

NEW YORK CITY TAXI AND LIMOUSINE COMMISSION

Notice of Promulgation

Notice is hereby given in accordance with section 1043(b) of the New York City Charter (“Charter”) that the Taxi and Limousine Commission (“TLC”) promulgates amendments to its rules relating to the issuance of grants under the Medallion Relief Program.

This rule is promulgated pursuant to sections 1043 and 2303 of the Charter and section 19-503 of the Administrative Code of the City of New York. This rule was published in the City Record on August 29, 2022 for public comment. On September 28, 2022 a public hearing was held virtually by the TLC and the rule was adopted by the Commission on September 28, 2022.

Statement of Basis and Purpose

On March 17, 2022 the Commission adopted rules establishing the eligibility criteria for applying for a supplemental loan deficiency guaranty through the Medallion Relief Program (“MRP”). The goal of the MRP is to support the recovery of the yellow taxicab industry in New York City by helping medallion owners restructure their outstanding debt to more sustainable levels on more favorable terms.

These rule changes increase the number of loans eligible for a supplemental loan deficiency guaranty by adjusting the application criteria to include loans that have been restructured so that the fixed interest rate is 7.3 percent or less and fully amortized over 25 years, and the remaining principal balance is \$170,000 or less. Additionally, the prohibition against balloon payments was removed in order to accommodate requests from credit unions looking to participate in the program on similar terms but have regulatory requirements surrounding amortization terms.

The rules would also prevent a medallion owner who defaults on the loan guaranty from acquiring another medallion for a period of five years. The Commission wants to discourage owners from deliberately taking advantage of the MRP by defaulting on a loan and then purchasing a new medallion when it is advantageous to the buyer to do so.

The Commission’s authority to promulgate this rule is found in sections 2303 and 2304 of the New York City Charter and section 19-503 of the New York City Administrative Code.

New material is underlined.

[Deleted material is in brackets.]

Section 1. Subdivision (e) of section 58-51 of Title 35 of the Rules of the City of New York is amended to read as follows:

- (e) *Supplemental Loan Deficiency Guaranty Eligibility Criteria*: To be eligible for Supplemental Loan Deficiency Guaranty, an Applicant must satisfy the following criteria:
- (1) Applicant must be [the recipient of or be] eligible to receive a Grant provided in accordance with subdivision (b) of this section, meeting the criteria established in paragraphs (1) through (5) of that subdivision; and
 - (2) Applicant's Application must contain a Loan Restructure that meets the following minimum standards:
 - (i) Remaining principal balance of \$170,000 or less,
 - (ii) A fixed interest rate of [5%] 7.3% or less,
 - (iii) Fully amortized over [20] 25 years, and
 - (iv) Does not contain [balloon payments,] personal guaranties[,] or guaranties other than the Supplemental Loan Deficiency Guaranty.
 - (3) Any recipient of a Supplemental Loan Deficiency Guaranty who fails to make payments in accordance with the Loan Restructure will be prohibited from acquiring an interest in a medallion for a period of five years from the date of default.

Section 2. Section 58-04 of Title 35 of the Rules of the City of New York is amended by adding new subdivision (j), to read as follows:

- (j) An Applicant who, as an individual or as a Business Entity failed to make payments in accordance with a Loan Restructure under Rule 58-51, Medallion Relief Program, may not acquire an interest in a taxicab license for a period of five years from the date of default.

Statement of Substantial Need for Earlier Implementation

I hereby find, pursuant to Section 1043(f)(1)(c) of the New York City Charter, that there is a substantial need for the implementation of the rules establishing eligibility criteria for a supplemental loan deficiency guaranty immediately upon publication of the promulgated rule in the City Record.

The combined effects of the Covid epidemic and inflation have put many taxicab medallion owners in a critical financial situation. They need to restructure their debt, with the assistance of the Medallion Relief Program, as soon as possible. Immediate implementation of these rules is necessary to dispense funds to eligible applicants to ensure the yellow taxi industry, and individual medallion owners, recovers as quickly as possible.

/s/ David Do

David Do, Commissioner/Chair
NYC Taxi and Limousine Commission

Approved: /s/ Eric Adams
Eric Adams, Mayor

Date: 9/27/2022