in fines for repeated violations. If that is the case, an increase in fines would raise revenue but would do little to reduce recidivism. Moreover, some research suggests that there is little relation between traffic fines and behavior for the most frequent offenders..

## Increase Fees for Birth and Death Certificates to \$45

Revenue: \$24 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 860,270 paid birth and death certificates in city fiscal year 2021.

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 \$24 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 Board of Health.

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**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.

## Increase Fines for Drivers Who Receive Repeated Speed and Red-Light Camera Violations

Revenue: \$4 million annually

New York City issued about 1.6 million tickets for speed and red-light camera violations to around 1.1 million drivers (as measured by unique license plates) in fiscal year 2019. That same year the city received \$65 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 around 700,000 drivers who received speed camera tickets—issued for speeding within a quarter mile of a school zone—just under 30 percent 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, drivers who had repeat violations will change their behavior, reducing their number of 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.

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**Proponents 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

**Opponents 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.

## Institute a Residential Permit Parking Program

Revenue: \$2 million in the first year; \$6 million annually by year three

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. Residential areas adjacent to commercial districts, schools, 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, most commonly through a neighborhood parking permit program. 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. City Council members have introduced several bills to create residential parking permitting, although any parking program would require state approval.

Under the proposal, permit parking zones would be created in selected areas of the city. Within these zones, a set number of parking spaces in a designated area would be available only to resident permit holders, with the remaining spaces available to non-residents. The permitted areas would exclude commercial zones and metered parking areas. Permits would be sold to neighborhood residents with valid New York State license plates. IBO has assumed an annual charge of \$100, with administrative costs equal to 20 percent of revenue. Depending on the initial performance of the program, the city may opt to expand it to include a limited supply of premium permits that may be purchased by individuals with out-of-state plates and qualified local businesses on a month-to-month and quarterly basis, respectively.

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**Proponents might argue** that residential permit parking has a proven track record in other major cities, and that the benefits to neighborhood residents of easier parking would far outweigh the fees. To ensure success in New York City, neighborhoods chosen for the program would be those with ample public transportation options and in many cases, sufficient paid off-street parking available. The program would also serve as a deterrent to commuters who would otherwise seek free parking in neighborhoods that lie just beyond the zone where congestion pricing is scheduled to take effect in 2021. Finally, requiring permit holders to have vehicles registered in state would incentivize car owners to relinquish their out-of-state plates, an issue that affects the state's Department of Motor Vehicles and insurance companies.

**Opponents 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. A Department of Transportation report on parking conditions around Yankee Stadium and the Barclays Center 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.

# Introduce Fees to Apply for and Operate Open Restaurants

Revenue: \$170 million annually

At the onset of New York City's Covid-19 emergency in March 2020, state shutdown restrictions limited restaurants and bars to takeout and delivery services only, temporarily shuttering all types of onsite dining. In June 2020, the city launched the emergency Open Restaurants program, which provided for the emergency suspension of rules relating to outdoor dining and liquor service. Open Restaurants enabled food service establishments to expand service outdoors to sidewalks and street parking spaces immediately adjacent to their property. The program also extended outdoor dining to areas of the city beyond the limited districts zoned for sidewalk café use. Since Open Restaurants launched, approximately 12,000 establishments have applied and self-certified to join the emergency program—paying no fees to apply or to use public space.

In response to the popularity of the emergency program, the NYC Department of Transportation (DOT) is designing a permanent version of Open Restaurants planned to launch in 2023. Although program rules are still being determined, DOT has said in a City Council hearing on this program that it will include additional administrative costs, such as the hiring of dedicated inspection staff as well as a plan review and public hearing process for each application. To help offset these costs and generate revenue from the private use of public space, DOT hopes to introduce licensing fees and revocable consent fees to operate Open Restaurants. This option estimates revenues from such fees, modeled on the pre-pandemic sidewalk café program.

Under the now-defunct sidewalk café program, restaurants were charged annual revocable consent fees for the use of public sidewalk space. These fees increased with the square footage of the space, and higher fee schedules were applied to cafes with sidewalk enclosures and to those located in Manhattan below 96th Street. Separate application fees ranged from \$310 for small, unenclosed cafes to a minimum of \$1,350 for enclosed cafes. Fees were adjusted annually to grow with the Consumer Price Index.

Under this option, DOT would adopt an inflation-adjusted sidewalk café annual fee schedule (using the lower fee schedule for upper Manhattan and other boroughs), and apply the pre-pandemic fee for enclosed sidewalk cafes to roadway seating and unenclosed café fees to sidewalk seating. A separate \$1,050 licensing fee would be charged to an estimated 1,000 new applicants a year, with a license renewal fee of \$525 assessed every two years. These revocable consent fees and licensing fees would generate annual revenues of around \$170 million.

This estimate assumes virtually all 12,000 Open Restaurant establishments will continue under the permanent program, with little or no growth in the number, at least for the next few years. We use the self-reported seating types and square footage in DOT's Open Restaurant application data, conservatively capping the size estimates at 600 square feet to account for measurement errors.

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**Proponents might argue** that evocable consent fees are standard for other private structures on public street spaces, such as planters and kiosks, and it would be fair to include open restaurant seating. Revenues from consent fees and application fees could help offset the costs of hiring new DOT inspectors and staff to review permits, and would support the agency coordination necessary for enforcement of program health and safety standards.

**Opponents might argue** that these fees place an unfair burden on restaurants and bars, business which continue to be harmed by the pandemic to a greater degree than other retail establishments. They might also argue that such fees could preclude new or smaller restaurants from participating in the program, and may leave them more vulnerable if future emergencies once again limit indoor dining.

# Open Outdoor Municipal Lots for Overnight Parking

Revenue: \$2 million annually

The city's Department of Transportation (DOT) owns and operates 29 parking fields across New York City. These facilities range in size from a few dozen spots on a small lot to large facilities with hundreds of spaces available. While some lots are open 24 hours per day, most are closed at night, usually from 10pm until 7am. Parking outside of posted hours can result in a summons. DOT reports that they close lots at night as a lack of security leaves vehicles at risk, although many parking sites are unattended metered parking during the day. By opening outdoor municipal parking for at-your-own-risk overnight parking and charging a fee, the city could increase revenue while potentially easing parking shortages.

Payment options at these facilities include an hourly rate for daytime hours or the purchase of a monthly or quarterly permit, with parking available on a first come, first serve basis. Because the market for parking varies greatly across the city, monthly rates on outdoor municipal parking permits range from \$30 on Staten Island to \$225 in Bay Ridge. Hourly rates vary less, ranging from \$1.25 to \$2.50. If the lots opened overnight, the city might opt to continue free parking on Sunday and may charge a lower rate than daytime parking. IBO additionally assumed that each lot would be half-full overnight to calculate the potential revenue for this option. In total, \$2.1 million of new revenue could be generated for the city from these outdoor municipal lots. Much of this revenue comes from large parking fields in Brooklyn and Queens neighborhoods that have seen a big influx of recent development and related demand for parking.

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**Proponents might argue** that existing municipal parking facilities are currently underused and can both improve availability of parking and generate revenue for the city. No significant investments would be required beyond updating the meters to dispense an overnight rate. With crime near all-time lows, there is little reason to think the risk of parking overnight in a municipal field would be different from the risk of parking overnight on a nearby street, especially if security lighting is installed. To the extent the availability of additional parking spaces reduces the number of drivers circling looking for a space, there would also be a reduction in vehicle emissions.

**Opponents might argue** that the city may lose revenue if fewer parking tickets are issued for vehicles parked illegally overnight. They might also argue that without the public visibility that comes with car and foot traffic on streets, cars parked in lots may be an attractive target for crime. Additionally, increasing the number of available parking spaces may have the unintended effect of encouraging more car use, potentially adding to street congestion and emissions.



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

Revenue: \$36 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. Most counties that base their vehicle use tax on weight charge \$20 every two years for vehicles weighing more than 3,500 pounds. Some of the closest counties to the city charge even more; Westchester and Suffolk counties' 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 1.9 million registered vehicles would renew each year. Under the current \$30 biennial auto use tax, New York City collected \$33.6 million in revenue in 2021. Based on registration data by vehicle weight for New York City, 44 percent of city auto use payers would pay the \$40 fee and 56 percent would pay the \$100 fee, resulting in \$36 million in additional annual revenue.

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**Proponents 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.

**Opponents 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.