



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION**

LATONIA MCKINNEY, DIRECTOR

FISCAL IMPACT STATEMENT

PROPOSED INTRO. NO. 1017-C

COMMITTEE: Consumer Affairs

TITLE: A Local Law to amend the administrative code of the city of New York, in relation to protections for freelance workers

SPONSORS: Council Members Lander, Levin, Johnson, Cumbo, Espinal, Chin, Mendez, Ferreras-Copeland, Constantinides, Richards, Rose, Torres, Kallos, Reynoso, Rodriguez, Levine, Treyger, Van Bramer, Gentile, Cabrera, Menchaca, Dickens, Rosenthal, Koslowitz, Miller, Palma, Salamanca, Williams, Cornegy, Gibson and Ulrich and the Public Advocate (Ms. James)

SUMMARY OF LEGISLATION: Proposed Intro. No. 1017-C would create a set of legal protections for certain freelance workers that would be enforced by the filing of a civil action in state court. The bill would also require by the Office of Labor Standards (“OLS”) within the Department of Consumer Affairs (“DCA”) to create a navigation program. Specifically, the law would require that whenever a hiring party retains a freelance worker and the contract between them has a value of \$800 or more, such contract must be in writing and must contain certain provisions. In addition, the law would require the hiring party to pay the freelance worker on time and in full according to the terms of the contract, or within 30 days of completion of the work and would prohibit retaliation against any freelance worker for exercising the rights granted pursuant to the law.

To enforce these rights, an aggrieved freelance worker would file a civil action in state court. A hiring party that refused to provide a written contract would be liable to the freelance worker for damages of \$250, and if the hiring party also violates other provisions of the law those damages would be increased to equal the total value of the contract. A hiring party that fails to pay timely and in full would be liable for double damages, and a hiring party that retaliates against a freelance worker would be liable for the full value of the contract. All awards of damages would also include attorney’s fees and costs. The law also grants authority to Corporation Counsel to file a civil cause of action for a pattern or practice of violations. Upon a finding of a pattern or practice of violations, a court could award civil

The legislation would also require the Office of Labor Standards (“OLS”) within the Department of Consumer Affairs (“DCA”) to receive complaints from freelance workers, which must be filed within two years of the alleged violation, and forward those complaints to the hiring parties, along with information about the rights granted to freelance workers under this law. Any freelance worker filing a complaint would be referred to a new navigation program that OLS would be required to establish. The navigation program would provide information and resources to the public regarding the requirements of the law, including model contracts available in multiple languages, and would require OLS to conduct outreach and education about the law to the public.

Lastly, the legislation would require OLS to 1) send a survey to freelancers who filed complaints requesting additional information about the resolution, if any, of their claims; 2) collect and track information about complaints made; 3) and provide to Council, and publish on its website, a report due one year after the effective date of the local law and every fifth year thereafter, about the effectiveness of the local law at improving freelance contracting and payment practices.

EFFECTIVE DATE: This local law would take effect 180 days after it becomes law and would apply only to contracts entered into on or after the effective date of this local law, except that the Director shall take any actions necessary for the implementation of this local law, including the promulgation of rules, before such date.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2018

FISCAL IMPACT STATEMENT:

	Effective FY17	FY Succeeding Effective FY18	Full Fiscal Impact FY18
Revenues (+)	\$0	\$0	\$0
Expenditures (-)	\$95,000	\$450,000	\$450,000
Net	(\$95,000)	\$(450,000)	(\$450,000)

IMPACT ON REVENUES: This legislation is not expected to impact revenue. Individuals aggrieved by violations of this law would pursue action in state court for damages. These individual actions would not yield any penalty for the City. Although the legislation authorizes the imposition of civil penalty up to \$25,000 for a pattern or practice of violations, it is anticipated that there would be no impact on revenues resulting from this cause of action because full compliance with this cause of action is expected.

IMPACT ON EXPENDITURES: This legislation establishes a navigation program that provides information and assistance to the public. It is estimated that implementation of this legislation would cost \$95,000 in Fiscal 2017 and \$450,000 in Fiscal 2018. This funding will pay for the hiring of two full time associates, one full time call center representative and one lawyer. There will be a one-time cost for a graphic design consultant, who will to create contract templates, as well as funding for subway ads or other digital marketing. The graphic design consultant expense will be incurred in Fiscal 2017. The agency has 180 days before the local law takes into effect and can shift resources within the agency as needed to implement the law.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: New York City's General Fund

SOURCES OF INFORMATION: New York City Council Finance Division

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ESTIMATE REVIEWED BY: Nathan Toth, Deputy Director, Finance Division
Regina Poreda Ryan, Deputy Director, Finance Division
Rebecca Chasan, Counsel, Finance Division

LEGISLATIVE HISTORY: This legislation was introduced to the Council as Intro. No. 1017 on December 7, 2015 and referred to the Committee on Consumer Affairs. A hearing was held by the Committee on February 29, 2016 and the legislation was laid over. The legislation was subsequently amended and the amended legislation, Proposed Intro. No. 1017-C, will be considered by the Committee on October 26, 2016. Upon a successful vote by the Committee, Proposed Intro. No. 1017-C will be submitted to the full Council for a vote on October 27, 2016.

DATE PREPARED: October 21, 2016