

2016-2017 STATE BUDGET SUMMARY

2016-2017 State Budget: Funding Initiatives

- **I Love NY / Matching Grant Program:** The 2016-2017 State Budget maintained funding (2015-2016) for both the I Love NY program (\$2.5M), and the Matching Grants program (4.315M). Further, the welcome centers in Binghamton and Beekmantown were funded at their historical levels of \$196,000 each.
- **Regional Economic Development Councils:** The industry supports the 2016-2017 State Budget's approval of a sixth round of the Regional Economic Development Council (REDC) grants, and very much wants to keep tourism as part of the process and focus of every region of the state. Through the first 5 rounds of the REDC process, a common theme amongst all the plans from western New York to the tip of Long Island was the importance of tourism as apart of any plan for economic recovery and job creation.
- **Market NY / Taste NY:** In addition to the I Love NY and Matching Grant programs, the 2016-2017 State Budget provides additional funding for tourism initiatives:
 - **Market NY:** The State will make available \$13 million in new competitive funding to be provided through the Department of Economic Development (DED) to support winning tourism marketing plans that best demonstrate regional collaboration among counties to promote regional attractions. We are in the process of gathering information on the additional \$8 million that was made available under Market NY in the State Budget.
 - **Taste-NY:** The State will make another \$1.1 million available for the Taste-NY initiative, which is designed to promote locally grown or produced food products, beer, wine and spirits or other New York-made goods through a two-part strategy that combines development of retail venues with aggressive marketing and branding. In high traffic rest areas, train stations and airports across New York, the State will establish "Taste-NY"-branded retail stores, carts, and next-generation luxury vending machines to sell predominantly New York State products free of all sales tax to the consumer.
- **Urban Youth Jobs Tax Credit:** This program encourages businesses to hire unemployed, disadvantaged youth, ages 16 to 24, living in the cities and towns with the highest poverty and unemployment rates. The enacted State Budget increases the annual allocation from \$20 million to \$50 million for hiring years 2016 and 2017, of which \$20 million annually may be allocated statewide. We will follow up with guidelines on how NYSH&TA members can apply.

By the Numbers:

I Love NY: \$2.5M

Matching Grants: \$3.815M + Additional \$500K = \$4.315M

Market NY: \$5M (Seeking Additional Information)

Additional Market NY: \$8M

Taste NY: \$1.1M

Gateway Centers (Beekmantown and Binghamton): \$196K (apiece)

Finger Lakes Tourism Alliance: \$100K

Queens Economic Development Corp: \$100K

Long Island Farm Bureau for Tourism Promotion: \$50K

Long Island Wine Council for Tourism Promotion: \$50K

Merrick Chamber of Commerce: \$40K
Chautauqua Chamber of Commerce: \$40K
Cattaraugus Chamber of Commerce: \$40K
I Love NY Local Bus Tour Promotion: \$100K

2016-2017 State Budget: Provisions of Interest

A. MINIMUM WAGE

The state budget includes an increase in the minimum wage, with the intent being to ultimately reach \$15 an hour for all workers in all industries across the state.

- For workers in New York City employed by businesses with at least 11 employees, the minimum wage would rise to \$11 at the end of 2016, then another \$2 each year after, reaching \$15 on 12/31/2018.
- For workers in New York City employed by businesses with 10 employees or fewer, the minimum wage would rise to \$10.50 by the end of 2016, then another \$1.50 each year after, reaching \$15 on 12/31/2019.
- For workers in Nassau, Suffolk and Westchester Counties, the minimum wage would increase to \$10 at the end of 2016, then \$1 each year after, reaching \$15 on 12/31/2021.
- For workers in the rest of the state, the minimum wage would increase to \$9.70 at the end of 2016, then another .70 each year after until reaching \$12.50 on 12/31/2020 – after which will continue to increase on an indexed schedule to be set by the Director of the Division of Budget in consultation with the Department of Labor.

Beginning in 2019, the state DOB Director will conduct an annual analysis of the economy in each region and the effect of the minimum wage increases statewide to determine whether a temporary suspension of the scheduled increases is necessary. That analysis is submitted to the Department of Labor by the Division of Budget.

The 2016-2017 Executive Budget Minimum Wage provisions are outlined as follows:

NYC (Employers of 11 or more):

- \$11.00 per hour on and after December 31, 2016
- \$13.00 per hour on and after December 31, 2017
- \$15.00 per hour on and after December 31, 2018

NYC (Employers of 10 or less):

- \$10.50 per hour on and after December 31, 2016
- \$12.00 per hour on and after December 31, 2017
- \$13.50 per hour on and after December 31, 2018
- \$15.00 per hour on and after December 31, 2019

Westchester, Nassau and Suffolk:

- \$10.00 per hour on and after December 31, 2016

- \$11.00 per hour on and after December 31, 2017
- \$12.00 per hour on and after December 31, 2018
- \$13.00 per hour on and after December 31, 2019
- \$14.00 per hour on and after December 31, 2020
- \$15.00 per hour on and after December 31, 2021

Remainder of State (Upstate):

- \$9.70 on and after December 31, 2016
- \$10.40 on and after December 31, 2017
- \$11.10 on and after December 31, 2018
- \$11.80 on and after December 31, 2019
- \$12.50 on and after December 31, 2020

Then on 12/31 of the following years a wage published by the Labor Commissioner on or before 10/1 based on the following:

- the then current minimum wage increased by a percentage determined by the director of the budget in consultation with the commissioner, with the result rounded to the nearest five cents, **totaling no more than \$15**
 - the percentage increase shall be based on indices including, but not limited to:
 - the rate of inflation for the most recent twelve month period ending June of that year based on the consumer price index for all urban consumers on a national and seasonally unadjusted basis (CPI-U), or a successor index as calculated by the United States department of labor,
 - the rate of state personal income growth for the prior calendar year, or a successor index, published by the bureau of economic analysis of the United States department of commerce, or
 - wage growth; or
 - if greater, such other wage as may be established by federal law

Other Details:

Minimum Wage – Economic Impact Study:

On or after January 1, 2019 and each January first thereafter until such time as the minimum wage hits \$15 in all areas of the state, DOB shall conduct an analysis of the state of the economy in each region, and the effect of the minimum wage increases listed above to determine whether there should be a temporary suspension or delay in any scheduled increases. DOB will reference well established economic indexes and accepted economic factors to justify and explain its decision.

DOB shall consult the following:

- NYS DOL (division of research and statistics);
- US DOL;
- Federal Reserve Bank of New York; and
- Other economic experts.

After reviewing such indexes and factors, DOB shall determine whether scheduled increases in the minimum wage shall continue up to and including fifteen dollars.

DOB will issue a report and recommendation to the State Labor Commissioner, who then has the authority to take action on the report and recommendations.

Food Service Workers (who receive tips):

- Cash wage shall now be:
 - two-thirds of the minimum wage rates rounded to the nearest five cents or seven dollars and fifty cents (whichever is higher)

Food Service Worker:

- two-thirds of the minimum wage rates rounded to the nearest five cents or seven dollars and fifty cents (whichever is higher)

Wage Board Powers: (With limitations and other powers in current law still applicable) The power of the Labor Commissioner to appoint, convene, or reconvene a wage board, and to take action upon the report and recommendation of a wage board **shall exclude:**

- the power to appoint, convene, or reconvene a wage board to inquire into, report, and recommend a wage that exceeds the highest rate listed above;
- the power to take action on, adopt, or modify, any prior recommendation by any wage board to establish such wage.
 - Such limitation shall not preclude such commissioner's power to appoint, convene, or reconvene a wage board to inquire into, report and recommend regulations to carry out the purposes of article 19 of the labor law.

The Labor Commissioner may smooth wager and modify existing wage orders in order to conform to the new wage schedule (if necessary).

The following is REPEALED:

6. Notwithstanding subdivision two of this section and subdivision two of section six hundred fifty-three of this article, a modification in the hourly cash wage or meal and lodging credits as applied to food service workers and service employees paid in accordance with Part 146 of Title 12 of the New York state compilation of codes, rules and regulations that would otherwise be based on the increases in the hourly minimum wage that will become effective on December thirty-first, two thousand thirteen, December thirty-first, two thousand fourteen and December thirty-first, two thousand fifteen shall be made by a wage order promulgated by the commissioner pursuant to section six hundred fifty-six of this article and provided further that, for the purposes of the modifications based on such increases provided for in subdivision two of this section only, the maximum credit for tips in such wage order shall be modified so that such credit, when combined with the cash wage, is equal to the minimum wage. Any time after the effective date of the chapter of the laws of two thousand thirteen which added this subdivision, the commissioner shall appoint a wage board pursuant to the provision of subdivision one of section six hundred fifty-five of this article to inquire and report and recommend any changes to the wage order governing wages payable to such food service workers and service employees sufficient to provide adequate maintenance and to protect the health and livelihood of employees subject to such a wage order. Such wage board shall make such report and recommendations to the commissioner within six months of its establishment. The commissioner shall act upon such report and recommendations pursuant to the

provisions of section six hundred fifty-six of this article.

B. PAID FAMILY LEAVE

The 2016-2017 Executive Budget includes a paid family leave program. When fully phased- in, employees will be eligible for 12 weeks of paid family leave when caring for an infant, a family member with a serious health condition or to relieve family pressures when someone is called to active military service. Benefits will be phased-in beginning in 2018 at 50 percent of an employee's average weekly wage, capped to 50 percent of the statewide average weekly wage, and fully implemented in 2021 at 67 percent of their average weekly wage, capped to 67 percent of the statewide average weekly wage. This program will be funded entirely through a payroll deduction on employees. Employees are eligible to participate after having worked for their employer for six months

The 2016-2017 Executive Budget Paid Family Leave program contains:

Employer Mandate

- Starting in 2018, mandates that New York State Employers offer New York based employees paid family leave benefits.

Paid Family Leave Weekly Benefit Phase In Schedule

- Beginning 1/1/18 – not more than 8 weeks during a 52-week period, 50% of employee's weekly wage, capped at 50% of average statewide weekly wage
- Beginning 1/1/19 – not more than 10 weeks during a 52-week period, 55% of employee's weekly wage, capped at 55% of average statewide weekly wage
- Beginning 1/1/20 – not more than 10 weeks during a 52-week period, 60% of employee's weekly wage, capped at 60% of average statewide weekly wage
- Beginning 1/1 of each succeeding year– not more than 12 weeks during a 52-week period, 67% of employee's weekly wage, capped at 67% of average statewide weekly wage.

Eligible Employees

- Employees who are employed for 26 or more weeks (6 months) are eligible; eligible only during employment for a covered employer
- Employees are covered for 4 weeks after termination of employment for disability benefits only, unless person is hired by another company, then they are only eligible for disability benefits through new employment.

Public Employee Opt In

- A Public Employee Union that has a collective bargaining agreement with a government employer may opt in to be eligible for paid family leave benefits. The Union may opt out as will if there is an agreement with the government employer.
- Non-Unionized Public Employees are only eligible for Paid Family Leave if their Employer opts in to the program. Employer would have to give 90 days notice. Employer may opt out giving 12 months notice.

Financing of Paid Family Leave

- Funded via an employee contribution.
- Beginning 6/1/2017 and annually thereafter, the superintendent of financial services shall set the maximum employee contribution rate.
- No employer shall be required to fund any portion of the family leave benefit.

C. ROOM REMARKETER

The 2016-2017 Executive Budget streamlines the collection of sales tax on remarketed hotel rooms. The purchase of hotel room occupancies by room remarketers such as Travelocity or Hotels.com would be exempt from the sales tax when those purchases are made from hotels for later resale to consumers. Currently, room remarketers collect the full amount of tax at the time of final sale to the consumer, then request a refund from the Department of Taxation and Finance for the amount of tax already remitted to the hotel. Through conversations with the Department of Tax and Finance, we have confirmed that the provision merely streamlines the process for which the taxes are collected and remitted, and does not undo the current law in terms of what the online retailers must collect and/or remit.