



**State of the City Address
City Council Speaker Christine C. Quinn
Thursday, February 12, 2009**

Three weeks ago, on Inauguration Day, nearly a thousand New Yorkers filled this room to celebrate history being made in our nation's capital.

They came from all corners of the City and stood in line in the cold, to share that moment with their fellow New Yorkers, right here in City Hall.

Schoolchildren and teachers, co-workers and families, many dressed in their Sunday best.

Wherever you looked, you didn't see the faces of people laid low by recession, consumed by fear, or overwhelmed by difficulty.

What you saw on the faces of New Yorkers was a resounding belief in the future of this country.

Confident. Resilient. Determined.

We may be in the midst of the worst fiscal crisis in decades. But New Yorkers know better than anyone that no crisis has ever stopped our city from moving forward.

As E. B. White reminds us, New York is the city that "managed to reach the highest point in the sky at the lowest moment of the depression."

From the fiscal crisis of the 70s, to the dark days after September 11th, we have always stood together and used our collective strength to rebuild.

Well, we are going to need every ounce of that strength to get through the tough times ahead.

New York City is facing a \$4 billion deficit. We've lost 50,000 jobs already, and every day we learn of more layoffs to come. Many are in finance, or tied to it.

There's no doubt about it – we need to reform Wall Street, so it can recover its strength and remain the world's financial capital. But we also need to take steps – right now – to make New York City less dependent on Wall Street.

Our partners in the Federal government are doing what they can to stimulate the New York economy. We must also do our part.

We need to diversify outside of high finance – right now. We need to rebuild our economy – right now. We need to create good new jobs – right now.

It's as though we're finally waking up from a long, Wall Street induced slumber. There was so much money coming in from the financial boom, we didn't really have to look any farther.

But now, we're being forced to look closer at what we do have and find creative ways to make it go further.

We already have what it takes to get started. Untapped opportunities for growth are all around us.

New York is full of natural resources that we just haven't fully harnessed. They've been there for years, but we weren't giving them enough support to flourish.

So today, I'll outline a series of proposals to strengthen our economy, and invest in growing industries. To make taxes fairer, and housing more affordable. To tap creative sources of revenue, and cut millions of dollars of unnecessary spending – without sacrificing safe streets or core services.

And we'll do all this by starting with the resources we already have.

So what do we have here in New York City? We have 220,000 small businesses. They create and maintain good local jobs every day.

They're the dry cleaner run by a family of immigrants. The diner where you know all the waitresses by name. And the hardware store where they always know what you're looking for.

They're the businesses and the people that keep our neighborhoods working and our City running.

And most of us never really give them much thought. Until one day we walk by our local deli and discover it's been replaced by a bank chain, or yet another vacant storefront.

And at that moment we wonder, what could the City have done to keep that business alive?

Well, we've spoken to small businesses around the city. Council Members like Simcha Felder and Helen Sears have led conversations with business leaders in their districts.

And we've asked small business owners: What can we do to help you?

They're New Yorkers, so not surprisingly they weren't shy about their answers. Here's what they told us:

First, make it easier to start up.

Opening a business can require over a dozen permits from a variety of City agencies. The City has taken a good first step, by putting all the permits in one place at NYC Business Express.

But for the majority of permits, businesses still have to fill them out separately, and then go – often in person – to each and every agency to file them.

We already have a few permits you can fill out and file online. So why stop there?

Let's create a single, combined application that folks can file on the web. And since all those permitting fees can add up, let's waive the costs for the next 12 months and encourage new businesses to start right now.

Once you're ready to go... well, then there's the inspections.

And each city agency visits separately, so a business could remain shuttered for weeks, or months, just waiting for that one last inspection.

It's worse than waiting for the cable guy.

To add insult to injury, agencies already coordinate surprise visits to catch businesses breaking the law. So why not coordinate, and come on the same day, to help them open their doors?

We'll work with the Administration to make every possible inspection happen together.

Second, they said support those businesses that already exist by keeping more local dollars in our local economy.

Whenever the City buys a product or procures a service, we're required by State law to take the lowest bid – even if that means sending our taxpayer dollars to Minnesota or Malaysia.

We need to change that law, so we can use a qualified local company, particularly one that's woman or minority owned.

Sure, we might spend a little more on the front end. But by putting our money where our mouths are, we support local jobs and ultimately create additional revenue.

And I want to thank Deputy Majority Leader Leroy Comrie and Council Member Larry Seabrook for their work on this issue.

We've also come up with another great idea to rally around small businesses and jump start our local economy.

Council Member Melissa Mark Viverito has developed a plan to get more New Yorkers and visitors exploring – and spending their money – in the unique neighborhoods throughout the five boroughs.

Because after all, our neighborhoods are some of our greatest natural resources.

We'll work with NYC & Company to target local hubs of retail, dining and entertainment, and develop an aggressive marketing campaign.

To kick off the campaign, Mayor Bloomberg and I will join Melissa at the FB Lounge and Restaurant in El Barrio. Owner Roberto Ayala is here with us today. And Roberto, give the check to the Mayor – he'll be paying.

And if we want to encourage New Yorkers to shop locally, we simply can't afford to raise the sales tax. We're not going to balance the budget by squeezing local merchants and shoppers.

The final thing small businesses asked us to do should be the simplest: get out of their way.

All the different laws and rules can make for a regulatory labyrinth. So we'll institute a pilot program, proposed by Minority Leader Jimmy Oddo. It'll require certain City agencies to evaluate the impact of any new rules or regulations on small businesses.

And at the suggestion of our Economic Development Committee Chair Tom White, we'll pass a law to establish a temporary amnesty for businesses with outstanding violations.

Right now there's \$150 million in unpaid fines, of which we're not seeing a penny.

If a small business comes forward during this time and demonstrates that they've corrected the underlying problem, we'll waive their late fees and develop a payment plan. We'll make sure fines aren't dragging these businesses down, and get millions of dollars flowing into city coffers.

These three proposals – help businesses open, get them more business, and stay out of the way – make up the core of our new small business plan, "Open For Business". It'll help us get New Yorkers working, and keep small businesses the engine of our economic growth.

Another way we'll create jobs is by focusing on entire sectors that we've left untapped for far too long. Again, we'll build on our natural strengths.

New York is already a leader when it comes to the world of medicine. We train more of the nation's doctors than anyone else, and we're home to the best hospitals in the world.

We're also a center of cutting edge research for the biotech industry, creating advances in medicine our parents could never have imagined.

But when it comes time to turn that new discovery into a new drug, New York loses out. Instead of creating jobs and economic activity here, biotech companies leave our city for places like Boston or San Diego.

Now I have to apologize to the nice folks in San Diego and Boston. Because we're going to start stealing those jobs, and bringing them back to New York.

We've already started by creating more work space. Thanks to the Mayor's leadership we're building the new East River Science Park, and creating labs in the renovated Brooklyn Army Terminal – over a million square feet in all.

Next we need to create strong incentives to encourage firms to locate, and stay, right here. That's why today, I'm proposing a City Biotech Tax Credit.

This will help dozens of biotech companies equip their facilities and train their staff. And I want to thank Assembly Member Mark Weprin, who's here today, and will be introducing this legislation in Albany.

By becoming more competitive, we'll create nearly a thousand high-tech and high paid jobs.

Now it's not always about creating new jobs, or stealing them back. Another easy way to boost our economy is by filling jobs that are already in demand.

For years, New York City has had a nursing shortage. And over the next decade, we'll need 3,000 new nurses just to keep up with our growing population.

These are good jobs, important jobs. And we don't need to do anything to create them – they're already here.

But right now these jobs are lying vacant. It's not for lack of interest. We have a long wait list of students who dream of becoming nurses.

But CUNY had to turn away 575 qualified applicants last year. Why? Because we don't have nearly enough nursing professors to teach all these folks.

The solution is a simple matter of sharing resources between City institutions. So we're calling for a program to recruit experienced nurses from our City's hospitals, and have them serve as guest faculty at CUNY schools.

By adding just ten more nursing teachers, we'll train 500 new nurses in the next five years. That's 500 new jobs, and 500 people providing crucial health services to folks all across the city.

New York is world renowned for the quality of our health care.

We're also known, as my father would say, for having the best eats – whether it's from the vendors in Red Hook or the latest four star restaurant.

A lot of the food they serve, or the ingredients they use, are made by manufacturers here in the five boroughs. There are tens of thousands of New Yorkers employed in this \$5 billion dollar industry, most in small, locally owned businesses, many with ethnic specialties.

Amy's Bread began as a single storefront in my district. Now it's served in more than 200 New York stores and restaurants.

Wonton Food started with a small, Chinatown operation, and today it's the largest manufacturer of noodles and fortune cookies in the country.

There are people just like them in every neighborhood – people famous for their beef patties, their peirogis, or their pasteles.

Some of them dream of opening their own business. But they don't have the start up capital, including the tens of thousands of dollars it can take to rent or outfit their own commercial kitchen.

We can help these entrepreneurs become the Wonton Food or Amy's Bread of tomorrow.

How? By creating a brand new collaborative workspace. With the help of the city's Economic Development Corporation, this shared kitchen will allow 60 small food manufacturers to get started.

Working alone these businesses might have failed – or worse, never even started. But together, they'll all have a chance to thrive.

And by charging a modest fee for use, the city can recover its investment while creating hundreds of new jobs – and turning caviar dreams into caviar realities.

These are just three of the areas we can tap for job growth, simply by using what we already have.

In the coming months, we'll propose more sectors in which we can invest. And as we do so one of our greatest tools will be smart, targeted tax incentives.

Every year, the City forgoes over 4 billion dollars in various tax credits, like the ones we give companies to help create new jobs.

These credits set laudable goals. But the problem is, we don't bother to check to see if companies are actually meeting these goals.

We've developed an honor system of corporate welfare.

We need an annual review – top to bottom – of existing tax credits, to find and eliminate waste and keep up with changing times.

And if we want to create new incentives for industries like biotech, then we need to take money back from companies that aren't keeping their promises – or meeting our priorities.

Look at the New York Board of Trade, a commodity exchange. They've gotten nearly one million dollars in tax credits to keep jobs in New York City.

But since they got the deal in 2000, they've gone from 4,731 jobs down to only 170. Should we really keep giving them taxpayer money?

When governments fail to hold companies accountable for their end of the deal, that's when tax credits turn into tax loopholes. And in this economy we simply can't afford to waste one dime.

Through smart planning, and working with existing funds, we can do everything I've outlined at no additional cost to taxpayers.

But the City is facing a massive budget deficit. If we're going to protect core services like education, we need to drastically cut back on non-essential City spending.

That's why in December, this Council proposed nearly half a billion dollars in additional common sense budget cuts.

Some have already been included in the City's latest budget proposals. For example, instead of paying \$20 million to consultants to estimate City construction costs, we'll have the agency staff – those originally hired to do those estimates – do their jobs.

Also at our urging, the Police Department will stretch out replacement of vehicles for another year. Police cars may be a little older and a little more beat up, but we can make do – and we should expand this idea to other agencies as well.

And home owners will have to leave their grass cuttings on the lawn, instead of setting them out for trash pick up. At over \$100 a ton for waste disposal, this will save the City almost \$2 million.

With finance committee chair David Weprin, we'll present additional cuts in the Council's Budget Response in early April. But we've already got some new ideas.

First, we should look for opportunities to merge City agencies with similar functions. We've got a department of administrative services, and two separate departments for city records and payrolls? Let's merge them all into one.

And right now, we have a dedicated pension system, just for a small number of non-classroom DOE employees. We should fold it into the larger pension system that covers other civilian employees. It'll save tens of millions of tax dollars, without touching pension benefits.

We'll also have to make do with less. And that means cutting back on all unnecessary expenses.

The City plans to spend over \$4 million next year on electronic highway signs – the ones that say “Traffic Jam Ahead”, once you’re already in it. Nice, but not essential.

During the height of the building boom, we were forced to hire temporary workers at the Department of Buildings. Since construction in our city has been slowing down, this is a logical place to trim.

And as we’re struggling to avoid layoffs, do we really need to spend over \$30 million on marketing campaigns to convince more people to apply for City jobs?

We also need to cut back on administrative costs. This year we’ve budgeted \$28 million for staff training, \$23 million for printing, \$30 million for postage, and \$36 million for travel. We’re spending \$117 million in total.

Cutting just 10% could save enough money to hire 250 new police officers, or keep 40 senior centers open.

To get through these tough times, we’re all going to have to pitch in. Just as we’ve raised property taxes on homeowners and cut back on government spending, we also need the city’s labor unions to play their part. It will take tough choices, but working together - just like we did in the seventies - we can find savings while still protecting critical services.

While we look to cut spending, we’ll keep our eyes open for any new sources of revenue. Here’s one that’s been right in front of us for years.

Web sites end with dot com, dot org, dot this and dot that. Thanks to the leadership of Council Member Gale Brewer and Deputy Mayor Bob Lieber, New York City will soon have its own place on the web – with dot NYC.

Mark Twain famously advised “Buy land, they’re not making it anymore.” Well now we can make more New York addresses – just on the internet!

A local business won’t have to outbid a guy in Kansas to get Tony’s Pizza dot com. They’ll be able to get Tony’s Pizza dot NYC, a name associated with the greatest city – and home of the greatest pizza – in the world.

Most importantly, we expect to generate millions of dollars a year through the sale of web addresses ending in dot NYC.

We can also start aggressively pursuing federal programs that could bring more money to New York, funding that's right there for the taking.

Access to affordable healthcare is a big problem in many neighborhoods. But there are Federal programs that place doctors in underserved communities. It's the way a New York doctor got to mingle with moose in Alaska on the show Northern Exposure.

Working with Health Committee Chair Joel Rivera and the Department of Health, we'll apply for those federal programs. We could bring in tens of millions of dollars and dozens of new doctors – each complete with their own moose.

It'll help us expand health coverage, at a time when insurance costs and unemployment are on the rise. All this at virtually no cost to the City.

We can also better use existing federal programs to assist those hit hardest by the recession.

Last year we worked with the administration to contact New Yorkers who get Medicaid, but weren't getting food stamps – even though they were most likely eligible.

Preliminary results from Queens and the Bronx show that, as a result, nearly 30,000 new people are receiving food stamps. It didn't cost much, but it's bringing in millions of federal dollars every month for needy New Yorkers.

We're working with the State to do this same kind of match for New Yorkers who are sadly running out of their unemployment benefits.

We don't need to create a new program, or spend a ton of additional money. We just need to work with what we have, and connect folks with services that already exist.

Times of crisis force us to rethink old assumptions, and often bring new clarity in the process.

We've been forced to take a hard look at every part of our budget – both where we're spending, and how we're raising revenue. And it's impossible not to notice how unfair our current tax system is.

Right now, New York City taxes everyone making above \$90,000 the same. It's shameful – Bernie Madoff pays the exact same tax rate as a public school principal.

That's not sharing the burden. It's a slap in the face.

So we've come up with a proposal to reform the city's outdated income tax structure. We won't tax the middle class a penny more. But we will ask the City's top 4% – those families making over \$300,000 a year – to kick in a little extra.

We'll stagger the increases, so the lucky few with incomes over a million dollars will pay the most. 96% of city taxpayers won't see any increase at all.

For those who say this will cause a mass migration of millionaires to Westchester or New Jersey, the facts simply don't bear that out.

Princeton University recently did a study on the effects of a similar tax in New Jersey. They found that out of all the millionaires in New Jersey, the amount that fled was only 0.2 percent.

We're not afraid to ask those who've gotten the most from New York City to give a little back when times get tough.

And for New Yorkers on the other end of the spectrum, we need to offer some relief. Working with Council Member David Yassky and the Drum Major Institute for Public Policy, we've come up with a plan to help these working families.

224,000 New York households currently pay no Federal or State income tax, because their earnings are so low. Yet New York City still taxes them.

Believe it or not, it was George W. Bush that did away with the federal tax. Even he could see it was absurd.

So let's eliminate City income taxes for those families making less than \$45,000 a year. It'll put an average of 320 bucks back into their pockets.

That may not sound like a lot to some folks. But for families struggling to get by, it'll help put a little extra food on the table or pay the rent.

The idea is based on a simple principle. Those hit hardest by the economic crunch deserve some assistance. And those of us doing better should be doing a little more to help.

As we work to reform our tax code, we'll need to partner with Albany on a coordinated approach to avoid piling on. But make no mistake – these changes are long overdue.

And speaking of Albany, this year – after nearly three decades – we'll finally undo Urstadt and take back home rule for our tenants. Control over our own housing policy will be back in New York City, where it has always belonged.

I want to thank Speaker Silver for his leadership on this issue.

Our commitment to protecting tenants goes hand in hand with our commitment to creating more affordable housing.

Throughout the housing boom, we've been swimming against the tide – trying to create affordable, middle class homes while real estate prices climbed. Seemed everywhere you looked, from Chelsea to Corona, a new luxury building was cropping up.

Now I've got nothing against high-end development. In fact, this Council approved much of it. But no one could have predicted this. Thousands of those homes never sold, left like tarnished trophies of the building boom.

These vacant apartments now represent our best asset in the fight for affordable housing.

So today we are announcing a new partnership between the Council and the Administration, to turn these unsold apartments into affordable homes.

Where developers have units they cannot sell, the City will negotiate the lowest possible price, and make these homes affordable for middle class families to rent or buy. Using existing funds we'll add thousands of new affordable homes.

I want to thank the Council's Task Force on Affordable Housing, our Housing Committee Chair Erik Dilan, and Land Use Chair Melinda Katz for helping develop this proposal.

New Yorkers who were once nearly priced out of their communities will now have a chance to buy or rent one of the new homes that were built in their own backyards. And best of all, these units are already out there, just waiting for someone to call them home.

Empty homes aren't just a missed opportunity for affordable housing. They can be the first step in a neighborhood's decline.

We all remember the bad old days of the 70s. Empty buildings and broken windows. Too much violence and not enough cops. We let an economic downturn cause an upturn in crime.

But we've learned from the past. And I promise you – we won't make those same mistakes again.

That's why this Council protected police cadets who were on the budget chopping block. Because of our advocacy, we saved at least 500 new police officers. And we'll spend the next few months pushing to make that number even bigger.

We're not going to take one step back in the fight against crime. But every one of us has to play our part.

This past summer, after a series of shootings in Harlem, "Stop Snitching" graffiti appeared on neighborhood streets. It was a direct threat to those who might come forward with life saving information.

In response, I joined with a group of mothers who've lost their children to gun violence, including my friend Jackie Rowe Adams, who's here today.

Together with community leaders, including Majority Whip Inez Dickens, we painted over that menacing graffiti and its message of silence and intimidation.

But our work is not done. We'll build a coalition of young people to help us prevent crime in our schools and in our neighborhoods. By teaming up with the Department of Education, and the anti-gun violence group Pax, we'll create an education and outreach program targeted at schools in violent neighborhoods.

We'll establish an anonymous hotline for youth, so they can phone and eventually text information about criminal activity before it turns into tragedy. Our message to young people is crystal clear. It's not snitching. It's saving a life.

We'll also take steps to keep this economic downturn from leading to an increase in gang violence.

To make sure our District Attorneys have every possible legal tool at their disposal, we are going to pass two tough new penalties aimed at members of gangs that terrorize our communities.

Gang initiations often involve forcing a new recruit to commit crimes. Right now, the penalty for such activity? As little as 15 days in jail. Not much of a deterrent.

Building on the great work of Public Safety Chair Peter Vallone, and thanks to the efforts of Council Members Maria del Carmen Arroyo and Domenic Recchia, we are going to increase those penalties – so that a gang member who encourages someone to commit a crime will soon face up to one year in jail.

And initiations that terrorize or physically threaten others? That will also get you a year in jail.

We won't wait until a problem gets worse. We'll act now to keep New York City the safest big city in America.

That's what New Yorkers expect. Safe streets. Good jobs. A strong local economy and businesses that make it run.

We can get there, even in the toughest of economic times. If we pull together as one city united behind a common purpose. And the way to get started is by making more out of what we already have.

Small businesses with big ideas. Students waiting to become nurses, and houses ready to become homes. Cultural giants and neighborhood gems. The combined passion and hard work of 8 million New Yorkers – that's our greatest resource.

By using what's already available in innovative ways, we can foster growth even in the midst of this recession. We can help a working family find affordable housing, or an entrepreneur realize a life long dream.

We won't use lack of money as an excuse for inaction.

And we will not let the enormity of this problem deter us from finding solutions both big and small.

We stand at a unique moment in history. As my father said, an interesting time. A moment of great challenges, but even greater hope.

The New Yorkers who stood here on Inauguration Day knew that. They knew that our sense of community is our greatest asset.

We'll let that principle guide us in the months ahead. And together, we'll build a New York that's stronger, smarter, and more forward thinking than ever before.

Thank you.