



May 6, 2025

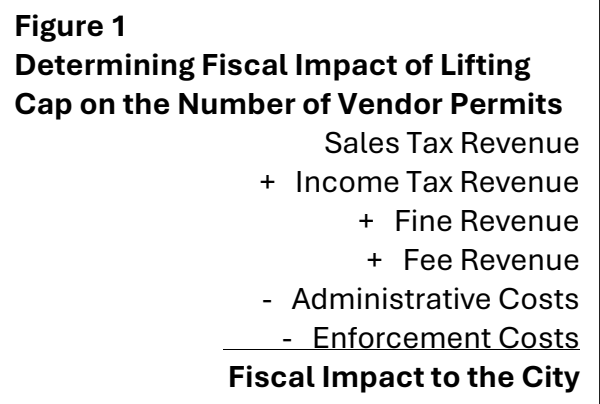
Alaina Turnquist, Lead Budget and Policy Analyst, New York City Independent Budget Office on
Oversight - Street Vending Enforcement and the Issuance of Licenses Pursuant to Local Law 18 of 2021
Before the Committee on Consumer and Worker Protection

Good morning, Chair Menin and members of the Committee on Consumer and Worker Protection. My name is Alaina Turnquist and I am a lead budget and policy analyst at the New York City Independent Budget Office (IBO). I am joined by my colleague, lead economist, Eric Mosher. IBO is an independent, nonpartisan City agency that conducts fiscal and policy research for the City. Thank you for the invitation to testify today. I will be speaking about the fiscal impact to the City’s budget, were the cap on street vending permits and licenses to be eliminated.

At the request of 14 Council Members, IBO analyzed the fiscal impact on the City’s budget that could result from lifting the cap on street vending in New York City. In January of 2024, IBO published a [report](#) outlining potential impacts to the City’s tax revenue and agency expenditures and detailing the current regulatory environment for various types of vending in New York City. IBO also published a Spanish-translation of the report.

We found that that lifting the caps on the number of permits and licenses available to street vendors would have an overall positive fiscal impact on the City’s budget. Figure 1 shows the revenues and costs that feed into the net fiscal impact to the City.

The actual scale of fiscal impact would depend on the number of vendors that become newly permitted. If 10% of people on the current vendor permit waitlists—around 20,000 people total—were to become permitted vendors, the net revenue gain to the City would be about \$5.9 million annually; if 100% of those on the waitlists became permitted, the net impact would increase to about \$59 million. IBO expects that new sales tax revenue from permitted vendors would be the largest source of new revenue. Figure 2 (below) presents the additional revenue and costs that IBO predicts would come from lifting the cap if 10% of the waitlist became licensed.



In preparing this testimony, IBO identified an error in our original analysis that caused an underestimate in our forecast of relevant tax revenues. The January 2024 report misstated the \$59 million upper estimate as \$17 million. We have updated the report on the IBO website, and our overall methodology, key findings, and conclusions remain unchanged.

Figure 2 Fiscal Impact from 10 Percent of Current Waitlists Becoming Permitted Vendors			
	Mobile Food Vendor	General Vendor	Total
Number of New Vendors	988	1,099	2,087
Sales Tax Revenue	\$1,700,000	\$1,900,000	\$3,600,000
Income Tax Revenue	\$2,100,000	\$700,000	\$2,800,000
Fines	\$20,000	\$20,000	\$40,000
Fees	\$770,000	\$220,000	\$990,000
Administrative Costs	(\$1,270,000)	(\$200,000)	(\$1,470,000)
Total Fiscal Impact	\$3,300,000	\$2,600,000	\$5,900,000
SOURCE: IBO analysis of DOHMH, DCWP, OATH and Street Vendor Project data NOTE: Totals may not sum due to rounding.			
<i>New York City Independent Budget Office</i>			

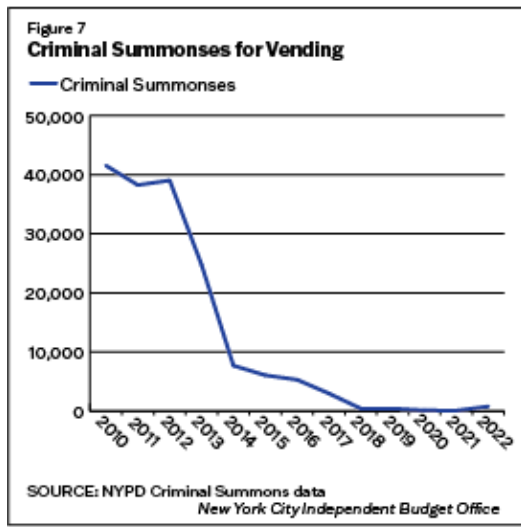
IBO expects the overall macroeconomic impact of eliminating the caps on street vendor permits would be minimal, though the microeconomic impact to some individual vendors who become permitted or licensed would likely be substantial. For example, holding a legal permit or license would prevent some street vendors from receiving costly tickets and having their materials confiscated by law enforcement, assuming they follow other City rules and regulations while vending.

Vendor revenues and profits are modest, for both permitted and unpermitted vending. According to IBO analysis of vendor survey data, the average annual profit for all vendors in the City was roughly \$41,000 in 2019. General Vendors, which sell merchandise, had lower average annual profits compared to Mobile Food Vendors—around \$35,000 compared to \$46,000, respectively. These figures are pre-pandemic, adjusted to 2023 dollars. There has not been a post-pandemic survey of street vendors in New York City which would allow for a more current analysis.

In terms of additional administrative costs, IBO expects additional costs would be borne by the Department on Consumer and Worker Protection as well as the Department of Health and Mental Hygiene. Additional Mobile Food Vending permits would have higher administrative costs than General Vending licenses, primarily due to health department resources to inspect mobile food vending units to ensure food safety.

IBO assumed no additional uniformed agency enforcement costs would necessarily result from removing the permit caps for street vending; any change would be at the City's discretion. Law

enforcement for vending has shifted away from criminal summonses and towards civil enforcement over the past decade (see Figure 7 from the report).¹



Importantly, even without a cap on the number of permits and licenses for street vendors, vendors would need to comply with other street vendor regulations. For example, strict siting rules make many City streets off-limits for vending (even with a permit), and food vendors are required to store their vending units in City-permitted commissary facilities, which have limited capacity. Therefore, while lifting the cap on permits and licenses would likely benefit many vendors and provide a positive fiscal impact to the City overall, it is unlikely to immediately bring all street vendors into the permitted-vending economy.

Finally, vendors must pay any outstanding fines to the City before being eligible to receive a license or permit. IBO's analysis of the Street Vendor Census indicates that most unpermitted vendors have modest earnings compared to permitted vendors. For unpermitted vendors seeking to legalize, paying outstanding fines may be a barrier and could affect the number of individuals who would convert from the informal to formal market.

The City could choose to pursue civil fine forgiveness for vendors on a one-time basis, as have some other cities like Washington, D.C. Overall, IBO estimated that uncollected vending-related fines total over \$780,000.² From 2018 through 2022, roughly 38% of all vending-related civil fines went unpaid. The most common type of civil summons issued to vendors was related to vending in a place where vending was not allowed, followed by a vendor not having the proper license or permit.

It is unclear how much of this uncollected revenue would realistically be collected if it is not forgiven. "Ghost fines"—fines owed by an individual who is not a real identifiable individual—are believed to be common in civil penalty data. Such uncollectable fines may be more common for vending because unpermitted vending is one of the limited options for individuals who face barriers to entering the formal economy. For that reason, and because this cost is optional, the cost of fine forgiveness was not factored into IBO's overall fiscal impact analysis.

A final caveat has to do with how rates of tax compliance may affect IBO's fiscal impact estimate. The United States Internal Revenue Service estimated in 2022 that cash-based sole proprietors avoid paying taxes on up to 57% of their cash sales. With no data on the rate of tax noncompliance by street vendors in particular, IBO assumes that street vendor sales and income tax noncompliance will fall at 28.5%, the midpoint between 0% and 57%. Making a different assumption of tax evasion by licensed street vendors would affect the outcome of the fiscal impact estimate.

In conclusion, lifting the cap on vending permits and licenses would likely have a positive fiscal impact on the City's budget. The overall scale of impact is highly dependent on the number of vendors who are able to enter the formal permitted market as well as the type of vendors who become licensed or permitted.

Thank you for the opportunity to testify. We are happy to answer questions at today's hearing or in the future about this report.

¹ In the report, IBO defines "enforcement costs" as vendor-related costs borne by uniformed agencies, specifically the Department of Sanitation (DSNY) and New York City Police Department (NYPD).

² This figure includes all fines assessed since 2013.