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|  | **The Council of the City of New York****Finance Division****Latonia McKinney, Director****Fiscal Impact Statement****Intro. No.: 125-B****Committee: Civil Service & Labor** |
| **Title:** A local law to amend the administrative code of the city of New York, in relation to licensing car wash businesses.  | **Sponsor(s):** Speaker Mark-Viverito and Council Members Arroyo, Barron, Chin, Constantinides, Dromm, Ferreras-Copeland, Johnson, Koo, Lancman, Lander, Palma, Reynoso, Richards, Rose, Torres, Van Bramer, Williams, Mendez, Koslowitz, Kallos, Menchaca, Rodriguez, Levine, Levin, Rosenthal, Crowley, Gibson, King, Garodnick and Public Advocate James |

**Summary of Legislation:** The proposed legislation, known as the “car wash accountability law,” would require car washes to register with and secure a license from the Department of Consumer Affairs (“DCA”) in order to operate. The biennial fee of $550 would apply to each location where the applicant’s car wash operates. The legislation would cover businesses where car washing is a sole or central component of the business model, but businesses where some car washing is done on the side, as is the case with many auto repair shops or car rental companies, would not be covered. Among other things, DCA could consider the “moral character” of a business when issuing or renewing a license, including whether an applicant provided truthful statements in support of a license application or information request, a history of egregious and repeated determinations of illegal activity, including labor law violations, that bear a direct relationship on the fitness of an applicant to conduct business.

As a condition of licensed operation, each registrant would need to secure a $150,000 surety bond to cover potential claims for damages owed to consumers and claims of underpayment or nonpayment of wages or damage to vehicles. Operations that secure collective bargaining agreements with employees, or that are covered by an active government monitoring agreement by the State or federal governments, would be required to secure a surety bond of $30,000.

Car washes would also need to certify that they comply with certain laws and rules at the Department of Buildings (“DOB”) and the Department of Environmental Protection (“DEP”) related to, among other things, permits for well water, the amount of water drawn from public sources, use and maintenance of oil/water separators and sand interceptors, and reporting and retention of chemicals used in operations. Car washes would also be required to keep records of damage to cars and payments to customers.

**Effective Date:** This law would take effect 180 days after enactment, except that prior to such date, the commissioners of DCA and DEP would take such actions, including the promulgating of rules and the processing of applications, as necessary to implement the provisions of this local law.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2017

**Fiscal Impact Statement:**

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|  | **Effective FY16** | **FY Succeeding Effective FY17** | **Full Fiscal Impact FY17** |
| **Revenues** | $74,250 | $74,250 | $74,250 |
| **Expenditures** | $195,492 | $195,492 | $195,492 |
| **Net** | -$121,242 | -$121,242 | -$121,242 |

**Impact on Revenues:** Fees from the $550-per-location biennial license would generate biennial revenues of $148,500, averaging $74,250 per year. Of roughly 300 car washes in the city, the Finance Division estimates a significant majority (90 percent) use employees in a manner requiring them to secure licenses under this law. The figures above assume all would secure a license within a calendar year of the law’s effective date. It is anticipated that, given the 180-day window between passage and the effective date, half of the first-year revenue would arrive during the last six months of Fiscal 2016 and half during the first six months of Fiscal 2017.

**Impact on Expenditures:** It is anticipated that DCA would employ both existing resources and new hires to administer the car wash licensing program. New resources, representing salaries and benefits for two new analysts, would represent an annual cost of $162,910 plus an additional 20 percent for miscellaneous costs, for a total of $195,492, associated with adding a licensing category to DCA’s portfolio. The additional analysts would assist in the inspection and enforcement stage and, more importantly, the registration/licensing stage of DCA’s process. The car wash accountability law would require DCA to consider, in part, a firm’s adherence to wage laws. This requirement would not fundamentally alter the nature of demands legally placed on DCA when evaluating applicants across relevant industries, as existing licensing directives identify laundries as another industry where it must also consider applicants’ compliance with wage laws.

**Source of Funds To Cover Estimated Costs:** Fees from licenses (see “Impact on Revenues” above)

**Source of Information:** New York City Council, Finance and Legislative Divisions

New York City Department of Consumer Affairs.

**Estimate Prepared by:** Christopher Eshleman, Senior Legislative Financial Analyst

**Estimate Reviewed by:** Raymond Majewski, Deputy Director / Chief Economist

Tanisha Edwards, Chief Counsel

Rebecca Chasan, Assistant Counsel

**Legislative History:** This legislation was introduced to the Council on March 12, 2014 as Intro. No. 125 and referred to the Committee on Civil Service & Labor. The legislation was subsequently amended and the amended legislation, Proposed Intro. No. 125-A was considered by the Committee at a hearing held on June 19, 2014 and the legislation was laid over. The legislation was subsequently amended again and the further amended legislation, Proposed Intro. 125-B, will be considered by the Committee at a hearing on June 9, 2015. Upon a successful vote by the Committee, Intro. No. 125-B will be submitted to the full Council for a vote on June 10, 2015.

**Date Prepared:** June 8, 2015