

November 4, 2024

The Honorable Eric L. Adams  
Mayor of the City of New York  
City Hall  
New York, NY 10007

Re: Int. 0991-C – A Local Law to amend the administrative code of the city of New York, in relation to licensing hotels

Dear Mayor Adams:

On behalf of the thousands of New York City workers and hundreds of businesses that comprise the Protect NYC Tourism Coalition, we respectfully ask that you veto Int-991-C. This flawed legislation would create a hotel licensing system with arbitrary carve-outs and have minimal impacts on improving health and safety standards in hotels and force many small businesses to close.

Most of the true health and safety provisions included in the bill are already required by state or local law or widely adopted by the industry. However, the bill will have immediate negative impacts on hotels and local small businesses, many of whom depend on this model to survive.

New York City is one of the most important hotel markets in the world. It directly employs 42,000 people at an average annual wage of \$90,658. Hotels also support another 257,000 jobs and over \$24 billion in wages and salaries each year.<sup>1</sup> The hotel industry pays over \$6.7 billion in state and local taxes annually, plus an additional \$5.5 billion in federal taxes and contributes more than \$39 billion in GDP to support the local economy.<sup>2</sup>

### **Prohibitions on Key Subcontractors**

This bill is a direct attack on New York City small businesses. It arbitrarily takes aim at the hundreds of small businesses serving the hotel industry. These businesses will be forced to close as their very existence will now be illegal.

§ 20-565.5 prohibits hotel owners with more than 100 rooms from contracting out any operations performed by core employees. Once again, this belies the true intent of this legislation as there is no evidence that hotels that use subcontractors have lower health and safety standards than those that do not. The small hotel carveout emphasizes this point. Notably, the hotel which

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<sup>1</sup> <https://economic-impact.ahla.com/>

<sup>2</sup> <https://economic-impact.ahla.com/>

Councilwoman Menin highlighted as justification for this legislation will be exempt from this new law.

### *Impact on Employees*

It is also an oversimplification to claim that no jobs will be lost because of this legislation due to the Displaced Hotel Services Act. Although this law seems to mandate that hotels offer employment to subcontractor employees, this job protection only exists for *90 days*.<sup>3</sup>

There are also significant logistical challenges for the hotels and employees.

- Given that subcontractors may have different employees go to different hotels each day, it is unclear *who* the hotel must offer employment to.
- Subcontractors also do business with multiple hotels and other businesses, so a subcontractor employee who has full time employment with the subcontracting company may now be forced into several part-time jobs at various hotels.
- Many subcontractors provide employees with transportation to hotel jobs, which is incredibly important for hotels that are in the outer boroughs. This bill ignores the real transportation challenges and other barriers to employment that employees face.

If the true intent of this legislation really is to standardize health and safety measures in NYC hotels, then the bill should mandate that subcontractors must comply with the same licensing and health and safety requirements as hotels – instead of a blanket ban on their businesses.

### **Licensing Requirement**

The version of the bill passed by the City Council on October 23 creates a bifurcation in the licensing certification process that treats hotels with a collective bargaining agreement (“CBA”) significantly different than those without one – highlighting the true intent of this legislation. This concern is not without merit. The hotels that will now shoulder the burden of this legislation have concerns that this license will be used to force hotels into signing neutrality agreements to obtain the license or that the license will be denied or revoked for political reasons.

Impacted hotels also have concerns over the effect this license will have on their lending agreements. *This bill is already impacting the NYC hotel financial market*, and many hoteliers are scrambling to ensure that their investments are protected. In fact, new hotel development in the city has largely ground to a halt<sup>4</sup> because of the new hotel permitting process<sup>5</sup> implemented in 2021.<sup>6</sup>

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<sup>3</sup> § 22-510(b)(2)

<sup>4</sup> <https://therealdeal.com/new-york/2022/12/09/how-special-are-these-permits-no-one-got-any/>

<sup>5</sup> <https://www.akerman.com/en/perspectives/how-city-planning-commission-special-permits-are-Hindering-new-york-hotel-scene.html>

<sup>6</sup> <https://www.hotelinvestmenttoday.com/Thought-Leadership/Contributed-Perspectives/Prepare-for-new-regulatory-hurdles-in-NYC>

Furthermore, there has been no meaningful fiscal impact study to determine the *cost* of implementing and enforcing such a licensing structure. This raises concerns about the ability of the NYC Department of Consumer and Worker Protection (DCWP) to manage this additional workload. At the hearing on October 9, 2024, the Department itself questioned their resources and expertise to implement the license.

Again, if the true intent of this legislation really is to standardize health and safety measures in NYC hotels, then you must veto this bill and instruct the City Council to pass a version that focuses on those issues and clarifies that a hotel cannot have its license denied or revoked based on the existence or lack thereof of a collective bargaining agreement.

Sincerely,

The Protect NYC Tourism Coalition

The Coalition includes members of the American Hotel & Lodging Association (AHLA), Asian American Hotel Owners Association (AAHOA), the Coalition for Hotel Subcontractors, the NYC Minority Hotel Association, the National Association of Black Hotel Owners, Operators and Developers (NABHOOD) and numerous other groups and stakeholders that support New York City's tourism industry.