

THE COUNCIL OF THE CITY OF NEW YORK



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CHIN AND BREWER RENEW EFFORT TO GET TAX RELIEF FOR STRUGGLING AFFORDABLE GROCERY STORES

NEW YORK - Citing the alarming number of neighborhood grocery stores shutting their doors across Manhattan, Council Member Margaret S. Chin joined Manhattan Borough President Gale A. Brewer to introduce legislation to exempt affordable grocery stores from the Commercial Rent Tax (CRT). Council Member Chin and Borough President Brewer held a rally alongside workers represented by the Retail Wholesale and Department Store Union Local 338 and United Food and Commercial Workers (UFCW) Local 1500 to demonstrate their overwhelming support for this renewed effort.

"Every time a grocery store closes its doors, the community suffers. Today, we are taking decisive action to protect them," said **Council Member Margaret S. Chin**. "While our grocery stores fuel the vitality of neighborhoods across the City, too many of them have been forced to pay the antiquated Commercial Rent Tax on top of the hundreds of thousands of dollars they already pay in rent. Two years ago, the Council passed a landmark bill to exempt more businesses from having to pay this tax. The legislation we are introducing today builds on that effort by providing desperately-needed relief for the grocery stores and workers on the frontlines of combatting food insecurity in our neighborhoods."

"Affordable supermarkets are the lifeblood of our communities, and New York City is losing them at a rapid pace," said **Manhattan Borough President Gale A. Brewer**. "I thank Council Member Chin for partnering with me on this legislation to ease commercial rent tax burden on these neighborhood mainstays."

“New York City is losing these vital local grocery stores at an astonishing rate,” said **City Council Health Committee Health Chair Mark Levine**. “We need to do everything we can to lessen the burden these local businesses are already facing by doing what we have already done for other struggling businesses and exempt them of this overly burdensome tax. For decades these grocers have provided jobs, they have kept our communities healthy and they have been good neighbors. It’s time the city stepped up to make sure they can survive and continue to serve as partners to our communities.”

Established in 1963, the CRT currently taxes businesses below 96th Street at an effective rate of 3.9% of its base rent. As commercial rents sky-rocket, the CRT only compounds on grocery stores' tight profit margins, pressuring many businesses to close its doors throughout the borough in recent years.

To qualify for the exemption in today's legislation, eligible stores would need to meet certain affordability requirements — including accepting SNAP and WIC — as well as dedicate at least 500 square feet of store space to affordable fresh produce.

Local grocery stores have been particularly hard hit. From 2005-2015, New York City lost roughly 300 greengrocers, a third of which were in Manhattan. According to data from the New York City Food Policy Center at Hunter College, these store closures generally occurred in low-income neighborhoods that already lacked access to fresh food.

In Lower Manhattan alone, residents have been dealing with the loss of several longtime grocery store closures in recent years, including Best Market in Tribeca, Met Foods in Little Italy, and Pathmark in Two Bridges.

"We greatly appreciate the efforts of BP Brewer, CM Chin, and her colleagues, in promoting legislation to repeal the Commercial rent tax for supermarkets," said **Morty Sloan, a co-owner of the family-owned Morton Williams supermarkets**. "If successful, this legislation will help to reduce our cost of doing business in Manhattan. Through these efforts, and hopefully others to come, Morton Williams, as well as other supermarket operators, will be able to continue to expand and not only provide healthy food options for New Yorkers but, at the same time, provide good paying jobs to all of our union employees who play such an important role in our success."

“As a sponsor of related legislation to relieve small businesses from the commercial rent tax, I commend Council Member Chin for her legislation to exempt qualifying neighborhood grocery stores of the burdensome tax,” said **Council Member Keith Powers**. “In Stuyvesant Town, the Associated Supermarket recently announced its closure, and had been a neighborhood staple for many residents. There needs to be more sustainable options for these grocers and stores to stay on their feet. Businesses need relief.”

“When we lose neighborhood grocery stores, New Yorkers lose access to affordable, healthy food options that are key to addressing the social determinants of health,” said **Council Member Carlina Rivera**. “We can’t let that happen. I’m proud to support Council Member Chin’s legislation that will provide financial relief to help keep our grocery stores alive and servicing New Yorkers.”

“The Upper West Side has lost a number of supermarkets in recent years, impacting thousands of residents, especially lower-income and elderly New Yorkers,” said **Council Member Helen Rosenthal**. “We can help to reverse this trend by excluding supermarkets from the Commercial Rent Tax, which has been an added burden as they have struggled to survive in Manhattan. Green grocers provide an absolutely essential service and we have a responsibility to ensure that residents can continue to purchase food within their communities. I’m proud to join Council Member Margaret Chin and Borough President Brewer in co-sponsoring this legislation, which will also require that markets dedicate floor space to fresh, affordable produce.”

"Too many neighborhoods in New York City have limited access to healthy foods at decent prices," said **Council Member Ben Kallos**. "We need more supermarkets that carry a variety of fresh healthy foods, and one of the best ways to accomplish this is to protect supermarkets from very high commercial taxes that are often passed down to consumers through higher prices. New York City should exempt grocery stores from commercial rent tax if they meet the floor space criteria. Thank you to Council Member Chin for leading on this legislation."

After 9/11, New York State eliminated the CRT for businesses in the World Trade Center area, generally south of Murray Street between South and West Streets. In 2017, the New York City Council passed Local Law 254 to exempt more businesses from the commercial rent tax. Before the passage of the legislation, businesses with annual rents of at least \$250,000 had to pay the CRT. Local Law 254 of 2017 raised the minimum to \$500,000 and created a sliding scale for a partial tax credit for businesses who make between \$5 million or \$10 million or pay between \$500,000 to \$550,000 in rent.

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