

2015 Legislative
Roundtable Breakfast
LONG ISLAND

Friday, March 27, 2015
8:30 - 10:00 a.m.

Holiday Inn Westbury
369 Old Country Road, Carle Place, NY 11514

Room: Roosevelt Room

co-sponsored by:



Long Island Hospitality
& Leisure Association



Long Island Legislative Roundtable Breakfast

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8:30 - 10:00 a.m.

Program

8:30 a.m.

Registration & Breakfast Buffet

9:15 - 10:00 a.m.

Welcome:

Introduction of State & Local Leaders

Presentation of State Issues

Mark Dorr, Vice President, NYS Hospitality & Tourism Association

Presentation of Local Issues

Yan Baczkowski, President & CEO, Long Island Convention & Visitors Bureau and Sports Commission

Michael Johnston, President, Long Island Hospitality & Leisure Association

Roundtable Discussion with State and Local Elected Officials

Sponsors



New York State Hospitality & Tourism Association

The New York State Hospitality & Tourism Association (NYSH&TA) is a not-for-profit trade organization representing nearly 1,000 lodging properties, totaling over 122,000 guest rooms, or 70% of total guest room inventory in the state. NYSH&TA's membership is also comprised of approximately 50 parks and attractions, over 100 industry suppliers, and more than 100 cooperating organizations, tourism educators, students and individuals combined. Founded in Saratoga Springs in 1887, NYSH&TA's mission is to lead and protect the New York State hospitality and tourism industry by providing advocacy, education, and resources. The Association provides benefits in three major categories: **representation and advocacy** on behalf of the industry before state lawmakers and regulatory agencies; **resources** in the form of money-saving programs, networking opportunities and marketing exposure via the website; **educational offerings** that help members best serve their customers.



Minimum Wage

The minimum wage in New York is currently \$8.75 per hour, and the federal minimum wage is currently \$7.25 per hour.

- In 2013, Governor Cuomo signed legislation increasing the State's minimum wage from \$7.25 to \$9.00 by 2015 to better align with the cost of living.
- This year, the Governor has proposed raising the statewide minimum wage again, to \$10.50 by the end of 2016. Additionally, because New York City has one of the highest costs of living in the world, the Governor proposed raising the City's minimum wage to \$11.50.

While as an industry, we support a fair minimum wage, it is important to note that such increases negatively impact job creation and expansion of business across the state. Therefore, NYSH&TA will work with the NYS Business Council and other industries to voice concerns that the Governor's proposal is too steep an increase, in too short a period, that will negatively impact job creation and the state's economy.

Direct feedback from NYSH&TA business members include:

- "This proposed increase in the minimum wage will negatively impact tourism as well as most small businesses."
- "Over a four-year period a proposed 41% increase in wages is not in proportion to increased revenues and other expenses."
- "We can't possibly absorb the increase without passing on the costs to our guests."
- "Prices will increase and jobs will be lost.... we would first look to increase prices, then reduce operation, cut hours, and positions."

Illegal Hotels – Leveling the Playing Field

In response to the growing trend of companies, like Airbnb, promoting illegal owner-occupied hotels within the state, NYSH&TA is looking to provide a statutory solution in New York to limit and potentially prohibit their impact on the legal hospitality industry. As we are aware, the owner-occupied hotel listings are often for short-term rentals, similar to the duration one would typically book a hotel room. Because the owner-occupier may list their own private dwelling on the site, these illegal hotels often escape registration, licensing, health, safety, tax, and insurance laws, and come under no regulation or supervision. Currently, there is a lack of basic oversight for the short-term online rental market, which poses a threat to the state, residents, and tourists.

Currently, sensible regulations and processes exist for the hotel and lodging industry that do not always apply to short-term online rentals, including:

- A variety of safety design and security features and procedures.
 - ◆ Fire and sprinkler systems, smoke detectors, and accessible fire extinguishers.
 - ◆ Security systems, electric locks with deadbolts, and night latches.
 - ◆ Closed-circuit television and secured access control as well as the availability of safe deposit boxes.
- Knowledgeable response capabilities of a hotel team, including medical, fire, and security response, evacuation assistance, and in many cases a direct link to local emergency services.
- Regular health and safety inspections by local, municipal, or state departments and agencies.
- Compliance with Americans with Disabilities Act design requirements as well as other safeguards like providing such added security as swimming pools with anti-entrapment features and exceeding balcony railing standards.
- The added security of knowing that hotels are covered under liability insurance.

For the safety and well-being of residents, tourists, and the state, there is a need for legislation to combat illegal hotels within New York by requiring compliance with state and local hotel laws.

Additionally, travelers and communities deserve the proper safeguards that protect them from the potential dangers and risks posed by the short-term online industry.

All short-term rental providers shall be subject to all of the same registration, requirements, regulations and restrictions to which owners and operators of bed & breakfasts, inns, hotels and motels are subject, including:

- Occupancy & Sales Taxes; proper state and federal income tax collections, or
- Building & Health (sanitary) Codes (including subject to Agency inspections); and
- Homeowner Insurance certification

Additionally, short-term rentals and illegal hotels pay no taxes on their transactions, depriving the state of tens of millions in much needed revenues.

For example:*

- Ithaca-Elmira Region = \$850,000 potential loss in County and Occupancy taxes in 2014 - Steuben/Thompkins/Chemung counties
- Albany/Schenectady Region = \$1.2 million potential loss in County and Occupancy taxes in 2014- Albany/Schenectady/Saratoga/Rensselaer counties
- Long Island = \$1.5 million potential loss in County and Occupancy taxes in 2014 - Nassau/Suffolk counties
- Upstate Region = \$600,000 potential loss in County and Occupancy taxes in 2014 - Essex/Warren/Jefferson/Lewis counties

*not including state sales tax (based on lodging industry data for regional annual average occupancy and average daily rates)

As legal hotels continue to expand throughout the State, they don't just add beds for tourists, they add good paying jobs for New Yorkers.

The legislation would be applicable to all municipalities, except New York City. In 2010, the State Legislature enacted stricter fire safety standards for Class B or transient use dwellings for hotels in New York City only. NYSH&TA continues to support not only the New York City hotels, but the City of New York and its efforts to eliminate illegal hotels while doing so practically, allowing well-established legal hotels to convert their certificates of occupancy and remain in compliance.

Tourism Funding

As part of the 2015-2016 Executive Budget proposal, the tourism industry was encouraged to hear Governor Cuomo announce the State's economic development agencies will implement a \$45 million tourism campaign in 2015-16, to attract visitors

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from around the world. This is clearly a sign the administration continues to value the tourism industry's contributions to the state's overall economic well-being.

It is essential for the sustainability of these investments, which are a proven investment for the state, that both the industry and Legislature continue to participate and partner with the administration to market and promote all of New York's destinations, attractions and events.

As an industry we support increasing the current funding levels for the Tourism Matching Grant Program as well as the I Love NY program in the 2015-2016 State Budget. Given the Matching Grant Program's track record as a revenue source for State and local governments, as well as a job generator, tourism is not only a wise investment, but a critical one that yields unmatched and well sustained returns for New York's economy. Accordingly, we will continue to support funding for programs such as Market NY and Taste NY that allocated funds for regional marketing and promotions across the State, which have proven to be huge successes and opportunities to show both domestically and internationally all that New York has to offer.

Some tourism funding specifics in the 2015-2016 Budget include:

- Budget calls for a 5th Round of Regional Economic Development Councils
- \$2.5 Million for I Love NY Program
- \$1.1 Million Taste NY
- \$3.815 Million for Matching Grants (the industry supports the additional \$500,000 added to this in the Senate's 1-House Budget Proposal)
- \$5 Million for Market NY

Regional Economic Development Councils

NYSH&TA remains an ardent supporter of the REDCs as they have been a proven funding source for tourism promotion and marketing across all of the State. In 2014, the State awarded nearly \$12M in tourism-related projects through Round 4 of the Regional Economic Development Council (REDC) process. As we move forward and begin discussions on the 2015-2016 State Budget we strongly support a 5th round of funding for the Regional Economic Development Council process as the Councils have delivered real results.

- **Nearly 150 tourism** projects have been funded thru the first 4 rounds of REDC process
- **Roughly \$75 Million** has been allocated for tourism projects thru the first 4 rounds of REDC process

Tourism Summits

NYSH&TA was an active participant and supporter of all the Tourism Summits and will continue to partner with the State to promote and grow the tourism industry in New York. Participation at these events and summits, provide a chance for continued partnerships to be developed which ultimately enhance the marketing and promotion of all New York.

- In 2015-2016 the Governor is calling for a 3rd Round of Summits/Events Across NY (\$25 Million in I Love NY & Advertising)

Scaffold Law

The Scaffold Law, which dates back to the 1885, holds contractors and property owners fully liable in lawsuits for gravity-related construction injuries, regardless of partial contributing fault by a worker. According to an independent study in 2012, Scaffold Law lawsuits represented half of the top settlements in New York and are responsible for escalating insurance and building costs across the state. These costs threaten the viability of many small businesses and impose millions of dollars in costs on taxpayers. New York is the only state in the nation where such a law is still on the books. Legislation to reform the Scaffold Law currently enjoys bipartisan support in both houses of the legislature, and NYSH&TA joins with many others in the business community supporting its passage this legislative session.

Improvements for Small Business

In Governor Cuomo's "2015 Opportunity Agenda" – a four percent tax reduction for small businesses and a set of new resources for small business owners looking to start or grow their businesses, was outlined. Cuomo has announced the creation of NY Business Express, a one-stop shop to help small businesses get started and grow. The Governor's proposed tax cut would put small business tax rates at their lowest rate ever. Overall, NYSH&TA supports the Governor in his efforts to streamline the regulatory process to do business in New York.

Long Island Convention & Visitors Bureau and Sports Commission

The Long Island Convention & Visitors Bureau and Sports Commission (LICVB&SC) was established in 1979 as the official tourism promotion agency for the destination's travel and tourism industry.



Based on Long Island in Hauppauge, NY, the LICVB&SC contributes to the economic development and quality of life on Long Island by promoting the region as a world-class destination for tourism, meetings and conventions, trade shows, sporting events, and related activities.

Long Island Hospitality & Leisure Association

Issues:

Illegal Hotels

In response to the growing trend of companies, like Airbnb, promoting illegal owner-occupied hotels within the state, and especially on Long Island, the tourism industry is working to provide a statutory solution to limit and potentially prohibit their impact on the legal hospitality industry. Last year, **the two Long Island counties lost approximately \$1.6 million in tax revenues**, some of which should have gone toward effectively marketing and promoting tourism.

Minimum Wage

On Long Island, most tourism businesses pay above the \$9/hour rate for next year. However, the issue may be if we go up too fast it would result in increased prices for consumers, followed by the reduction of operational costs in the form of hours and positions."

A special thank you to the
Holiday Inn Westbury
for hosting the continental breakfast!