

2015 Legislative  
*Roundtable Breakfast*  
LONG ISLAND

*Friday, September 25, 2015*  
8:30 - 10:00 a.m.

*Residence Inn Plainview*  
9 Gerhard Road, Plainview, NY 11803

*Room: Solarium*

co-sponsored by:



Long Island Hospitality  
& Leisure Association





## Long Island Legislative Roundtable Breakfast

Friday, September 25, 2015

Residence Inn Plainview

9 Gerhard Road, Plainview, NY 11803

### Program

**8:30 a.m.**

Registration & Breakfast Buffet

**9:15 - 10:00 a.m.**

**Welcome:**

**Introduction of State & Local Leaders**

**Presentation of State Issues**

Jan Chesterton, *President, NYS Hospitality & Tourism Association*

**Presentation of Local Issues**

Greg DeClemente, *Chairman, 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.



## Illegal Hotels – Leveling the Playing Field

In response to the growing trend of companies, like Airbnb, promoting illegal owner-occupied hotels within the state, it is incumbent on NYSH&TA to provide a statutory solution in New York to limit and potentially prohibit their impact on the legal hospitality industry. 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. Presently, 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 extended commercial 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, travellers 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 must be held, at minimum, to all of the same registration, requirements, regulations and restrictions to which owners and operators of bed & breakfasts are subject, including:

- Occupancy and sales taxes; proper state and federal income tax collections, or
- Building and 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 well-paying jobs for New Yorkers.

There needs to be legislation that 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.

## Minimum Wage

In September, Mario Musolino, Acting Commissioner of Labor, accepted the Fast Food Wage Board's recommendations for phased increases in the minimum wage for fast food workers that would reach \$15 per hour by December 31, 2018 in New York City, and December 31, 2021 for the rest of the state. Acting Commissioner Musolino also accepted the Fast Food Wage Board's definitions concerning what constitutes a fast food establishment and a fast food employee.

Likewise, Governor Cuomo and Vice President Joe Biden announced their support to make New York the first state in the nation to adopt a \$15 per hour minimum wage for all workers. The Governor envisions his proposed minimum wage increase to mirror the fast food wage order, taking full effect by December 31, 2018 in New York City, and July 1, 2021 for the rest of the state.

# 2015 LEGISLATIVE Roundtable Breakfast

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 continue to voice concerns that the Governor's proposal is too steep an increase, in too short a period, which will negatively impact job creation and the state's economy. NYSH&TA will continue to work with other business groups to ensure such an increase is stopped or at the very least delayed.

## Prohibiting Smoking in Hotel Rooms

Assemblyman Kenneth Zebrowski (D- Rockland) recently introduced a bill that would prohibit smoking in hotel and motel rooms. Specifically, the bill would add hotel and motel rooms to the list of indoor places where smoking is prohibited, such as restaurants and bars where smoking was previously prohibited under the NYS Clean Indoor Air Act of 2003.

NYSH&TA surveyed its 1,000 members about the Bill, and of those who responded to the survey, 95% of the hotels stated they were already smoke-free and that this Bill would not impact their day-to-day business.

As the state's sole legislative voice for the state's lodging industry, the New York State Hospitality & Tourism Association will work with Assemblyman Zebrowski, to ensure that going forward the Bill reflects the best interests of our industry.

## 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.

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

Award winners for a 5th Round of the REDC process are expected to be announced before the end of the year, with each region announcing its priority projects scheduled to be released early fall.

# Long Island Convention & Visitors Bureau and Sports Commission

The Long Island Convention & Visitors Bureau and Sports Commission (LICVB&SC) was established in 1979. It 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.



## 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. In 2014, 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

Governor Cuomo has made it clear he wants to make New York the first state to adopt a \$15 per hour minimum wage for all workers. The Governor envisions his proposed minimum wage increase to take effect by December 31, 2018 in New York City, and July 1, 2021 for the rest of the state.

On Long Island, most tourism businesses currently pay above the soon-to-be \$9/hour rate. However, the issue is if the minimum wage goes up too fast it would result in:

- increased prices for consumers
- reduced operational costs in the form of hours and positions
- wage compression requiring an increase for the non minimum wage employee.

### Occupancy Taxes

The Governor has until today (Sept. 25) at midnight to sign legislation that would extend the occupancy taxes for both Nassau and Suffolk Counties for 2 years, until 12/31/2017. The Long Island lodging community will be notified when the legislation is signed.