

**Testimony of Commissioner Vilda Vera Mayuga
New York City Department of Consumer and Worker Protection**

**Before the Committee on
Consumer and Worker Protection**

Hearing on Introduction 991

October 9, 2024

Introduction

Good morning, Chair Menin, and members of the Committee on Consumer and Worker Protection. I am Vilda Vera Mayuga, Commissioner of the Department of Consumer and Worker Protection (DCWP). I am joined by our Deputy General Counsel, Melissa Iachán, and our Assistant Commissioner for External Affairs, Carlos Ortiz. Thank you for the opportunity to testify today on Introduction 991, relating to the licensing of hotels in New York City.

Protecting New Yorkers

DCWP provides fundamental consumer and worker protections, and financial empowerment programming to New Yorkers. We strive to ensure that consumers who have been deceived or exploited have recourse, that workers have a passionate defender of their rights, and that all New Yorkers have the support they need to improve their financial health. We remain steadfast in our goal of protecting New Yorkers in the marketplace and in the workplace. And, under my tenure, we have helped delivered almost \$1 billion to New Yorkers through restitution, financial empowerment, and new protections for essential workers.

Existing Hotel Responsibilities to Workers and Consumers

The hotel industry is and always will be incredibly important toward the success of New York City, helping contribute \$74 billion to our local economy, serve millions of consumers, and employ tens of thousands of workers. DCWP's role in this space is to enforce key protections for consumers and workers of hotels, and to help hotels build a culture of compliance with our laws and rules. Most recently, we collaborated with the Council on various proposals related to the hotel industry, including those that provide job and income security for hotel workers, and additional consumer protections for hotel guests.

Local Law 99 of 2020 was a two-part law that created a private right of action for hotel service workers who are illegally fired after a change in hotel ownership or management and requires hotels to notify guests of service disruptions that would substantially affect their stay. Displacing workers should always be the last resort; this law protects against immediate and unnecessary job loss, which can be financially devastating for hotel workers and their families. We also supported enhancing consumer protections for guests who face disruptions of hotel services. Complaints can be filed with DCWP for issues related to a service disruption, or for any of our other consumer protection laws. Our agency takes each complaint seriously and we work to mediate individual complaints for consumers. Further, we monitor incoming complaints for patterns of

noncompliance in all of our categories, and initiate investigations when we identify such patterns.

Local Law 104 of 2021 was a temporary pandemic-era measure that required employers of laid off hotel service workers, from certain large hotels, to pay those workers \$500 in severance pay per week, for up to 30 weeks. DCWP supported this legislation to provide an economic lifeline for thousands of hotel workers who lost their jobs during the pandemic. Those efforts not only protected the livelihoods of these hotel workers, but also supported the economic recovery of the industry.

Introduction 991 – Hotel Licensing

Moving to today’s bill, Introduction 991 would create a new licensing requirement for hotels across the five boroughs, encompassing consumer and worker protections that align with our mission, in addition to other cleanliness, sanitary facilities, and public safety requirements. We commend the Council for its vision to further the protections afforded to those that live, work and visit New York City. We support these licensing efforts and have a number of recommendations based on our decades of experience and expertise in consumer and worker protection to create an effective and efficient licensing process for both businesses and for the City.

Any new licensing authority needs to achieve three goals to be successful. First, the licensing law’s provisions should address the specific conduct in the industry committed by bad actors. Second, the regulator, in this case the Department of Consumer and Worker Protection, should have or be given the appropriate tools to deter that conduct. Third, the law should ensure that compliant businesses are not unnecessarily burdened. Unnecessary red tape could ultimately impact our consumers, workers, and the industry, detrimentally, which we as the City will want to avoid.

Along those lines, we are supportive of restrictions on subcontracting, which can be a key protection for workers, as research shows that subcontracting can lead to lower wages, poor working conditions, or violations of workers’ rights¹. However, this provision will require further review to ensure that it is appropriately drafted. We also recommend adding protections for consumers against junk fees that are prevalent in this industry. Consumer complaints submitted to DCWP reveal a pattern by hotels of charging undisclosed “resort or amenities fees,” which are mandatory but not included in the total price given to consumers. Sometimes these are not even charged until the time of check-in, when a consumer has a limited ability to find alternative accommodations. Lastly, we recommend clarifying provisions related to the intended license holder, the interaction of a collective bargaining agreement with a license, the transferability of a license, and the license revocation process to ensure that all stakeholders are clear about the mechanics of these requirements.

¹ Weil, David. *The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve It*. Harvard University Press, 2014; Weil, David. *Understanding the Present and Future of Work in the Fissured Workplace Context*. RSF: The Russell Sage Foundation Journal of the Social Sciences, 2019; Freeman, Richard. *The Subcontracted Labor Market*. LERA: Perspectives on Work, Vol. 18: 2014.

There are certain provisions in the current draft of the bill regarding enforcement of cleanliness, sanitary facilities, and human trafficking issues, all of which are outside the scope and expertise of the Department of Consumer and Worker Protection. So, while we support this legislation overall, we do want to make sure those provisions are suitably addressed. Of course, we welcome discussing this in more detail with the Council throughout the legislative process.

As with any new mandate, we will work closely with City Hall, OMB and the Council on new resources to ensure that the goals of this legislation are achieved. With such comprehensive legislation aiming to license an entire industry, we do believe this will require new resources. We also consider it appropriate to adjust the licensing fee to adequately support the agency's operation to license this industry. Finally, I would like to note that the Law Department is in the process of reviewing this legislation.

Introduction 970 – Massage Parlor Licensing

Now, let me turn briefly to Introduction 970, related to massage parlor licensing. Unfortunately, we have not had time to review this proposal in detail since it was just added to today's hearing agenda yesterday afternoon. Our understanding of the proposal, broadly, is that the underlying intent is really to address concerns with prostitution. The Administration wants to continue working with the Council on potential solutions to this issue. That said, DCWP is not the appropriate agency to address those concerns and should not be licensing these entities for that reason. The Administration is happy to discuss this in further detail with the Council once we have had time to review the legislation.

Conclusion

Thank you again for the opportunity to testify today. My team and I look forward to working with all of you to implement these vital protections for consumers and workers, and I am happy to address any questions you may have.