

January 29, 2018 Agenda – Open Meeting Item

To: The Board
cc: Legal Staff
From: Amber Marie Gonzalez AMG
Date: January 22, 2018
Re: Amendment to Board Rules Section 1-11

At its November 8, 2017, meeting the Board approved an amendment to Board Rules Section 1-11 to adjust the dollar amount for “ownership interest” found in Charter Section 2601(16) from \$48,000 to \$50,000. The proposed rule was subsequently published in accordance with the New York City Administrative Procedure Act (“CAPA”).¹

On December 19, 2017, the required public hearing for comments on the proposed rule was held. No comments were submitted. Staff recommends that the Board adopt the proposed rule as the final rule.

Attached is the notice of adoption of rule (Exhibit 1).

¹ The rule was published on the Board’s website, in the City Record, and on the NYC Rules website.

NEW YORK CITY CONFLICTS OF INTEREST BOARD

Notice of Adoption of Final Rules

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN THE NEW YORK CITY CONFLICTS OF INTEREST BOARD by Section 2603(a) of the New York City Charter that the Conflicts of Interest Board has adopted an amendment to its rule on Adjustment of Dollar Amount in Definition of Ownership Interest, Section 1-11 of Title 53 of the Rules of the City of New York, to adjust the dollar amount in the definition of "Ownership Interest" in Charter Section 2601(16) to reflect changes in the Consumer Price Index (CPI) for the metropolitan New York-New Jersey region published by the United States Department of Labor, Bureau of Labor Statistics (BLS). The proposed rules were published in the City Record on November 17, 2017, and a public hearing was held on December 19, 2017. The Board received no comments on the proposed amendment. The Conflicts of Interest Board now adopts the following amendment as final.

Statement of Basis and Purpose

Subject to certain exceptions, the conflicts of interest provisions of Chapter 68 of the New York City Charter prohibit New York City public servants from having "interests" in firms engaged in business dealings with the City or from taking actions as a public servant particularly affecting the public servant's interest in a firm. See Charter Sections 2604(a) and 2604(b)(1). Interest is defined in Charter Section 2601(12) as either an ownership interest in a firm or a position with a firm. "Ownership interest" is, in turn, defined in Charter Section 2601(16) as

an interest in a firm held by a public servant, or the public servant's spouse, domestic partner, or unemancipated child, which exceeds five percent of the firm or an investment of twenty-five thousand dollars in cash or other form of commitment, whichever is less, or five percent or twenty-five thousand dollars of the firm's indebtedness, whichever is less, and any lesser interest in a firm when the public servant, or the public servant's spouse, domestic partner, or unemancipated child exercises managerial control or responsibility regarding any such firm, but shall not include interests held in any pension plan, deferred compensation plan or mutual fund, the investments of which are not controlled by the public servant, the public servant's spouse, domestic partner, or unemancipated child, or in any blind trust which holds or acquires an ownership interest. The amount of twenty-five thousand dollars specified herein shall be modified by the board pursuant to subdivision a of section twenty-six hundred three. (Emphasis added.)

Charter Section 2603(a) requires the Conflicts of Interest Board, by rule amendment, once every four years to adjust the \$25,000 amount established in Section 2601(16) to reflect changes in the CPI for the metropolitan New York-New Jersey region as published by BLS. The foregoing provision became effective on January 1, 1990.

Effective Year	Consumer Price Index (CPI)	Ownership Interest Amount (rounded to the nearest \$1,000)	Percent change from 1990 CPI
1990	135.1	\$25,000	-
1994	156.0	\$29,000	15.5%
1998	172.1	\$32,000	27.4%
2002	188.5	\$35,000	39.5%
2006	216.6	\$40,000	60.3%
2010	238.8	\$44,000	76.8%
2014	258.5	\$48,000	91.3%
2018	270.1	\$50,000	99.9%

According to the BLS, for the period from January 1990, to September 2017, the CPI for the metropolitan area increased from 135.1 to 270.1, reflecting a total increase of 99.9%. Thus, the \$25,000 Charter amount will be adjusted to \$50,000, rounded to the nearest \$1,000.

Text of the Proposed Rule

New material is underlined.

[Deleted material is in brackets.]

“Shall” and “must” denote mandatory requirements and may be used interchangeably in the rules of this department, unless otherwise specified or unless the context clearly indicates otherwise.

Section 1-11. ADJUSTMENT OF DOLLAR AMOUNT IN DEFINITION OF “OWNERSHIP INTEREST”

Effective as of January 1, [2014] 2018, the dollar amount in the definition of “Ownership Interest” in subdivision (16) of § 2601 of the New York City Charter shall be adjusted from [\$44,000] \$48,000 to [\$48,000] \$50,000.