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|  | **The Council of the City of New York**  **Finance Division**  Latonia Mckinney, Director  **Fiscal Impact Statement**  **Proposed Intro. No: 1384-A**  **Committee:** Civil Service and Labor |
| **Title:** A local law to amend the administrative code in relation to providing fast food employees the ability to make voluntary contributions to not-for-profit organizations of their choice through payroll deductions. | **Sponsor(S):** Council Members Ferreras-Copeland, Lander, Williams, Kallos, Rodriguez, Richards, Torres, Rose, Levin, Dromm, Cohen, Reynoso, Espinal, Levine, Vacca, Rosenthal, Johnson, Salamanca, Van Bramer, Koslowitz, Lancman, Menchaca, Chin, Treyger, Crowley, Cabrera, Eugene, Maisel, Miller, Cumbo, Cornegy, Barron, Constantinides, Gibson, Palma, Garodnick, Greenfield, Perkins, and the Public Advocate (Ms. James). |

**Summary of Legislation:** This legislation would create a new chapter for “pay deductions for contributions to not-for-profit organizations” in the Consumer Affairs title of the Administrative Code, which would provide full or part-time wage workers in the fast food industry the ability to make voluntary contributions to not-for-profit organizations of their choice through payroll deductions. The bill establishes a minimum contribution of $6 per biweekly paycheck and $3 per weekly paycheck. Additionally, employers shall be reimbursed for the costs associated with the deductions and labor organizations are not authorized for deductions.

Before any deductions, the not-for-profit needs to provide the relevant fast food employee with certain information concerning their operations. This includes name, location, contact info, mission statement, governance, and information about the not-for-profits finances. This information can be disclosed online under certain circumstances.

Also before they can receive deductions, a not-for-profit must register with the Department of Consumer Affairs by providing the following information:

* The name, contact name, physical address, email address, web address, and phone number of the not-for-profit;
* Proof of status as a not-for-profit;
* Written authorizations from at least 500 fast food employees;
* Proof that they provided the relevant fast food employee with the required disclosure information mentioned above (i.e. mission statement, etc.); and
* The not-for-profits IRS form 990 or other equivalent tax filing for the three most recent tax years.

DCA will then issue a letter to the not-for-profit confirming eligibility to receive deductions. A fast food employee must then present a copy of DCA’s letter to the relevant fast food employer with the request for deductions. The fast food employer must then deduct and remit these voluntary contributions to the not-for-profit. An authorization shall be written and shall include the following:

* The fast food employee’s signature;
* The fast food employee’s name and physical address;
* The amount, frequency, and start fate of contributions;
* The name, physical location, email address, web address, if any, and phone number of the not-for-profit and a contact for an employee who seeks to revoke authorization; and
* A statement notifying the fast food employee that contributions are voluntary and that the authorization to deduct is revocable at any time by submitting a written revocation to the not-for-profit.

The fast food employer shall begin or end deductions no later than the first pay period after 15 days of receipt of the authorization or of receipt of the revocation and must keep certain records for two years including authorizations and revocations, remittances, deductions, and others.

The Office of Labor Policy and Standards (OLPS) is responsible for investigating potential violations and enforcing the provisions of this legislation. If a fast food employer is found to have violated this legislation, OLPS may award any of the following:

* Deductions and remittances as authorized by the fast food employee and the payment of interest to the not-for-profit from the date of the failure to deduct or remit; and
* Payment of no more than $500 for each violation.

If in the case a fast food employee is found to have been subject to retaliation, OLPS may award reinstatement, back pay, and other appropriate relief. Additionally, any person claiming to be aggrieved by a fast food employer’s violation of this chapter may utilize any court of competent jurisdiction for damages. OLPS is not to investigate violations committed more than two years before the filing of a complaint or the commencement of such investigation, whichever is earlier.

**Effective Date:** This local law would take effect 180 days after it becomes law and expires and is deemed repealed 2 years after such effective date.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2019

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY19** | **Full Fiscal Impact FY19** |
| **Revenues** | $0 | $0 | $0 |
| **Expenditures** | $197,682 | $269,439 | $269,439 |
| **Net** | ($197,682) | ($269,439) | ($269,439) |

**Impact on Revenues:** It is anticipated that there would be no impact on revenue resulting from this legislation.

**Impact on Expenditures:** It is anticipated that this legislation will cost $197,682 in Fiscal 2018 and $269,439 in successive fiscal years, largely the result of personal service (PS) costs at DCA. Total PS costs will total roughly $169,000 in Fiscal 2018 and $255,000 annually thereafter – representing the salary and fringe benefits of the following hires which will need to be made at the Office of Labor Policy and Standards: community support associate (1), investigator (2). Other than personal service (OTPS) expenses for computers, office space, and other supplies are expected to cost roughly $29,000 in Fiscal 2018 and $14,100 per year after that.

**Source of Funds To Cover Estimated Costs:** Not applicable.

**Source of Information:** City Council Finance Division

**Estimate Prepared By:** Kendall Stephenson, Economist, Finance Division

**Estimate Reviewed By:** Paul Sturm, Supervising Economist, Finance Division

**Legislative History:** This legislation was introduced to the full Council as Intro. No. 1384 on December 6, 2016 and referred to the Committee on Civil Service and Labor. On March 3, 2017 the Committee held a hearing on Intro. No. 1384 and the legislation was laid over. The legislation was subsequently amended and the amended legislation, Proposed Intro. No. 1384-A will be considered by the Committee on Civil Service and Labor at a hearing on May 22, 2017. Upon successful vote by the Committee, Proposed Intro. No. 1384-A will be submitted to the full Council for a vote on May 24, 2017.

**Date Prepared:** May 18, 2017