

## City of New York Conflicts of Interest Board

### Notice of Public Hearing and Opportunity to Comment on Proposed Rule

**What are we proposing?** The Conflicts of Interest Board intends to amend 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” (Charter Section 2601(16)) from \$48,000 to \$50,000, to reflect changes in the Consumer Price Index for the metropolitan New York-New Jersey region published by the United States Department of Labor, Bureau of Labor Statistics.

**When and where is the Hearing?** The Conflicts of Interest Board will hold a public hearing on the proposed rule. The public hearing will take place at 10:00 a.m. on Tuesday, December 19, 2017. The hearing will be in Spector Hall at 22 Reade Street, New York, New York 10007.

**How do I comment on the proposed rule?** Anyone can comment on the proposed rule by:

- **Website.** You can submit comments to the Conflicts of Interest Board through the NYC rules website at <http://rules.cityofnewyork.us>.
- **Email.** You can email comments to Julia Lee at [lee@coib.nyc.gov](mailto:lee@coib.nyc.gov).
- **Mail.** You can mail comments to the Conflicts of Interest Board, 2 Lafayette Street, Suite #1010, New York, New York 10007.
- **Fax.** You can fax comments to the Conflicts of Interest Board at (212) 437-0705.
- **By Speaking at the Hearing.** Anyone who wants to comment on the proposed rule at the public hearing must sign up to speak. You can sign up before the hearing by calling (212) 437-0730. You can also sign up in the hearing room before the hearing begins on December 19, 2017. You can speak for up to three minutes.

**Is there a deadline to submit comments?** Yes, you must submit written comments before Monday, December 18, 2017, at 5:00 p.m.

**Do you need assistance to participate in the hearing?** You must tell us if you need a reasonable accommodation of a disability or a sign language interpreter at the hearing. You can tell us by mail at the address given above. You may also tell us by telephone at (212) 437-0730. Advance notice is requested to allow sufficient time to arrange the accommodation. Please tell us by Friday, December 15, 2017, at 5:00 p.m.

This location has the following accessibility option(s) available: Wheelchair accessible.

**Can I review the comments made on the proposed rule?** You can review the comments made online on the proposed rule by going to the website at <http://rules.cityofnewyork.us/>. A few days after the hearing, copies of all comments submitted online, copies of all written comments, and a summary of

oral comments concerning the proposed rule will be available to the public at the Conflicts of Interest Board, 2 Lafayette Street, Suite #1010, New York, New York 10007.

**What authorizes the Conflicts of Interest Board to make this rule?** Sections 1043 and 2603(a) of the City Charter and authorize the Conflicts of Interest Board to make this proposed rule. This proposed rule was not included in the Conflicts of Interest Board’s regulatory agenda for this Fiscal Year because it was not contemplated when the Conflicts of Interest Board published the agenda.

**Where can I find the Conflicts of Interest Board’s rules?** The Conflicts of Interest Board’s rules are in Title 53 of the Rules of the City of New York.

**What laws govern the rulemaking process?** The Conflicts of Interest Board must meet the requirements of Section 1043 of the City Charter when creating or changing rules. This notice is made according to the requirements of Section 1043 of the City Charter.

### **Statement of Basis and Purpose of Proposed Rule**

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 Consumer Price Index (CPI) for the metropolitan New York-New Jersey region as published by the United States Department of Labor, Bureau of Labor Statistics (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 should 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.

**NEW YORK CITY LAW DEPARTMENT  
DIVISION OF LEGAL COUNSEL  
100 CHURCH STREET  
NEW YORK, NY 10007  
212-356-4028**

**CERTIFICATION PURSUANT TO  
CHARTER §1043(d)**

**RULE TITLE:** Amendment of Rule Regarding Ownership Interest

**REFERENCE NUMBER:** 2017 RG 102

**RULEMAKING AGENCY:** Conflicts of Interest Board

I certify that this office has reviewed the above-referenced proposed rule as required by section 1043(d) of the New York City Charter, and that the above-referenced proposed rule:

- (i) is drafted so as to accomplish the purpose of the authorizing provisions of law;
- (ii) is not in conflict with other applicable rules;
- (iii) to the extent practicable and appropriate, is narrowly drawn to achieve its stated purpose; and
- (iv) to the extent practicable and appropriate, contains a statement of basis and purpose that provides a clear explanation of the rule and the requirements imposed by the rule.

/s/ STEVEN GOULDEN  
Acting Corporation Counsel

Date: November 14, 2017

**NEW YORK CITY MAYOR'S OFFICE OF OPERATIONS  
253 BROADWAY, 10<sup>th</sup> FLOOR  
NEW YORK, NY 10007  
212-788-1400**

**CERTIFICATION / ANALYSIS  
PURSUANT TO CHARTER SECTION 1043(d)**

**RULE TITLE: Amendment of Rule Regarding Ownership Interest**

**REFERENCE NUMBER: COIB-3**

**RULEMAKING AGENCY: Conflicts of Interest Board**

I certify that this office has analyzed the proposed rule referenced above as required by Section 1043(d) of the New York City Charter, and that the proposed rule referenced above:

- (i) Is understandable and written in plain language for the discrete regulated community or communities;
- (ii) Minimizes compliance costs for the discrete regulated community or communities consistent with achieving the stated purpose of the rule; and
- (iii) Does not provide a cure period because it does not establish a violation, modification of a violation, or modification of the penalties associated with a violation.

/s/ Francisco X. Navarro  
Mayor's Office of Operations

November 14, 2017  
Date