



**THE COUNCIL OF THE CITY OF NEW YORK  
FINANCE DIVISION  
PRESTON NIBLACK, DIRECTOR  
FISCAL IMPACT STATEMENT**

**INTRO. NO:** 6-A

**COMMITTEE:** Consumer Affairs

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**TITLE:** A Local Law to amend the administrative code of the City of New York, in relation to process servers.

**Sponsor:** By Council Members Garodnick, Brewer, Gonzalez, James, Koppell, Koslowitz, Lappin, Palma, Seabrook, Vallone, Jr., Barron, Mendez and White, Jr.

**SUMMARY OF LEGISLATION:** This legislation would make it unlawful for any process serving agency to assign process to individual process servers for actual service in New York City without a license. Each applicant for a process service license would be required to pass an examination testing the applicant's knowledge of relevant laws and rules. As a condition of the issuance of a process server license or a process serving agency license, each applicant would furnish to the Department of Consumer Affairs a surety bond in the amount of \$10,000 or \$100,000, respectively. If an applicant is unable to secure a surety bond, the applicant may deposit into a fund an amount of no less than \$1,000. The bond or payment in lieu of bond would be conditioned upon the applicant's compliance with relevant laws, the payment of any fine relating to a violation of relevant laws, and the payment to a plaintiff of any final judgment recovered in an action arising out of any violation of appropriate laws.

Every process serving agency licensed by the city would be legally responsible for the failure of its process servers to comply with relevant laws, to provide to each process server a written statement indicating the rights of the employee under city, state, and federal law, and keep on file a signed statement by each employee indicating that the employee read and understood these rights and obligations. Every licensed process server would also be required at all times during commission of process serving activities to carry a global positioning system, Wi-Fi device or other technology approved by the commissioner which establishes and records the time, date, and location of process service or attempted service.

Penalties for violating these provisions would be not less than \$700 and not more than \$1,000 for each violation. Any person injured by the failure of a process server to act in accordance with the rules governing service of process in New York state would have a civil cause of action against such process server and process serving agency.

Twenty four months after this local law becomes effective, the commissioner will submit a report to the speaker of the City Council regarding the effectiveness of these provisions on effectuating proper service and improving oversight over the process service industry.

**EFFECTIVE DATE:** This local law would take effect one hundred eighty days after enactment provided, however, that the commissioner of Consumer Affairs take all actions necessary for its implementation and except that section 20-410 regarding electronic record of service would take effect sixty days after the adoption of rules promulgated pursuant to such section.

**FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2010**

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**FISCAL IMPACT STATEMENT:**

|                         | <b>Effective FY10</b> | <b>FY Succeeding<br/>Effective FY11</b> | <b>Full Fiscal<br/>Impact FY10</b> |
|-------------------------|-----------------------|---|------------------------------------|
| <b>Revenues (+)</b>     | <b>\$0</b>            | <b>\$0</b>                              | <b>\$0</b>                         |
| <b>Expenditures (-)</b> | <b>\$0</b>            | <b>\$0</b>                              | <b>\$0</b>                         |
| <b>Net</b>              | <b>\$0</b>            | <b>\$0</b>                              | <b>\$0</b>                         |

**IMPACT ON REVENUES:** There is a potential impact on revenues through the collection of fines resulting from the enactment of this legislation. However, there is no way to estimate the actual impact at this time.

**IMPACT ON EXPENDITURES:** There would be no impact on expenditures resulting from the enactment of this legislation.

**SOURCE OF FUNDS TO COVER ESTIMATED COSTS:** N/A

**SOURCE OF INFORMATION:** City Council Finance Division

**ESTIMATE PREPARED BY:** Jonathan Rosenberg, Deputy Director  
Walter Pitts, Legislative Financial Analyst

**HISTORY:** Introduced as Int. 6 by Council and referred to the Committee on Consumer Affairs on February 3, 2010. On March 2, 2010, the Committee held a hearing on Proposed Int. 6 and it was laid over. An amendment has been proposed, and the bill will be considered by Committee as Proposed Int. 6-A on March 24, 2010.