

Fiscal Impact Statement Prepared By New York City Mayor's Office of Management and Budget



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Disclaimer: This fiscal impact statement is a preliminary estimate and subject to change based upon further data analysis or changes in bill text. This legislation is summarized as understood by the administration as of the date this statement was prepared and does not include or consider subsequent text changes. This fiscal impact statement is not legally binding on the administration. "Total" columns represent the respective sum over a four-year period; note that fiscal impacts continue after year four. Unless otherwise stated, information used in the preparation of this Fiscal Impact Statement is sourced from the agencies impacted and the NYC Mayor's Office of Management and Budget.

Proposed Intro No. / Title: *Int. 1332 / Wrongful deactivation of app-based delivery workers*

Sponsors: Brannan, Nurse, Abreu, Restler, Cabán, Banks, Marte, Brewer

Committee: Consumer and Worker Protection

Summary of Legislation: This legislation would prohibit an app-based delivery service from deactivating delivery workers once the worker has completed the delivery service's probation period, unless there is just cause based on misconduct or a bona fide economic reason. App-based delivery services must show a record of progressive discipline prior to deactivating an account based on just cause from poor performance. The legislation also authorizes the Department of Consumer and Worker Protection (DCWP) to arbitrate complaints in cases where deactivation appeals are not resolved informally. In such cases, the app-based delivery service is responsible for all arbitration costs, fees, and expenses. Violators are liable for a penalty of \$500 for the first violation; for subsequent violations that occur within two years, the penalty shall be up to \$750 for the second violation and up to \$1,000 for each succeeding violation.

Effective Date: 120 days after enactment

First Fiscal Year Legislation Takes Effect: Fiscal Year 2026

First Fiscal Year with Full Impact: Fiscal Year 2027

Agencies Impacted: Department of Consumer and Worker Protection

Fiscal Impact Analysis

A. Total Impact (Expense and Revenue)

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expense	(\$1,347,000)	(\$5,026,000)	(\$5,026,000)	(\$5,026,000)	(\$16,425,000)
Revenue	0	0	0	0	0
Total	(\$1,347,000)	(\$5,026,000)	(\$5,026,000)	(\$5,026,000)	(\$16,425,000)

B. Expense

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expenditures	(\$1,347,000)	(\$5,026,000)	(\$5,026,000)	(\$5,026,000)	(\$16,425,000)

Impact on Expenditures (Expense):

In year one and thereafter, it is anticipated that DCWP would require \$1,297,000 in annual Personal Service (PS) expenditures, including fringe, for 12 staff to develop the program. An additional \$3,679,000 in PS resources, including fringe, would be required in year 2 and thereafter, to add 22 staff to assist in administering and maintaining the program. Thus, the total PS annual expenses in year 2 and thereafter would be \$4,976,000, including fringe.

To begin the work of regulating wrongful deactivations, DCWP would need to develop a team of 5 executive agency counsel attorneys to coordinate necessary rulemaking along with a team of 6 computer systems managers/specialists and 1 community relations specialist. In year 2 and thereafter, DCWP would need to hire 10 agency attorneys level 2 to investigate cases and 12 inspectors level 2 to handle intake and assist with investigations.

It is also anticipated DCWP would require \$50,000 in annual Other Than Personal Service (OTPS) resources for cloud-based database capacity to manage data storage and analytics.

C. Revenue

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Revenue	0	0	0	0	0

Impact on Revenue:

There is no anticipated impact on revenue.

D. Capital

	Fiscal Year 1	Fiscal Year 2	Fiscal Year 3	Fiscal Year 4	Total
Expenditures	0	0	0	0	0

Impact on Expenditures (Capital):

There is no anticipated impact on capital expenditures.