

New York City Department of Consumer and Worker Protection

Notice of Adoption

Notice of Adoption to add rules implementing Local Law 181 of 2025, which adds a new disclosure requirement for home improvement contractors relating to permits.

NOTICE IS HEREBY GIVEN PURSUANT TO THE AUTHORITY VESTED IN the Commissioner of the Department of Consumer and Worker Protection by sections 1043 and 2203(d) of the New York City Charter, and sections 20-104 and 20-391 of the New York City Administrative Code, and in accordance with the requirements of section 1043 of the New York City Charter, that the Department amends Title 6 of the Rules of the City of New York.

This rule was proposed and published on March 23, 2026. A public hearing was held on April 22, 2026. The Department received several comments from various members of the public.

Statement of Basis and Purpose of Rule

The Department of Consumer and Worker Protection (“DCWP”) is amending sections 2-221, 2-223 and 6-29 of Title 6 of the Rules of the City of New York (“RCNY”) to implement Local Law 181 of 2025, which adds a new disclosure requirement for home improvement contractors relating to permits.

Local Law 181 of 2025, codified in Administrative Code section 20-395.1, requires home improvement contractors to disclose in writing to owners, prior to or at the time of executing a home improvement contract, whether there are any permits foreseeably required to perform the work specified in the contract. If permits are foreseeably required, the disclosure must state:

- which permits are required;
- who is responsible for obtaining the permits;
- what actions need to be taken to obtain the permits, including the estimated fees for such permits; and
- how owners can verify the status of any permits through city databases such as the buildings information system.

This rule requires that home improvement contractors maintain copies of the required permit disclosures for six years or the length of time of the contract guarantee, whichever is longer. It would also add a penalty for failure to provide the required disclosures to the home improvement business penalty schedule. As explained below, the final rule also makes a minor amendment to required contract language to clarify that the home improvement contractor must either obtain required permits directly or see that the permits are obtained by the appropriate party.

The Department has reviewed public comments on the proposed rule. Some home improvement contractors raised concerns about the information required to be disclosed, including that some applicable fees are determined later in the process and therefore may be unknown at the time of

the disclosures and that some permits must be obtained by someone other than the contractor. The Department notes that the requirements of the permit disclosures are set in Local Law 181 and therefore cannot be modified by rule.

However, with respect to fees, the local law accounts for the fact that the final amount of fees may be unknown by requiring a disclosure of “estimated fees.” Admin. Code § 20-395.1(a)(2). With respect to permits that must be obtained by another professional, the law and rules already contemplate that in some instances, the home improvement contractor will not be the party that obtains the permit because such permit must be obtained by another professional, such as an architect or engineer. To that end, the law and rules require the home improvement contractor to disclose who will obtain the required permits, whether the home improvement contractor or another party, while making the home improvement contractor responsible for ensuring that all permits are obtained.

To further clarify and emphasize this point, the Department is also amending rule section 2-221, which requires certain clauses to be included in the home improvement contract. Specifically, the Department has added language noting that the contract must specify that the home improvement contractor will either procure or “see to the procuring” of all permits required by local law. This aligns with existing language in rule section 2-223(a) regarding the non-delegable duty of the home improvement contractor to “secure or *see to the securing* of each and every permit...” (emphasis added).

Additional public comments focused on the home improvement contractor trust fund. The Department has not made any changes in response to these comments because they are beyond the scope of this current rulemaking.

Sections 1043 and 2203(f) of the New York City Charter and sections 20-104 and 20-391 of the New York City Administrative Code authorize the Department to make this rule.

New material is underlined.

[Deleted material is in brackets.]

“Shall” and “must” denote mandatory requirements and may be used interchangeably in the rules of this department, unless otherwise specified or unless the context clearly indicates otherwise.

Section 1. Paragraph (9) of subdivision (a) of section 2-221 of subchapter V of chapter 2 of Title 6 of the Rules of the City of New York is amended as follows:

(9) a clause wherein the contractor agrees to procure or see to the procuring of all permits required by local law.

§ 2. Subdivision b of section 2-223 of subchapter V of chapter 2 of Title 6 of the Rules of the City of New York is amended as follows:

(b) Each home improvement contractor [shall] must maintain books of account, copies of all contracts with buyers, copies of all written permit disclosures required by section 20-395.1 of the

Administrative Code, and other such records as shall properly and completely reflect all transactions involving the home improvement business. These records [shall] must be maintained for six years or the length of time of the contract guarantee, whichever is longer.

§ 3. The table in section 6-29 of subchapter B of chapter 6 of title 6 of the Rules of the City of New York is amended by adding the following row in the appropriate numerical order:

Citation	Violation Description	First Violation	First Default	Second Violation	Second Default	Third and Subsequent Violation	Third and Subsequent Default
<u>Admin. Code § 20-395.1</u>	<u>Failure to meet requirements related to provision of written permit disclosures</u>	<u>\$375</u>	<u>\$500</u>	<u>\$450</u>	<u>\$500</u>	<u>\$500</u>	<u>\$500</u>