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# Review of the Small Business Forward Initiative and Its Impact on Violations Enforcement

**Multi-Agency**

**MJ25-080S | April 7, 2026**

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THE CITY OF NEW YORK  
**OFFICE OF THE COMPTROLLER**  
MARK D. LEVINE

April 7, 2026

To the Residents of the City of New York:

My office has conducted a review of Small Business Forward (SBF), an initiative aimed at reforming City regulations, specifically its impact on violations enforcement against small businesses. The objectives of the review were to identify the current statuses of the recommended reforms suggested by the six City agencies impacted by Executive Order 2 of 2022 (EO2) and determine the extent to which the projected savings for small businesses have been realized.

The review found that despite its name, SBF was generally not geared for small businesses. The Mayor's Office failed to define "small business" in EO2, and agencies did not maintain the data necessary to assess the initiative's impact. The agencies tasked with implementation generally did not consider specific impacts on small businesses when identifying regulations for reform. Most regulations targeted were rarely enforced, and only seven of the 116 recommended changes specifically addressed small businesses. Furthermore, the City did not designate a lead agency or establish key performance indicators to monitor success.

Due to the participating agencies' inability to provide the necessary data, auditors were unable to determine the full financial impact of the adopted reforms. On a reduced scale, covering the period of January 2024 through March 2025 only, auditors estimated the pre- and post-reform fine amounts for certain reforms across all business types to be \$14.5 million and \$12.1 million respectively, representing a 17% reduction. However, the portion of the reduction that pertained to small businesses specifically is unknown.

The review makes nine recommendations to address these findings, including: formally designating a lead agency to oversee the initiative; adopting a uniform "small business" definition; integrating specific "small business" identifiers in agency tracking systems; and implementing a formal protocol to monitor the impact of

regulatory relief on public health and safety.

The results of this review have been discussed with officials from the six impacted agencies, the Department of Small Business Services, and the Mayor's Office. Their comments have been considered in preparing this report. The agencies' complete written responses are attached to this report.

If you have any questions concerning this report, please email my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

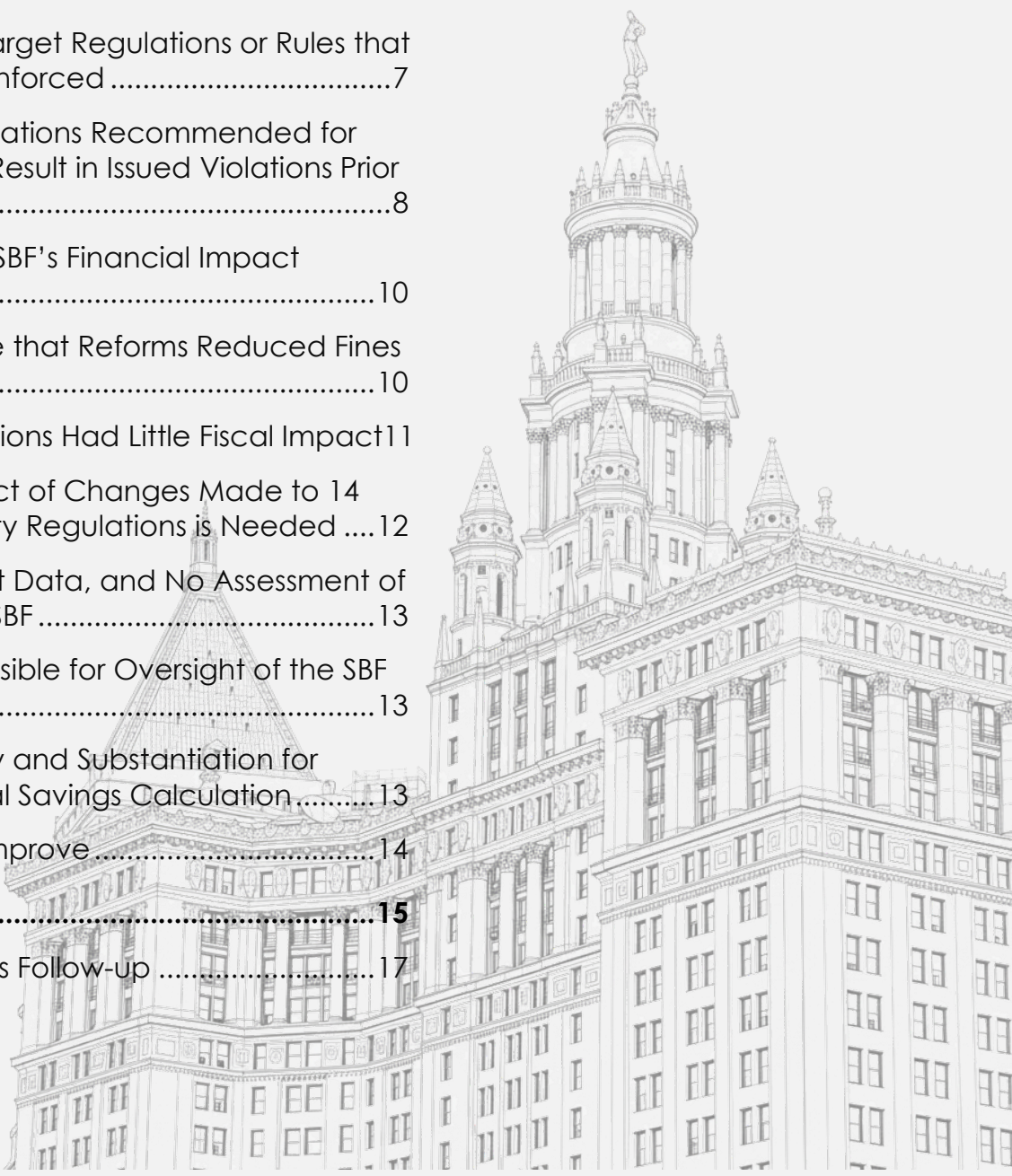
Sincerely,

A handwritten signature in black ink, appearing to read "Mark Levine". The signature is fluid and cursive, with the first name "Mark" and last name "Levine" clearly distinguishable.

Mark Levine  
New York City Comptroller

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# Introduction

## Background

On January 4, 2022, Mayor Eric Adams signed Executive Order 2 of 2022 (EO2), titled “Small Business Forward: Review and Reform of Compliance Costs on Businesses” (SBF). The order expanded Local Law 80 of 2021 and directed six City agencies to review and reform existing business regulations to reduce unnecessary fines and penalties for small businesses.<sup>1</sup> The stated purpose of SBF was to benefit small businesses by easing compliance costs and promoting economic recovery by reducing fine schedules and allowing for warnings or cure periods for certain first-time violations. EO2 stipulated that reforms should not compromise public health or safety. EO2 was aimed at six agencies: the Department of Consumer and Worker Protection (DCWP), the Department of Buildings (DOB), the Department of Environmental Protection (DEP), the Department of Health and Mental Hygiene (DOHMH), the Department of Sanitation (DSNY), and the Fire Department (FDNY).

According to an SBF report issued by the Mayor’s Office on May 15, 2022, the six agencies submitted their first round of recommendations by March 31, 2022. The agencies evaluated a total of 232 regulations underpinning the issuance of violations in 2019 and recommended changes to 116 of them. Changes included the repeal of 30 regulations, the reduction of civil penalties associated with 50 regulations, and the amendment of 36 regulations to include first-time warnings with cure periods or extending existing cure periods.<sup>2</sup>

The changes were to be implemented in one of four ways: (1) Internal Policy Change; (2) Amendment to the New York City Administrative Code; (3) Amendment to the Rules of The City of New York; or (4) Amendment to New York State Law. Once implemented, the report estimated that associated savings to New York City small businesses would be approximately \$8.9 million per year.

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<sup>1</sup> Local Law 80 of 2021, enacted July 18, 2021, reformed business violations and penalties to reduce regulatory burdens and compliance costs. The law repealed certain requirements and reduced the amounts of civil penalties for violations of certain provisions of law, eliminating civil penalties for certain first-time offenders, and providing an opportunity to cure certain first-time violations of various provisions enforced by DEP, DCWP, DOB, DOHMH, Department of Transportation (DOT), and DSNY.

<sup>2</sup> In addition to the six agencies mentioned, the Department of Transportation (DOT) also provided recommendations to reform. However, the SBF report did not report on those reforms.

The SBF report indicated that feedback was solicited from nearly 1,000 small business owners through an online survey, and that other stakeholders provided feedback through virtual listening sessions, including meetings hosted by the Chambers of Commerce, the NYC Business Improvement District (BID) Association, and other business associations.<sup>3</sup>

An Inter-Agency Working Group was established to assess the recommendations submitted by six City agencies, chaired by the Deputy Mayor for Economic and Workforce Development, the Chief Efficiency Officer, and the Commissioner of the Department of Small Business Services (SBS) at the time. The main drafter of the SBF report was a Senior Advisor in the office of the Deputy Mayor for Housing, Economic Development, and Workforce.

On November 17, 2023, Mayor Eric Adams signed Local Law 151 of 2023 (LL151), which codified many of the regulatory reforms identified by the SBF initiative that were reportedly intended to reduce regulatory burdens on small businesses. While some SBF reforms were implemented earlier through internal agency rule changes, the legislative provisions of LL151 officially went into effect on May 15, 2024, with specific rules implementation and penalty schedules finalized by June 23, 2024.

In May 2025, the initiative was rebooted and expanded by Mayor Adams and SBS through “Small Business Forward 2.0,” which announced additional initiatives aimed at enhancing the relationships between the City and small businesses by reducing red tape and improving support.

On January 14, 2026, Mayor Mamdani signed Executive Order 11 of 2026 (EO11), titled “Reducing Fees and Civil Penalties for Small Business,” extending the initiative into a third round.

## Objectives

The objectives of this review were to identify the current statuses of the recommended reforms suggested by the six agencies impacted by EO2, and where possible, to determine the extent to which the projected savings for small businesses have been realized.

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<sup>3</sup> Auditors were unable to find any evidence of this survey. As discussed later in this report, none of the officials involved in producing the report were employed by the City during the time of the auditors’ review. Additionally, auditors were not provided with a list of small businesses reportedly contacted, and the City has no registry of small businesses operating in the City.

## Discussion of Audit Results with Agencies

The matters covered in this report were discussed with officials from DCWP, DOB, DEP, DOHMH, DSNY, FDNY, SBS, and the Mayor's Office during and at the conclusion of this review. On February 24, 2026, we submitted a Draft Report to each of the agencies with a request for written comments. We received written responses from DEP on March 9, 2026; from DCWP on March 10; from DOHMH on March 11; from FDNY, SBS, and the Mayor's Office on March 12; and from DOB and DSNY on March 13.

Of the review's nine recommendations, the Mayor's Office agreed with six recommendations (#1, #2, #3, #4, #5, and #7), agreed in principle but did not commit to implementing two (#6 and #8), and did not address the remaining one (#9). In its response, SBS deferred to the Mayor's Office for response, noting that it was not a lead or participating regulatory agency in the 2022 Small Business Forward initiative.

Two of the review's nine recommendations (#4 and #6) were addressed specifically to the regulatory agencies. DEP declined to provide specific comments to the report and DCWP, DSNY, DOB, and DOHMH indicated that they will seek further guidance from the Mayor's Office in relation to these recommendations. In its response, FDNY disagreed with recommendation #4 and argued that the responsibility for implementing recommendation #6 should be centralized and not fall on any specific regulatory agency.

The written comments from the eight agencies have been fully considered, and where relevant, changes and comments have been added to the report. The full text of the agencies' responses are included as an addendum to this report.

# Key Takeaways

The review found that the Adams administration not only did not define “small businesses” in E02, or in any other documents shared with the auditors, but the agencies charged with implementing Small Business Forward generally did not consider the potential impact on small businesses when identifying regulations for potential reform. Moreover, they lacked the data necessary to do so. The City does not maintain a list of small businesses and reports that the prior administration surveyed or consulted with small businesses are unconfirmed; none of the entities contacted during this review could substantiate that the survey or consultation with small businesses occurred.

The changes made to seven of the 116 regulations incorporated language geared specifically toward small businesses, but the two agencies that implemented them (DOB and DEP) did not develop ways to ensure small businesses benefited from the changes or to assess their impact on small businesses.

Most of the regulations targeted for change were little used or completely unused by the agencies involved. Only 36 of the 116 regulations recommended for change by participating agencies were regularly used as the basis for issuing violations in CY2021, the year before they were designated for reform; only 30 of these were implemented during the scope period, and 14 of the 30 potentially impacted health and safety.

The City did not designate a single agency to monitor its progress, did not establish key performance indicators to assess the success of Small Business Forward, and has developed no data to assess its effectiveness. In fact, no impact assessment has been conducted. Despite this, the program was rebooted in May 2025 through “Small Business Forward 2.0,” and was recently extended further in January 2026 by the new administration.

The initiative seems to have proceeded on the assumption that a benefit to any business would also have a positive impact on small businesses. This may be true; on the other hand, it is possible the initiative has simply reduced revenue to the benefit of larger concerns.

Auditors were unable to assess the full financial impact of the adopted reforms because the six participating agencies could not provide the data needed to accomplish this. Auditors did assess the financial impact of reforms that called for fines to be eliminated or reduced to a fixed amount on *all* businesses—regardless of their size—for the period of January 2024 through March 2025. Prior to reforms, the auditors estimate that \$14.5 million in fines would have been collected, and after the reforms, found they generated \$12.1 million, representing a 17% reduction overall. The agency with the biggest reductions was DOHMH.

Despite the issues found on review, auditors recognize that the underlying goal of the SBF initiative—to provide regulatory relief to the City's small business community—remains a laudable objective. In extending the SBF program, the City's new administration has an opportunity to ensure that reforms are tailored specifically to small businesses without impeding public health and safety protections, and to ensure steps are taken to assess the effectiveness of the initiative moving forward, based on key performance indicators.

## **Small Business Forward is Targeted to All Businesses, Regardless of Size**

Despite its name and public claims, the actions taken following the issuance of Executive Order 2 and Local Law 151 did not directly target “small businesses” in their design or execution. LL151 applies broadly to all “commercial establishments.” The official text does not include any references to or define “small businesses,” nor does it include any criteria that would require agencies to target violations that apply to or impact smaller commercial entities.<sup>4</sup>

None of the six participating agencies track violations data by business size and were therefore generally unable to select violations specific to small businesses. While the agencies stated that all businesses would benefit from the recommended reforms, this conclusion relies on the assumption—and the unsupported theory—that benefits to any businesses would automatically help small businesses as well.

During the review, agencies disclosed to auditors that the Adams administration made no effort to determine which regulations would most benefit small businesses. For example, no analyses of past summonses issued to smaller businesses were conducted. The agencies stated that they simply worked on the assumption that a benefit to any business would benefit small businesses. There appears to have been no analysis undertaken at any point to validate this assumption or to assess regulations for their impact on small businesses.

## **Consultation with the Small Business Community Unconfirmed**

Although the SBF report claims that 1,000 small businesses were surveyed and other forms of verbal consultation with the community were reportedly undertaken in the lead up to identifying which regulations should be targeted for reform under SBF, none of the participating agencies, SBS, or the Mayor's Office

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<sup>4</sup> <https://intro.nyc/local-laws/2023-151>

could substantiate that these occurred. No survey or survey data was produced to the auditors, despite requesting this information, and no documentation concerning the conclusions from surveys or other outreach appears to exist. Auditors were provided with no evidence that any analysis of regulations or their impact on small businesses was undertaken before recommendations were compiled.

A key responsibility of the Department of Small Business Services (SBS) is to assist New York City’s small businesses in dealing with City agencies, including adjudication of summonses/violations. An SBS official told auditors that the City generally defines a “small business” as a business with 100 employees or less. However, SBS does not maintain a list of small businesses operating in New York City, nor do any of the other agencies that are part of the SBF initiative, and as noted above, none of the agencies collect data concerning violations issued to small businesses.

**Table 1. List of Seven Recommended Reforms Targeted to Small Businesses**

	Agency	Violation Code ID	Description	Fine Amount	Recommended Reform	Adopted?
1	DEP	AW52	Failed to file annual test report for backflow device	\$500	Expand compliance period for small businesses to 60 days and conduct targeted outreach to small businesses about their backflow device requirements.	Yes
2	DEP	AW54	Water meter repair/removal without permit	\$1,000	Create a Small Business Palm Card that inspectors can hand out when visiting a small business for any inspectorial reason. If the customer presents an invoice showing who performed the illegal work, pursue enforcement against the plumber of record.	Yes
3	DEP	AW51	Failed to install backflow device	\$1,000	Expand compliance period for small businesses to 60 days and conduct targeted outreach to small businesses about their backflow device requirements.	Yes

	Agency	Violation Code ID	Description	Fine Amount	Recommended Reform	Adopted?
4	DEP	AW63	Inadequate protection of water meter/remote receptacle/AMR	\$250	Conduct outreach to all customers reminding them of the importance of protecting a meter from cold weather or freezing conditions. DEP will grant limited extensions if the small business owns the property and circumstances are reasonable.	Yes
5	DOB	101	Work without a permit. (Class 1)	\$6,000	If issued to a small business, waive the additional \$6,000 civil penalty that must be paid directly to DOB.	Yes
6	DOB	201	Work without a permit. (Class 2)	\$6,000	If issued to a small business, waive the additional \$6,000 civil penalty that must be paid directly to DOB.	Yes
7	DOB	N/A	Failure to File an Annual Boiler Report	\$1,000	Implement First-Time Waiver (for small businesses, as confirmed by DOB officials)	Yes

Despite this apparent effort to target small businesses, however, DEP identified no mechanism for determining if the changes benefited only small businesses.

Similarly, DOB stated that small business owners can identify themselves as a small business by submitting a waiver request through DOB's self-service online tool, DOB NOW. While DOB noted that eligible criteria are defined in the Rules of the City of New York regarding specific violation waivers, it relies on self-declaration of small business status.<sup>5</sup> Furthermore, DOB identified no mechanism for tracking entities granted a waiver or the number of violations issued.

Neither DOB nor DEP can confirm that the beneficiaries of reduced or delayed penalties were small businesses.

## Reforms Did Not Target Regulations or Rules that Were Frequently Enforced

The SBF report made recommendations to change 116 regulations. As of December 2025, 99 (85%) of the 116 recommendations have been adopted. Of the remaining 17 recommendations, five are still pending and require action by City or State legislation, eight were rejected by the City Council, and agencies

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<sup>5</sup> 1 RCNY §§ 102-04, 103-01, and 103-05

opted not to implement four reforms.<sup>6</sup> (A comprehensive list of the 116 recommended reforms is included in the Appendix.)

However, most of the regulations identified for reform were little enforced or completely unenforced by participating agencies in the year prior to implementation.

## **Majority of Regulations Recommended for Reform Did Not Result in Issued Violations Prior to EO2**

According to EO2, each of the six regulatory agencies were tasked with identifying provisions of law or rules that were most frequently enforced through the issuance of violations, and to the extent practicable, identifying those violations that were most frequently issued to small businesses. According to the SBF report, the agencies identified 232 regulations that accounted for more than 280,000 violations issued in CY2019, and from these, 116 were targeted for change under the initiative. Changes included (1) introducing or extending the period for correcting the violating condition; (2) reducing fine amounts; and/or (3) eliminating regulations altogether.

Agencies informed the auditors upfront that whether small business benefited was generally not a consideration in identifying regulations for reform, and although requested, auditors were not provided with the associated CY2019 violations data that underpinned the selection of the 116 regulations targeted for reform under SBF.<sup>7</sup> Auditors therefore could not determine if the regulations which were most used were selected for reform.

Auditors conducted a review of the 116 regulations targeted under SBF and found that only 36 (31%) had related violations that were issued frequently during CY 2021 (the year preceding EO2). This means that the regulations selected by agencies did not represent a significant financial or regulatory burden to businesses.

As detailed in Table 2, below, there were no violations issued in CY2021 for 59 (51%) of the regulations, and 21 (18%) regulations each led to fewer than 20 enforcement actions during the year.

For DSNY, there were no violations issued in CY2021 based on any of the 26 regulations it recommended for reform; DSNY officials informed the auditors that

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<sup>6</sup> DOB decided not to adopt two reforms because they said they would not benefit small businesses, DOHMH did not pursue a reform because of a court order, and DEP rolled back one reform after the COVID pandemic.

<sup>7</sup> While three agencies (DCWP, DOB and DOHMH) did provide some statistics, the data did not reconcile with the reported figures.

this was due to the agency pausing violation issuances during the COVID-19 pandemic. However, a review of the violations issued by the agency in CY2022, after the pause was lifted, revealed that most of the regulations recommended for reform were infrequently enforced post-COVID. Only nine (35%) of the 26 regulations recommended for reform had evidence of regular enforcement (i.e., 20 or more violations issued) during the year; of the remaining 17, 10 had no associated violations, and seven each resulted in between one and 20 associated violations being issued.

Overall, evidence of regular enforcement activity existed for less than a third of the 116 regulations recommended for change by the six agencies. The total number of violations issued in connection with the 36 regulations in CY2021 was 21,721; these represented 99.7% of the violations associated with the 116 regulations which were recommended for reform under the initiative. In other words, 80 of the 116 recommended reforms introduced by the Adams administration accounted for just 0.3% of all violations issued in the year prior to creation of the program.

The Adams administration appears to have inflated the importance of the slate of reforms it introduced under the initiative by including many regulations that had no significant impact on businesses. Ultimately, only 31% (36 out of 116) of all regulations that were recommended to be changed under the initiative had an impact on local businesses prior to SBF.

**Table 2. Breakdown of Regulations Recommended for Reform by Use**

Agency	Total # of Regulations Recommended for Reform	Total Summonses Issued in CY 2021 for the Recommended Regulations	# of Regulations with 20 or more Summonses Issued in CY 2021	# of Regulations with 1 to 20 Summonses Issued in CY 2021	# of Regulations with No Summonses Issued in CY 2021
DCWP	24	953	8	4	12
DEP	22	6,327	9	4	9
DOB	26	6,499	12	10	4
DOHMH	14	4,201	5	1	8
DSNY	26	0	0	0	26
FDNY	4	3,805	2	2	0
<b>Grand Total</b>	<b>116</b>	<b>21,785</b>	<b>36</b>	<b>21</b>	<b>59</b>

## No Assessment of SBF's Financial Impact Conducted

Auditors endeavored to assess the full financial impact of the adopted reforms but were unable to because the participating agencies did not collect the data necessary to make such an assessment. Agencies do not track the amounts that were assessed and eventually paid for violations issued. Agencies are unable to determine which violations resulted in fewer fines collected or the total amount of reductions that resulted from changes implemented under the initiative.

The six agencies did not adopt the suggested reforms at the same time. FDNY was the first to adopt reforms in July 2022, while DOHMH did not adopt some of its reforms until December 2024. In some cases, agencies are not even able to identify the implementation date for certain reforms and are therefore also unable to identify all summonses issued before and after the reforms were adopted. Again, this makes it impossible to assess the total financial impact of the reforms.

## Auditors Estimate that Reforms Reduced Fines by at Least 17%

Auditors attempted to determine the financial impact of reforms by restricting their analysis to those reforms that called for either the reduction or elimination of the violations' associated fines. Of the amended regulations that met this criteria, 35 regulations led to violation issuances after the reforms were adopted. For all 35, auditors calculated the amounts of the associated fines that would have been levied before and after the reforms were adopted.

Auditors then calculated the pre- and post-reform figures for the period from January 2024 through March 2025. As shown in Table 3 below, auditors found that the fines relating to these regulations for all NYC businesses went from \$14.5 million (pre-adoption) to \$12.1 million (post-adoption), a 17% reduction.

**Table 3. Fine Reductions by Agency Following Adoption of Certain Reforms (January 2024 through March 2025)**

Agency	# of Reformed Regulations Analyzed	# of Violation Summonses Issued for Analyzed Regulations During Period	Fine Amount Pre-adoption	Fine Amount Post-adoption	Reduction Amount	Reduction Percentage
DCWP	4	380	\$54,950	\$23,188	\$31,763	58%
DEP	0	0	\$0	\$0	\$0	N/A
DOB	5	849	\$426,675	\$211,350	\$215,325	50%
DOHMH	8	18,710	\$11,170,000	\$9,193,800	\$1,976,200	18%
DSNY	14	744	\$136,350	\$55,350	\$81,000	59%
FDNY	4	4,581	\$2,748,450	\$2,631,200	\$117,250	4%
<b>Total</b>	<b>35</b>	<b>25,264</b>	<b>\$14,536,425</b>	<b>\$12,114,888</b>	<b>\$2,421,538</b>	<b>17%</b>

A breakdown of the data reveals that the \$2.4 million in the total reduction in fines was distributed across the 35 regulations for five agencies (DCWP, DOB, DOHMH, DSNY, and FDNY). DSNY and DCWP recorded the most significant percentage decreases in fine amounts at 59% and 58%, respectively. While DOHMH saw a lower percentage reduction of 18%, it accounted for most of the volume of summons (18,710) and the largest absolute fiscal impact, totaling nearly \$1.98 million in fine reductions. Conversely, FDNY saw the smallest impact with a 4% reduction, and DEP reported no summonses issued for the amended regulations during this reporting period.

As previously mentioned, the auditors cannot directly correlate the estimated reductions entirely to small businesses because of data limitations; these figures reflect savings across all businesses, regardless of size. While the estimated savings resulting from fine reductions for the selected reforms was \$2.4 million across all businesses, it is highly likely that the portion benefiting small businesses alone falls short of that amount. The inability to specifically correlate these realized savings to the intended beneficiaries—small businesses—due to a lack of available data represents a significant limitation in assessing the impact of the initiative’s purpose.

### **Eliminated Violations Had Little Fiscal Impact**

Auditors identified 24 recommendations that were adopted that called for the elimination of the associated regulations. Of these, only three were regularly enforced. Further, none of these regulations were generally geared to small businesses and their elimination did not have a material fiscal impact.

According to the agencies, these regulations were eliminated to address regulatory redundancy and to eliminate overlapping regulations and potentially duplicate violations. For the three regulations that were regularly enforced, the issuing agencies were DOB, DOHMH, and FDNY; according to the agencies, these reforms pertained to electrical covers (DOB), choking posters (DOHMH), and combustible waste containers (FDNY).

However, although enforced regularly, the associated fines had little potential for fiscal impact. These fines accounted for less than one-half of one percent (0.45%) of all fines associated with the 116 regulations recommended for change, highlighting again the absence of a clear strategy, plan or rationale for selecting certain regulations for change.<sup>8</sup>

## **Analysis of Impact of Changes Made to 14 Health and Safety Regulations is Needed**

Auditors attempted to examine the non-fiscal impact of the adopted reforms and identified several regulations that appear to pertain to health and safety. Of the 36 regulations that were regularly enforced in CY2021, auditors identified adopted changes for 30 regulations. Of the 30, 14 (47%) related to health and safety issues. (Appendix II details the 14 regulations and an examination of the reforms that were adopted.)

The regulations in question pertain to topics such as hazardous material exposure, structural integrity and safety of building equipment, and emergency exit paths. The reforms called for either (1) financial penalties to be reduced (or eliminated for first time offenders), or (2) the addition or expansion of the cure period for correcting the underlying condition, without incurring financial penalties.

By shifting from immediate financial deterrents to warnings and extended compliance windows, the financial burden was eased on business owners, but an unintended consequence may be that respondents took longer to cure violating conditions. Auditors were unable to compare the remediation times before and after the reforms were adopted because the datasets provided do not contain the necessary information.

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<sup>8</sup> Of the \$20,455,305 collected in fines for the 116 regulations recommended for reform in CY 2021, \$92,400 (0.45%) was associated with these three regulations. The \$92,400 consists of \$75,500 for the FDNY combustible waste container violations (151 issuances at \$500 each), \$11,500 for the DOB electrical cover violations (23 issuances at \$500 each), and \$5,400 for the DOHMH choking poster violations (27 issuances at \$200 each).

# No KPIs, Insufficient Data, and No Assessment of Actual Impact of SBF

## No Entity Responsible for Oversight of the SBF Initiative

There appears to be no single entity responsible for overseeing the SBF initiative, and no consistent effort to track the impact of reforms on small businesses or to quantify realized savings for small businesses. As previously mentioned, the City does not maintain a list of small businesses operating in New York City, and the six regulatory agencies subject to EO2 and LL151 do not maintain data on violations that are issued to small businesses, which significantly hinders any such assessment. The current legal framework and the executive order do not mandate specific monitoring or reporting requirements on how well the reforms are achieving the SBF initiative's intent and stated goals, whether by the Mayor's Office or SBS.

A senior advisor in the Mayor's Office stated that the SBF initiative falls under her oversight and that she works closely with SBS on issues related to small businesses.<sup>9</sup> However, neither she, SBS, nor any of the six regulatory agencies have conducted any analyses to quantify realized savings or reductions in fines, nor have they determined the impact of the implemented reforms on small businesses. The true impact of the implemented reforms has not been determined, and the City has made no effort to verify whether agencies are making all reasonable efforts to assist and reduce financial burdens on small businesses. Without this, it is impossible to determine whether the initiative is doing more than reducing overall revenue from fines.

## No Methodology and Substantiation for Projected Annual Savings Calculation

The SBF report does not describe the methodology used to project savings for any of the six participating agencies. During a meeting with SBS and the Mayor's Office on April 25, 2025, auditors requested information on the calculation of the projected savings. On May 19, 2025, we received an email from SBS stating that they found a file in their records showing how the projected savings were calculated. Upon review, however, the provided table does not establish a methodology for assessing the financial impact of the reforms.

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<sup>9</sup> The Senior Advisor was not directly involved in the creation of Small Business Forward initiative; she had a different portfolio within City Hall at the time but inherited that portfolio after her predecessor left during the summer 2023.

Ultimately, due to the lack of clear, documented methodology, the inconsistent application of calculation methods across agencies, and the inability of SBS or the Mayor's Office to provide substantiating historical data upon request, the auditors conclude that the SBF report's estimated annual savings of approximately \$8.9 million cannot be verified or relied upon as accurate. Due to a lack of tracking by agencies, auditors were unable to determine the full impact of the implemented reforms regarding a reduction in the fines paid out by businesses. However, based on a limited review of certain violations, actual reductions were achieved for related violations in CY 2024 through the first quarter of CY 2025.

## Opportunities to Improve

The new administration has recently issued EO11 to extend and carry forward a new iteration of the Small Business Forward program. This offers an opportunity to establish a method for identifying violations for reform based on their potential impact on small businesses, specifically by defining small businesses for the SBF program; establishing selection criteria for change; establishing Key Performance Indicators (KPIs) and a methodology for assessing the effectiveness of the program after implementation; improving data capture and tracking mechanisms that are consistent with any adopted methodology; and regularly reporting outcomes to the public. These measures are needed to ensure the important objectives of the program are met. They are also crucial for maintaining accountability and transparency.

# Recommendations

Based on this review, the auditors have identified several areas for improvement to address the above-mentioned findings:

## Enhance Program Management, Oversight, and Transparency

1. The Mayor's Office should formally designate a lead agency (e.g., the Mayor's Office or SBS) responsible for overseeing and coordinating the SBF initiative's progress, tracking savings, and ensuring ongoing effectiveness.

The Mayor's Office agreed with the recommendation.

2. The City should provide regular public reporting on the SBF initiative's progress, realized savings for small businesses, and overall compliance rates. To maintain integrity, these reports should clearly define performance indicators, data sources and scope, explain calculation methodologies, and acknowledge any data limitations.

SBS deferred to the Mayor's Office for a response.

The Mayor's Office agreed with the recommendation.

## Improve Program Design and Strategic Targeting

3. The City should adopt a uniform "small business" definition used by all participating agencies.

SBS deferred to the Mayor's Office for a response.

The Mayor's Office agreed with the recommendation.

4. Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities.

SBS, DCWP, DOB, and DSNY deferred to the Mayor's Office for a response. DOHMH indicated it would seek guidance from the Mayor's Office. DEP did not respond to the recommendation.

The Mayor's Office agreed with the recommendation.

FDNY disagreed with the recommendation on several grounds, stating that the assumptions that "FDNY enforcement action imposes a regulatory and financial burden on businesses generally, and that this action is further burdensome on small businesses, in particular," are inaccurate.

**Auditor Comment:** The “assumptions” FDNY objects to sit at the heart of EO2 and EO11. FDNY is specifically named in both. Given this, and given the Mayor’s Office’s agreement to implement this recommendation, the auditors suggest that FDNY seek further guidance concerning the stated purpose of the program and how it should approach the mandates the orders contain.

5. The City should develop a framework for monitoring and assessing both financial savings and non-financial impacts, such as reductions in administrative burden and time savings for business owners.

SBS deferred to the Mayor’s Office for a response.

The Mayor’s Office agreed with the recommendation.

### **Strengthen Data Management and Targeted Tracking**

6. The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY, and FDNY) should consider integrating a specific “small business” identifier in their systems to track violation issuances, fine reductions, waivers, and cure periods specifically for small entities.

DCWP, DOB, DOHMH, and DSNY essentially deferred to the Mayor’s Office for a response, and, in some cases, noted potential issues with feasibility and resource allocation. FDNY agreed in principle with the need for a small business identifier in its system but stressed the need for a centralized and uniform definition of “small business,” as well as appropriate parameters for implementation. DEP did not respond to this recommendation.

The Mayor’s Office agreed in principle with the recommendation, stating it “appreciates the spirit of this recommendation and is open to discussing potential alternatives to achieve its stated intent, in light of the resource requirements. Most agency systems today record violations tied to locations or individuals, such as property owners, tenants, or residents, rather than the operating business itself, so operationalizing this recommendation across agency processes and data systems would be a significant lift and process change and require significant resources.”

**Auditor Comment:** Continuing to rely on data tied to locations rather than specific business entities hinders the City’s ability to assess whether the intended beneficiaries of SBF are receiving relief as intended. Agencies should work with the Mayor’s Office to develop an identifier or some other mechanism for tracking the extent to which small businesses are benefiting from this initiative, and the City should work toward implementation in agency systems of record.

7. The City should create a formal, documented methodology for assessing the impact of SBF reforms, establishing a transparent framework for

calculating projected and realized savings. This would equip City officials with the data necessary to inform future policy decisions, prioritize effective reforms, and ensure fiscal accountability.

SBS deferred to the Mayor's Office for a response.

The Mayor's Office agreed with the recommendation.

### **Ensure Public Safety and Stakeholder Accountability**

8. The City should implement a formal protocol to monitor the impact of regulatory relief on public health and safety. This framework should track whether reduced penalties or extended cure periods affect the timeliness of violations remediation.

SBS deferred to the Mayor's Office response.

The Mayor's Office agreed in principle with the recommendation.

9. The designated lead agency should conduct a comprehensive review of the previously implemented reforms to determine if the financial savings benefited small businesses. This evaluation would help the City determine if the program is helping the intended recipients.

SBS deferred to the Mayor's Office response.

The Mayor's Office did not address the recommendation, instead stating that "[t]he Administration is planning to focus on new reforms that are proposed out of Executive Order 11."

## **Recommendations Follow-up**

Follow-up will be conducted periodically to determine the implementation status of each recommendation contained in this report. Agency-reported status updates are included in the Audit Recommendations Tracker available at:

<https://comptroller.nyc.gov/services/for-the-public/audit/audit-recommendations-tracker/>

# Appendix I

## Comprehensive List and Adoption Status of the 116 SBF Reform Recommendations (as of December 2025)

Agency	Rec #	Violation Code ID	Section of Law/Rule	Violation Description	Recommended Reform	Violations with Frequent Use (20 or more violation issuances) during CY 2021 (prior to EO2)	Adoption Status				
							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
DCWP	1	N/A	1 NYCRR § 221.4	Declaration of responsibility on product packaging	Recommend reduce first time penalty from \$300 to \$0	X			X		
DCWP	2	N/A	1 NYCRR § 221.5(c)	Labels do not clearly state the net quantity of items in containers	Recommend reduce first time penalty from \$300 to \$0	X			X		
DCWP	3	N/A	6 RCNY § 2-134(a)(1) was replaced by 6 RCNY § 4-131(a)(1)	Business fails to prominently and conspicuously display price list sign, or price list sign is not displayed at point at which orders are placed or payment is made, or lettering on sign is less than 1 inch	Recommend making eligible for cure. New citation is 6 RCNY § 4-131(a)(1).	X	X	2/5/2023			
DCWP	4	N/A	NYC Admin Code § 20-822(a)	Sale of expired meds: business offered for sale over-the counter medication later than expiration date on the label.	Recommend reduce first time penalty from \$250 to \$0	X				X	
DCWP	5	N/A	6 RCNY § 4-112(b)	No last day of sale or last date of recommended usage on packaging	Recommend reduce first time penalty from \$100 to \$0	X	X	6/23/2024			
DCWP	6	N/A	1 NYCRR § 221.13(b)(18)	Deli items do not have prices displayed	Recommend making eligible for cure	X			X		
DCWP	7	N/A	NY Agri & Mkts § 190(5)	Store does not have a scale for customers	Recommend making eligible for cure				X		
DCWP	8	N/A	1 NYCRR § 221.13(b)(19)	Fails to post sign stating identity of commodity sold in bulk and price per pound or unit price	Recommend making eligible for cure	X			X		
DCWP	9	N/A	NYC Admin Code § 20-910(f)	Fails to post open door or window complaint sign	Recommend making eligible for cure		X	6/23/2024			
DCWP	10	N/A	6 RCNY § 2-70.2(F)	Use the stoop line stand to wash, trim bunch or prepare	Recommend reduce first time penalty from \$175 to \$0		X	6/23/2024			
DCWP	11	N/A	NYC Admin Code § 20-910(b)	Exterior door or window open while an air conditioner/ central cooling system was operating	Recommend reduce first time penalty from \$250 to \$0		X	6/23/2024			

Agency	Rec #	Violation Code ID	Section of Law/Rule	Violation Description	Recommended Reform	Violations with Frequent Use (20 or more violation issuances) during CY 2021 (prior to EO2)	Adoption Status				
							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
DCWP	12	N/A	6 RCNY § 2-70.2(E)	Licensee accepts payment outside for merchandise sold or displayed at such stoop line stand	Recommend reduce first time penalty from \$175 to \$0		X	6/23/2024			
DCWP	13	N/A	6 RCNY § 3-24(c)	Scale is not located between the buyer and seller	Recommend making eligible for cure		X	2/5/2023			
DCWP	14	N/A	NYC Admin Code § 20-740(b)	Receipt does not include the year-round phone number and/or address of tax preparer.	Recommend reduce first time penalty from \$375 to \$0					X	
DCWP	15	N/A	NYC Admin Code § 20-544	Car Wash failed to maintain accident records	Recommend making eligible for cure	X	X	6/23/2024			
DCWP	16	N/A	NYC Admin Code § 20-727	Business failed to post raincheck policy.	Recommend repeal		X	6/23/2024			
DCWP	17	N/A	NYC Admin Code § 20-744	3rd party sold travel tickets with excessive fees	Recommend repeal		X	6/23/2024			
DCWP	18	N/A	NYC Admin Code § 20-756	Invoice for delayed payment transaction failed to include required disclosures	Recommend repeal		X	6/23/2024			
DCWP	19	N/A	NYC Admin Code § 20-757	Invoice for delayed payment transaction included unsolicited offer.	Recommend repeal		X	6/23/2024			
DCWP	20	N/A	NYC Admin Code § 20-760	Failure to check ID when offering a tobacco product promotion	Recommend repeal					X	
DCWP	21	N/A	NYC Admin Code § 20-801	Child care provider failed to post required disclosure	Recommend repeal		X	6/23/2024			
DCWP	22	N/A	NYC Admin Code § 20-802	Child care provider failed to provide inspection report with information materials	Recommend repeal		X	6/23/2024			
DCWP	23	N/A	6 RCNY § 2-260	Picture tubes sold or offered for sale without proper label (these are older televisions with a cathode ray tube or CRT)	Recommend repeal		X	2/5/2023			
DCWP	24	N/A	6 RCNY § 5-69	Vendor offering blood pressure reading services failed to post disclosure sign	Recommend repeal		X	2/5/2023			
DEP	1	AW52	20-04e	Failed to file annual test report for backflow device	Proposed Change: Expand compliance period for small businesses to 60 days and conduct targeted outreach to small businesses about	X	X	6/1/2024*			

Agency	Rec #	Violation Code ID	Section of Law/Rule	Violation Description	Recommended Reform	Violations with Frequent Use (20 or more violation issuances) during CY 2021 (prior to EO2)	Adoption Status				
							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
					their backflow device requirements.						
DEP	2	BAH7	24-109a3	Unregistered boiler or water heater	Proposed Change: DEP will amend policy so that three emails are sent to owners within 6 months of expiration date before they are eligible to receive a violation. For unregistered equipment which is cancelled after 1 year of failure to renew, DEP policy will be to give two weeks to get equipment registered.	X	X	6/1/2024*			
DEP	3	AW55	20-05b2	Failed to return water meter permit	Proposed change: grant extensions on a case-by-case basis.	X	X	6/1/2024*			
DEP	4	AW51	20-04d	Failed to install backflow device	Proposed Change: Expand compliance period for small businesses to 60 days and conduct targeted outreach to small businesses about their backflow device requirements.	X	X	6/1/2024*			
DEP	5	AW54	20-05b1	Water meter repair/removal without permit	Proposed Change: Create a Small Business Palm Card that inspectors can hand out when visiting a small business for any inspectorial reason. If the customer presents an invoice showing who performed the illegal work, we will pursue enforcement towards the plumber of record.		X	6/1/2024*			
DEP	6	BX2F	1-42a	Utilized improperly located air samplers (Asbestos)	Proposed Change: Inspectors will give verbal warnings. This requirement is essential in determining where asbestos is being released into the ambient spaces. Improperly placed samplers will not provide a true indication of asbestos release into those	X	X	6/1/2024*			

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							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
					spaces. On average, at least 5 sampling pumps will be running at the same time.						
DEP	7	BX51	1-102d	Failed to bag detached asbestos directly	Proposed Change: Inspectors will give warnings for small amounts present in the work area if it can be cleaned up immediately and doesn't pose a current health and safety issue. This is a health and Safety issue as the presence of too much asbestos in the work area will cause an increase in the potential of workers to be exposed and possible release into the environment.		X	6/1/2024*			
DEP	8	BN17	24-220c	Failed to have Noise Mitigation Plan available	Proposed Change: DEP inspectors will use their discretion to have the violating issue remedied on site before issuing a violation. In addition, DEP can issue a 5-Day Cure Period to resolve a potential noise violation related to construction projects.	X	X	6/1/2024*			
DEP	9	AW63	20-05p	Inadequate protection of water meter/remote receptacle/AMR	Proposed Change: Conduct outreach to all customers reminding them of the importance of protecting a meter from cold weather or freezing conditions. DEP will grant limited extensions if the small business owns the property and circumstances are reasonable.	X	X	6/1/2024*			
DEP	10	AQ01/AQ04	24-706	Failed to file Facility Inventory Form (RTK)	Proposed Change: Conduct enhanced outreach to facilities before issuing violations. DEP will grant the facility a 30-day compliance period and advise the	X	X	6/1/2024*			

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							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
					facility that we can provide assistance with the filing process.						
DEP	11	AP84	24-524	Failed to comply with Commissioner's Order (Sewer)- failed to maintain grease interceptor(s)	Proposed Change: DEP to issue a warning and require establishments to clean grease interceptor asap and submit proof within 7 days.	X				X	
DEP	12	AP84	24-524	Failed to comply with Commissioner's Order (Sewer)-undersized grease interceptor(s)	Proposed Change: increase the time to cure the violation from 30 days to 60 days (business must install the proper sized grease interceptor)		X	6/1/2024*			
DEP	13	AP84	24-524	Failed to comply with Commissioner's Order (Sewer) – grease interceptor installed backwards or not functioning properly	Proposed Change: increase the time to cure the violation from 15 days to 30 days (business must rectify the problem with their grease interceptor)		X	6/1/2024*			
DEP	14	AP84	24-524	Failed to comply with Commissioner's Order (Sewer) - no access to grease interceptor	Proposed Change: increase the number of days to provide access to the grease interceptor from 3 to 7 days		X	6/1/2024*			
DEP	15	AP84	24-524	Failed to comply with Commissioner's Order (Sewer) - post a permanent sign above the sink	Proposed Change: increase the number of days a business has to post a permanent sign above the sink and to submit a notarized statement indicating its purpose from 7 to 30 days.		X	6/1/2024*			
DEP	16	BN13/AN07	24-218.1	Use of a mobile telephone in a place of public performance	Eliminate (difficult to enforce)				X		
DEP	17	BN40/AN31	24-233(a)	Unreasonable noise - personal audio device	Eliminate (difficult to enforce)				X		
DEP	18	BN51	24-237(c)	Operation of a steam whistle attached to a stationary boiler	Eliminate (violation rarely/ never observed)		X	6/1/2024*			
DEP	19		24-706	Failed to file a facility inventory update	Reduce penalty		X	6/1/2024*			
DEP	20	AQ07	24-706(b)	Failed to submit a Material Safety Data Sheet	Reduce penalty		X	6/1/2024*			

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DEP	21	AQ10	24-706(c)	Failed to make copy of FIF or MSDS available at facility	Reduce penalty		X	6/1/2024*			
DEP	22	AQ18	24-718	Failed to properly file risk management plan	Reduce penalty		X	6/1/2024*			
DOB	1	101	28-105.1	Work without a permit. (Class 1)	If issued to a small business, waive the additional \$6k civil penalty that must be paid directly to DOB.	X	X	11/20/2022			
DOB	2	201	28-105.1	Work without a permit. (Class 2)	If issued to a small business, waive the additional \$6k civil penalty that must be paid directly to DOB.	X	X	11/20/2022			
DOB	3	203	28-118.3.2	Occupancy contrary to that allowed by the Certificate of Occupancy or Buildings Department records. (Class 2)	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	4	301	28-105.1	Work without a permit. (Class 3)	Reduce standard penalty from \$500 to \$250	X	X	11/20/2022			
DOB	5	232	28-301.1	Failure to maintain building in code-compliant manner: illumination for exits, exit discharges and public corridors per BC 1006.1; 27-381.	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	6	226	28-301.1	Failure to maintain building in code-compliant manner: Use of prohibited door and/or hardware per BC 1008.1.8; 27-371(j).	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	7	265	28-303.7	Failure to file a complete boiler inspection report.	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	8	303	28-118.3.2	Occupancy contrary to that allowed by the Certificate of Occupancy or Buildings Department records (Class 3)	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	9	220	28-105.11	Failure to post or properly post permit for work at premises.	Reduce standard penalty from \$625 to \$300	X	X	11/20/2022			
DOB	10	222	28-117.1	Operation of a Place of Assembly without a current Certificate of Operation.	Extend existing cure period from 40 to 60 days		X	11/20/2022			

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DOB	11	274	28-105.1	Outdoor sign on display structure without a permit.	Introduce 60-day cure period						X
DOB	12	281	ZR-Misc.	Misc. sign violation under the Zoning Resolution.	Extend existing cure period from 40 to 60 days	X	X	11/20/2022			
DOB	13	219	27-528, BC 1024.1.3 (2008 code) & BC 1028.1.3 (2014 code)	Approved Place of Assembly plans not available for inspection.	Elimination of Violation Type		X	11/20/2022			
DOB	14	225	28-105.12.2	Place of Assembly contrary to approved construction documents.	Elimination of Violation Type		X	11/20/2022			
DOB	15	278	28-301.1	Failure to maintain sign in accordance w Tit.27; Tit.28; ZR; RCNY.	Extend existing cure period from 40 to 60 days		X	11/20/2022			
DOB	16	310	27-3018(b)	Failure to conspicuously post electrical work permit while work is in progress.	Elimination of Violation Type		X	11/20/2022			
DOB	17	2A1	28-105.12.1	Outdoor sign permit application contrary to Code and ZR requirements.	Introduce 60-day cure period						X
DOB	18	276	ZR 32-64	Sign(s) in specified C District exceed(s) surface area restrictions.	Extend existing cure period from 40 to 60 days		X	11/20/2022			
DOB	19	277	ZR 32-652	Sign in specified C District extends beyond street line limitation.	Extend existing cure period from 40 to 60 days		X	11/20/2022			
DOB	20	275	ZR 32-653	Prohibited sign on awning, canopy, or marquee in C District.	Extend existing cure period from 40 to 60 days		X	11/20/2022			
DOB	21	2E5	EC 314.25	Failure to provide cover/faceplate/ lampholder/ luminaire canopy for electrical outlet.	Elimination of Violation Type	X	X	11/20/2022			
DOB	22	2D2	EC 110.25	Electrical closet not dedicated to electrical distribution equipment only.	Elimination of Violation Type		X	11/20/2022			
DOB	23	309	27-3018(B)	Electrical work without a permit	Reduce standard penalty from \$400 to \$200	X	X	11/20/2022			
DOB	24	224	28-118.3	Change in occupancy/use of C of O as per §28-118.3.1 - §28-118.3.2 by operating a Place of Assembly as per when current C of O	Reduce standard penalty from \$500 to \$250.		X	11/20/2022			

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				does not allow such occupancy.								
DOB	25	2E8	EC 410.30	Luminaries & Lamp holders not installed in an approved manner	Reduce standard penalty from \$500 to \$250		X	11/20/2022				
DOB	26		Failure to File an Annual Boiler Report	Failure to File an Annual Boiler Report	Implement First-Time Waiver		X	11/20/2022				
DOHMH	1	02G	NYCHC 81.09(a)	Cold food that requires time/ temperature control for safety not held at 41°F or below.	Recommend reducing maximum penalty: \$600 to \$500.	X	X	3/6/2023				
DOHMH	2	02B	NYCHC 81.09(a)	Hot food that requires time/ temperature control for safety not held at or above 140 °F.	Recommend reducing maximum penalty: \$600 to \$500	X	X	3/6/2023				
DOHMH	3	02H	NYCHC 81.09(e)	Food that requires time/temperature control for safety not cooled by approved method.	Recommend reducing maximum penalty: \$600 to \$500	X	X	3/6/2023				
DOHMH	4	04H	NYCHC 81.07(a)	Food: adulterated/ contaminated.	Recommend reducing maximum penalty: \$600 to \$500	X	X	3/6/2023				
DOHMH	5	16-11	Admin Code 17-199.11(b)	Prohibited drink listed on children's meal menu (beverage other than water, milk, fruit/vegetable juice)	Reduce fine: \$100 to \$50		X	11/17/2023				
DOHMH	6	20-08	Ad Code 17-1507(a)	Failure to conspicuously post healthy eating information sign	Reduce fine: \$500 to \$200		X	3/6/2023				
DOHMH	7	17-01	24 RCNY 32-03	"Dining with Dogs" sign not posted at or near entrance	Reduce fine: \$250 to \$200		X	3/6/2023				
DOHMH	8	N/A	Admin Code 17-1903	Offering force-fed product on the menu	Reduce fine: \$500 to \$400							X
DOHMH	9	AH5A	24 RCNY 7	No certificate of completion of small animal care and handling course	Reduce fine: \$500 to \$400		X	3/6/2023				
DOHMH	10	20-04/20D	Admin Code 17-172(a); 24 RCNY 23	Failure to post the "choking" poster	Eliminate (DOHMH will provide poster at no charge to businesses)	X	X	3/6/2023				
DOHMH	11	17-02	24 RCNY 32-03	"Dining with Dogs" sign incomplete	Eliminate (limit signage violations)		X	3/6/2023				
DOHMH	12	AH5A	Admin Code 17-1702(a)(2)(c)	Dogs and/or cats from prohibited sources, three or more distinct finally determined non-compliant items citations, other than no access violations, as	Eliminate (new method in effect)		X	12/15/2024				

Agency	Rec #	Violation Code ID	Section of Law/Rule	Violation Description	Recommended Reform	Violations with Frequent Use (20 or more violation issuances) during CY 2021 (prior to EO2)	Adoption Status					
							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration	
				indicated on the most recent USDA inspection report								
DOHMH	13	AH5A	Admin Code 17-1702(a)(2)(e)	Dogs and/or cats from prohibited sources, USDA Breeder with finally determined USDA Order to Cease and Desist issued by an Administrative Law Judge in the last five years	Eliminate (new method in effect)		X	12/15/2024				
DOHMH	14	AH5A	Admin Code 17-1702(a)(2)(f)	Dogs and/or cats from prohibited sources, USDA Class A breeder with finally determined USDA Order to pay civil penalty issued by an Administrative Law Judge in the last five years	Eliminate (new method in effect)		X	12/15/2024				
DSNY	1	ASW4	16RCNY1-11(D)(2)	Failure to post signage in organics collection areas 1st offense	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	2	ARI4	16RCNY1-10(E)(2)(II)	Failure to post signage (single stream) 1st offense	Reduce first violation from \$100 to \$0		X	5/15/2024				
DSNY	3	ASV4	16RCNY1-11(D)(1)	Failure to post private carter sticker (organics) 1st offense	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	4	ARG4	16RCNY1-10(E)(4)	Unlabeled recycling container (owner lessee) (single stream) 1st offense	Reduce first violation from \$100 to \$0		X	5/15/2024				
DSNY	5	ARI1	16RCNY1-10(E)(2)(II)	Failure to post signage (source separation) 1st offense	Reduce first violation from \$100 to \$0		X	5/15/2024				
DSNY	6	ARG1	16RCNY1-10(E)(4)	Unlabeled recycling container (owner lessee) (source separation) 1st offense	Reduce first violation from \$100 to \$0		X	5/15/2024				
DSNY	7	ASX4	16RCNY1-11(B)(1)	Fail to recycle organics (food service establishment chain 100 or more) 1st offense	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	8	ASV7	16RCNY1-11(D)(1)	Failure to post sticker indicating self-transporter organics 1st offense	Eliminate/ Repeal		X	5/15/2024				
DSNY	9	ASW1	16RCNY1-11(D)(1)	Failure to post sticker indicating on site processor organics 1st offense	Eliminate/ Repeal		X	5/15/2024				
DSNY	10	ASGM	16-401(c)(2)	Charge for/ask why single-use non-	Eliminate/Repeal (enforcement very difficult)						X	

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				compostable plastic straw is required								
DSNY	11	ASGS	16-401(d)	Provide compostable straws to be used outside of the food establishment	Eliminate/Repeal (enforcement very difficult)							X
DSNY	12	ASGY	16-401(d)	Fail to maintain required bins for disposal of compostable straws	Eliminate/Repeal (enforcement very difficult)							X
DSNY	13	ASR4	16RCNY1-11(B)(1) - Admin Code	Failure to recycle organics (stadium)	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	14	ASR7	16RCNY1-11(B)(1) - Admin Code	Failure to recycle organics (hotel)	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	15	ASS1	16RCNY1-11(B)(1) - Admin Code	Failure to recycle organics (food manufacture 25,000 square feet)	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	16	ASS4	16RCNY1-11(B)(1) - Admin Code	Failure to recycle organics (food wholesaler 20,000 square feet)	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	17	ASS7	16RCNY1-11(B)(2) - Admin Code	Failure to supply written agreement to DSNY within 5 business days	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	18	AST1	16RCNY1-11(B)(3)(I) - Admin Code	Fail supply weight measurement records to DSNY w in 5 business days	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	19	AST4	16RCNY1-11(B)(3)(II) - Admin Code	Existence of public nuisance conditions	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	20	AST7	16RCNY1-11(B)(3)(IV) - Admin Code	Fail notify DSNY regarding onsite organic waste processing equipment	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	21	ASU1	16RCNY1-11(C)(1) - Admin Code	Organics containers not labelled	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	22	ASU4	16RCNY1-11(C)(2) - Admin Code	Organics mixed with non-organic materials	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	23	ASU7	16RCNY1-11(C)(3)(IV) - Admin Code	Organics placed out for collection in container without latching device	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	24	ASV1	16RCNY1-11(C)(3)(I) - Admin Code	Organics in storage area placed in a container w o latching device	Reduce first violation from \$250 to \$0		X	5/15/2024				
DSNY	25	ASX1	16RCNY1-11(B)(1) - Admin Code	Fail to recycle organics (fse at least 15,000 sq ft) 1st offense	Reduce first violation from \$250 to \$0		X	5/15/2024				

Agency	Rec #	Violation Code ID	Section of Law/Rule	Violation Description	Recommended Reform	Violations with Frequent Use (20 or more violation issuances) during CY 2021 (prior to E02)	Adoption Status				
							Adopted	Adoption Date	Pending - Further Action Required by City or State Legislation	Not Adopted - Rejected by City Council	Not Adopted - Agency Opted Not to Implement After Further Consideration
DSNY	26	ASX7	16RCNY1-11(B)(1) - Admin Code	Fail to recycle organics retail food store at least 25000 sq ft	Reduce first violation from \$250 to \$0		X	5/15/2024			
FDNY	1	BF02	3 RCNY 109-02	VC2 Combustible Waste Containers (failure to provide a required container for combustible waste and/or store combustible waste in a required container)	Eliminate	X	X	7/14/2022			
FDNY	2	BF18	3 RCNY 109-02	VC18 Certificates of Approval, Certificates of License and Company Certificates (failure to obtain and/or produce a certificate of approval, certificate of license or company certificate)	Eliminate		X	7/14/2022			
FDNY	3	BF29	3 RCNY 109-02	VC29 Designated handling and use rooms or areas (failure to provide a required room or area for handling and/ or use of materials, operations or other activity regulated by the Fire Code)	Eliminate		X	7/14/2022			
FDNY	4	BF19	3 RCNY 109-02	VC19 Affidavits, design and installation documents and other documentation (failure to prepare, produce, file with the Department and/or submit for Department approval affidavits, applications, certifications, design and installation documents and/ or other required documentation)	Reduce first violation penalty from \$600 to \$575	X	X	10/30/2023			
<b>Total</b>					<b>116</b>	<b>36</b>	<b>99</b>		<b>5</b>	<b>8</b>	<b>4</b>

\*Auditors used June 2024 as the adoption date for DEP’s reforms in their calculations because DEP could not provide the exact adoption dates of its reforms; specific rule implementations and penalty schedules were subject to a June 23, 2024 deadline.

# Appendix II

## List of 14 Regularly Enforced Health and Safety Regulations and Associated Reforms

Agency	Violation Code ID	NYC Administrative Code or Law	Violation Description	Original Penalty	Reform
DCWP	N/A	6 RCNY § 4-112(b)	No last day of sale or last date of recommended usage on packaging	First Time Penalty: \$100	\$0 first-time penalty / 1 <sup>st</sup> Warning
DCWP	N/A	NYC Admin Code § 20-544	Car Wash failed to maintain accident/damage records	\$375	Eligible for Cure
DEP	AW52	15 RCNY § 20-04e	Failed to file annual test report for backflow device	\$500	Extended compliance period for small businesses to 60 days
DEP	BAH7	NYC Admin Code § 24-109(a)3	Unregistered boiler or water heater	\$400 to \$1,600	Three email warning notifications to owners within 6 months of expiration date before they are eligible to receive a violation. For unregistered equipment, DEP will give two weeks to get equipment registered.
DEP	AW55	15 RCNY § 20-05b2	Failed to return water meter permit	\$350 to \$1,000	Case-by-case extensions
DEP	AW51	15 RCNY § 20-04d	Failed to install backflow device	\$700 to \$1,000	Expand compliance period for small businesses to 60 days
DEP	BX2F	15 RCNY § 1-42a	Utilized improperly located air samplers (Asbestos)	\$1,200	Verbal warnings for specific sample pump count and pump locations
DEP	BN17	NYC Admin Code § 24-220c	Failed to have Noise Mitigation Plan available	\$440	On-site discretion remedy before issuing a violation; ability to grant 5-day cure period
DEP	AW63	15 RCNY § 20-05p	Inadequate protection of water meter/remote receptacle/automated meter reading (AMR)	\$250	Outreach and limited extensions if the small business owns the property and circumstances are reasonable.
DEP	AQ01/AQ04	NYC Admin Code § 24-706	Failed to file Facility Inventory Form (RTK)	\$500	30-day compliance period with offered assistance with the filing process
DOB	203	NYC Admin Code § 28-118.3.2	Occupancy contrary to Certificate of Occupancy or Buildings Department records. (Class 2)	\$1,250	Extend cure period from 40 to 60 days
DOB	232	NYC Admin Code § 28-301.1	Failure to maintain building exit or corridor illumination	\$625	Extend cure period from 40 to 60 days
DOB	226	NYC Admin Code § 28-301.1	Failure to maintain building in code-compliant manner: Use of prohibited door and/or hardware	\$625	Extend cure period from 40 to 60 days
DOB	265	NYC Admin Code § 28-303.7	Failure to file a complete boiler inspection report.	\$625	Extend cure period from 40 to 60 days



OFFICE OF THE MAYOR  
THE CITY OF NEW YORK

JULIE SU  
DEPUTY MAYOR FOR ECONOMIC JUSTICE

March 12, 2026

Maura Hayes-Chaffe  
Deputy Comptroller for Audit  
Office of the Comptroller  
David N. Dinkins Municipal Building  
One Centre Street  
New York, NY 10007

**RE: Mayor's Office Response to the New York City Comptroller's Review on Small Business Forward**

Dear Deputy Comptroller Hayes-Chaffe:

The Mayor's Office thanks the Office of the New York City Comptroller for the opportunity to respond to the draft report on its review of the Adams Administration's Small Business Forward initiative, dated February 24, 2026 ("the Draft Report"). As the Mamdani Administration seeks to center the needs of small businesses in our affordability agenda, including through implementation of Executive Order 11 of 2026 ("Reducing Fees and Civil Penalties for Small Business"), we will continue to refine the City's approach to regulatory and process reform as it relates to reducing red tape for small businesses.

Small businesses are the beating heart of our city – they create opportunities, contribute jobs, drive economic growth, and enrich our communities. Yet, we hear regularly about the struggles they face in a climate where the cost of doing business seems to keep going up and the environment in which they operate grows increasingly more complex and difficult to navigate. We are committed to ensuring that local government is not contributing to the affordability crisis that small businesses are facing through fees, civil penalties, or regulations that are outdated, unnecessary, or place an undue burden on our small business community. As we identify, prioritize, and ultimately adopt reforms as part of Executive Order 11, we will actively engage with the small business community to make sure that the reforms we propose are directly responsive to their needs and concerns.

### *Overview and Responses to Findings*

The Draft Report states that the previous administration's Small Business Forward initiative did not directly target small businesses in its design or execution. As we implement Executive Order 11 of 2026, our foremost priority will be listening to the lived experience of small businesses as a regulated community to understand their biggest pain points as it relates to government regulation. In concert with our more expansive review of all the regulations that could impact small businesses, we are seeking the perspective of small businesses themselves as well as associations and membership organizations that directly interface with and support small businesses on the most material reforms that would streamline operations and reduce barriers for the community.

Regarding the Draft Report's second major takeaway that the recommended reforms were little or unused by agencies, we agree that a goal of reform efforts should be identifying fines, fees, and processes that are material to small businesses and, as part of the fees and fines inventory we are collecting as part of Executive Order 11, have instructed agencies to share how frequently each fee or fine is collected and what the financial impact is of the collection, so that we can weigh this as part of our prioritization. At the same time, outdated or rarely enforced regulations that remain on the books can still create confusion for small businesses, so modernizing the regulatory code by streamlining, reforming, or eliminating outdated rules should remain an important goal to ensure the City's regulatory framework reflects today's economic realities and policy priorities.

Finally, the Draft Report's third and fourth major takeaways relate to there not being a clear and replicable methodology for substantiating projected savings coming out of Small Business Forward, and incomplete or insufficient tracking of financial and non-financial impacts of the reforms. As part of Executive Order 11 implementation, the Mayor's Office and SBS will document our methodology for any projected savings estimates we make. As we evaluate potential reforms for adoption, we will also explicitly look at the operational impact or impact to health and safety that each reform may have, so that we make sure that city actions achieve their intended benefit without causing any unintended consequences.

#### *Response to Recommendations:*

**Recommendation 1:** The Mayor's Office should formally designate a lead agency (e.g., the Mayor's Office or SBS) responsible for overseeing and coordinating the SBF Initiative's progress, tracking savings, and ensuring ongoing effectiveness.

**Response:** Clear oversight of small business regulatory reform is needed, and staff from my team will be leading the effort, working closely with SBS and the associated regulatory agencies to implement Executive Order 11.

**Recommendation 2:** The City should provide regular reporting on the SBF initiative's progress, realized savings for small businesses, and overall compliance rates. To maintain integrity, these reports should clearly define performance indicators, data sources and scope, explain calculation methodologies, and acknowledge any data limitations.

**Response:** The Mayor's Office will report on reforms that it proposes as part of Executive Order 11. As part of that, we will share the source of regulatory data used and will define any calculation methodologies we use for projected savings or time estimates resulting from said reforms.

**Recommendation 3:** The City should adopt a uniform "small business" definition used by all participating agencies.

**Response:** The Mayor's Office agrees that some uniformity in understanding could be helpful around what constitutes a "small business" from a definitional perspective. There are many accepted definitions for "small business", typically based on employee count or revenue. We will review these definitions and share any consensus definition that can be reached with other regulatory agencies.

**Recommendation 4:** Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities.

**Response:** The Mayor's Office will work with agencies and external stakeholders to prioritize reforms that can be especially impactful for smaller businesses. We will also consider regulations that are especially significant pain points for businesses in certain industries or at certain steps in the business opening process. Throughout our process of prioritizing reforms, we will elevate the unique regulatory and financial challenges faced by smaller entities.

**Recommendation 5:** The City should develop a framework for monitoring and assessing both financial savings and non-financial impacts, such as reductions in administrative burden and time savings for business owners.

**Response:** The Mayor's Office agrees that it is important to assess the potential financial and non-financial impacts of proposed regulatory reform, including reductions in administrative burden and time savings for business owners. Evaluating near-term impacts following a regulatory change provides a clearer indicator of whether reforms are having their intended effect either financially or in terms of other positive impacts. Over a longer time horizon, it can be more challenging to attribute changes in regulatory data directly to specific regulatory reforms, as opposed to other factors.

**Recommendation 6:** The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY, and FDNY) should consider integrating a specific "small business" identifier in their systems to track violation issuances, fine reductions, waivers, and cure periods specifically for small entities.

**Response:** The Mayor's Office appreciates the spirit of this recommendation and is open to discussing potential alternatives to achieve its stated intent, in light of the resource requirements likely needed to implement the recommendation. Most agency systems today record violations tied to locations or individuals, such as property owners, tenants, or residents, rather than the

operating business itself, so operationalizing this recommendation across agency processes and data systems would be a significant lift and process change and require significant resources.

Recommendation 7: The City should create a formal, documented methodology for assessing the impact of SBF reforms, establishing a transparent framework for calculating projected and realized savings. This would equip City officials with the data necessary to inform future policy decisions, prioritize effective reforms, and ensure fiscal accountability.

Response: The Mayor's Office will document our methodology for any estimated cost savings to businesses that it publishes for reforms coming out of Executive Order 11.

Recommendation 8: The City should implement a formal protocol to monitor the impact of regulatory relief on public health and safety. This framework should track whether reduced penalties or extended cure periods affect the timeliness of violations remediation.

Response: In our implementation of Executive Order 11, the Mayor's Office will ask regulatory agencies to identify whether any proposed reforms would negatively jeopardize public health and safety, or broader enforcement efficacy. Our goal is to achieve relief and benefit for small businesses without causing unintended negative consequences.

Recommendation 9: The designated lead agency should conduct a comprehensive review of the previously implemented reforms to determine if the financial savings benefited small businesses. This evaluation would help the City determine if the program is helping the intended recipients.

Response: The Administration is planning to focus on new reforms that are proposed out of Executive Order 11.

Thank you again for the opportunity to respond to the Draft Report, and we look forward to further collaboration with your office on the important charge of making New York City work better for our small businesses.

Sincerely,



Julie Su  
Deputy Mayor for Economic Justice



careers  
businesses  
neighborhoods

**To:** Maura Hayes-Chaffe, Deputy Comptroller for Audit  
**From:** Haris Khan, Chief of Staff, SBS  
**CC:** Dynishal Gross, Commissioner, SBS  
Michael Forte, First Deputy Commissioner, SBS  
**Date:** 3/12/2026  
**Re:** Review of the Small Business Forward Initiative and Its Impact on Violations Enforcement (MJ25-080S)

---

Dear Deputy Comptroller Hayes-Chaffe:

We are in receipt of the Review of the Small Business Forward Initiative and Its Impact on Violations Enforcement (MJ25-080S). As SBS did not formally lead the 2022 Small Business Forward Initiative, nor were we a participating regulatory agency, we defer to the Mayor's Office responses to your recommendations on ways to improve future regulatory reform efforts.

Please advise if you have additional questions.

Haris Khan  
Chief of Staff, SBS



Samuel A.A. Levine  
Commissioner

42 Broadway  
New York, NY 10004

Dial 311  
(212-NEW-YORK)

[nyc.gov/dcwp](http://nyc.gov/dcwp)

March 10, 2026

**By Electronic Mail**

Maura Hayes-Chaffe  
Deputy Comptroller for Audits  
David N. Dinkins Municipal Building  
1 Centre Street  
New York, NY 10007

**Re: Review of the Small Business Forward Initiative and Its Impact  
on Violations Enforcement (MJ25-080S)**

Dear Deputy Comptroller Hayes-Chaffe:

Thank you for the opportunity to respond to your draft report dated February 24, 2026, regarding the above-referenced review. I'd like to thank your office for acknowledging DCWP's efforts to implement Executive Order 2 of 2022 "Small Business Forward: Review and Reform of Compliance Costs on Businesses." DCWP defers to the Mayor's Office for a response to your recommendations which are directed to the administration broadly and not DCWP specifically.

If you require further information please contact Nick Rozza, Deputy Commissioner for Administration at (212) 436-0192.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Levine".

Samuel A.A. Levine  
Commissioner



**Lisa F. Garcia**  
Commissioner

March 9, 2026

Via Electronic Mail

Mark D. Levine  
Office of the Comptroller  
One Centre Street  
New York, NY 10007

Re: Small Business Forward Review

Dear Comptroller Levine,

Thank you for the opportunity to review the report. DEP has reviewed and does not have comments on the draft. We look forward to working with Mayor's Office on enhancing the Small Business Forward program

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Garcia', written over a light blue horizontal line.

Lisa F. Garcia



Ahmed Tigani  
Commissioner

March 13, 2026

280 Broadway, 7<sup>th</sup> floor  
New York, NY 10007  
[nyc.gov/buildings](http://nyc.gov/buildings)

Ms. Maura Hayes-Chaffe  
Deputy Comptroller for Audits  
New York City Comptroller's Office  
One Centre Street, 11<sup>th</sup> Floor North  
New York, NY 10007

**Re: Response to Draft Report: Review of Small Business Forward  
and Its Impact on Violations Enforcement - MJ25-080S**

Dear Ms. Hayes-Chaffe:

Thank you for the opportunity to respond to the above-mentioned draft audit report. The Department appreciates the time and effort that you and your staff have dedicated to performing this audit.

**Clarifying Comments:**

As it pertains to the Comptroller's comments on page 6, "*DOB did not define conditions for a waiver, relying instead on self-declaration of small business status.*" It is not accurate to state that DOB has not defined the conditions for a small business waiver. The criteria are clearly outlined in the applicable rules governing the waiver process. Please refer to 1 RCNY §§ 102-04, 103-01, and 103-05, which set forth the eligibility requirements and procedures for obtaining small business waiver violations for work without a permit and violations for failure to file an annual boiler inspection report.

Following are the Department's responses to the nine (9) recommendations that were made:

**DOB Responses to Recommendations**

**Recommendation 1:**

"The Mayor's Office should formally designate a lead agency (e.g., the Mayor's Office or SBS) responsible for overseeing and coordinating the SBF initiative's progress, tracking savings, and ensuring ongoing effectiveness."

***DOB's Response:*** *DOB will defer this recommendation to the Mayor's*



*Office for further guidance and action, as appropriate.*

**Recommendation 2:**

“The City should provide regular public reporting on the SBF initiative’s progress, realized savings for small businesses, and overall compliance rates. To maintain integrity, these reports should clearly define performance indicators, data sources and scope, explain calculation methodologies, and acknowledge any data limitations.”

***DOB’s Response:*** *DOB will defer this recommendation to the Mayor’s Office for further guidance and action, as appropriate.*

**Recommendation 3:**

The City should adopt a uniform “small business” definition used by all participating agencies.

***DOB’s Response:*** *DOB will defer this recommendation to the Mayor’s Office for further guidance and action, as appropriate.*

**Recommendation 4:**

“Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities.”

***DOB’s Response:*** *DOB will defer this recommendation to the Mayor’s Office for further guidance and action, as appropriate.*

**Recommendation 5:**

“The City should develop a framework for monitoring and assessing both financial savings and non-financial impacts, such as reductions in administrative burden and time savings for business owners.”

***DOB’s Response:*** *DOB will defer this recommendation to the Mayor’s Office for further guidance and action, as appropriate.*

**Recommendation 6:**

“The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY and FDNY) should consider integrating a specific “small business” identifier in the systems to track violation issuance, fine reductions, waivers, and cure periods specifically for small entities.”

***DOB’s Response:*** *DOB will work with the Mayor’s Office to determine the appropriate approach for addressing this recommendation.*

**Recommendation 7:**

"The City should create a formal, documented methodology for assessing the impact of SBF reforms, establishing a transparent framework for calculating projected and realized savings. This would equip City officials with the data necessary to inform future policy decisions, prioritize effective reforms, and ensure fiscal accountability."

***DOB's Response:*** *DOB will defer this recommendation to the Mayor's Office for further guidance and action, as appropriate.*

**Recommendation 8:**

The City should implement a formal protocol to monitor the impact of regulatory relief on public health and safety. This framework should track whether reduced penalties or extended cure periods affect the timeliness of violations remediation.

***DOB's Response:*** *DOB will defer this recommendation to the Mayor's Office for further guidance and action, as appropriate.*

**Recommendation 9:**

The designated lead agency should conduct a comprehensive review of the previously implemented reforms to determine if the financial savings benefited small businesses. The evaluation would help the City determine if the program is helping the intended recipients.

***DOB's Response:*** *DOB will defer this recommendation to the Mayor's Office for further guidance and action, as appropriate.*

Thank you, once again, for giving us the opportunity to respond to this draft audit report. We look forward to receiving your final version.

Sincerely,

A handwritten signature in black ink, appearing to read "Ahmed Tigani".

Ahmed Tigani, Commissioner  
New York City Department of Buildings

C:

Reynaldo Cabrera, DOB  
Maxim Pierre, DOB  
Kerry Castro, DOB  
Doug Giuliano, NYC Mayor's Office of Risk Management and Compliance



NEW YORK CITY DEPARTMENT OF  
HEALTH AND MENTAL HYGIENE  
*Alister Martin, MD, MPP*  
Commissioner

March 10, 2026

Maura Hayes-Chaffe Deputy  
Comptroller for Audit Office  
of the Comptroller  
1 Centre Street Room 1100  
New York, NY 10007-2341

RE: Response to Draft Audit Report on The Review of the  
Small Business Forward Initiative and its Impact on  
Violations Enforcement  
MJ25-080S

Dear Deputy Comptroller Hayes-Chaffe:

The NYC Department of Health and Mental Hygiene (Health Department or DOHMH) reviewed the draft audit report on the Review of the Small Business Forward Initiative and its Impact on Violations Enforcement. The stated objectives of the review were to identify the current statuses of the recommended reforms suggested by the six agencies impacted by EO2, and where possible, to determine the extent to which the projected savings for small businesses have been realized.

The Health Department appreciates the auditors' efforts and their courtesy and professionalism during the review process.

The Health Department also thanks the auditors for the opportunity to respond to the draft report.

Attached is the Health Department's response to the draft audit report. If you have any questions or need further information, please contact Sara Packman, Assistant Commissioner, Audit Services, at [spackman@health.nyc.gov](mailto:spackman@health.nyc.gov) or at (347) 396-6679.

Sincerely,

A handwritten signature in black ink, appearing to read 'Emiko Otsubo'.

Emiko Otsubo  
Chief Operating Officer/  
Executive Deputy Commissioner

**RESPONSE TO THE NEW YORK CITY COMPTROLLER’S OFFICE AUDIT REPORT  
ON THE REVIEW OF THE SMALL BUSINESS FORWARD INITIATIVE AND ITS  
IMPACT ON VIOLATIONS ENFORCEMENT**

Audit Number MJ25-080S

The Department of Health and Mental Hygiene (DOHMH, or Department) reviewed the draft report on the Review of the Small Business Forward Initiative and its impact on violations enforcement.

DOHMH is responding to the two recommendations that are made to the agencies, as follows:

Recommendation #4: “Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities”.

DOHMH Response: DOHMH will address this recommendation once it receives guidance on recommendation #3.

Recommendation #6: “The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY, AND FDNY) should consider integrating a specific “small business” identifier in their systems to track violation issuances, fine reductions, waivers, and cure periods specifically for small entities.”

DOHMH Response: DOHMH will address this recommendation once it receives guidance on recommendation #3. However, system enhancements to add a “small business” identifier to the DOHMH inspection databases will require financial resources.



# sanitation

Javier D. Lojan Acting Commissioner

March 13, 2026

Maura Hayes-Chaffe  
Deputy Comptroller for Audit, Bureau of Audit  
One Centre Street, 11<sup>th</sup> Floor  
New York, NY 10007

Dear Deputy Comptroller Hayes-Chaffe:

The Department of Sanitation (DSNY) appreciates the opportunity to provide a formal response to the Office of the Comptroller's draft report titled "Review of the Small Business Forward Initiative and Its Impact on Violations Enforcement." (MJ25-080S, dated February 24, 2026).

DSNY keeps New York City clean, safe, and healthy by collecting, recycling, and disposing of waste, cleaning streets and vacant lots, and clearing snows and ice. In addition, DSNY enforces laws concerning sanitation, waste management, and quality of life, including illegal dumping, improper trash disposal / recycling, dirty sidewalk violations, derelict vehicles, illegal vending, and snow removal.

Executive Order 2 of 2022 (EO2), titled "Small Business Forward: Review and Reform of Compliance Costs on Businesses" expanded Local Law 80 of 2021 and directed six City agencies including DSNY to review and reform existing business regulations to reduce unnecessary fines and penalties for small businesses. In response to EO2, DSNY identified 26 types of violations for potential reform, and of those 26 types of violations 23 were reformed. The remaining three types of violations remained unchanged as reforming them would have required an amendment of the law by the City Council, and the Council did not want to implement such changes at the time. DSNY's reforms went into effect the day Local Law 151 of 2023 became effective, May 15th, 2024. Because these particular reforms required changes to local law, May 15, 2024 was the earliest date DSNY could implement them.

As detailed in the attached comments, DSNY disputes some of the Draft Audit Report's conclusions and we defer to the Mayor's Office on the recommendations that apply to DSNY, specifically recommendations 4 and 6. We appreciate your consideration of our response as you finalize the final Draft Audit Report.

Sincerely,

A handwritten signature in black ink that reads "Javier D. Lojan".

Javier Lojan  
Acting Commissioner, Department of Sanitation

c: Maura Hayes-Chaffe, Deputy Comptroller for Audit  
Doug Giuliano, Mayor's Office of Risk Management and Compliance

**DSNY RESPONSES TO AUDIT FINDINGS AND RECOMMENDATIONS:****Audit Findings:**

**Finding:** Despite its name and public claims, the actions taken following the issuance of Executive Order 2 and Local Law 151 did not directly target “small businesses” in their design or execution. LL151 applies broadly to all “commercial establishments”, and the official text does not include any references to or define “small businesses” or include any criteria that would require agencies to target violations that apply to or impact smaller commercial entities. (page 4)

**Agency Response:** Absent a clear definition of what constitutes a small business and an efficient, reliable method for a summoning agent to rapidly ascertain if a given business is a small business, there is no way for DSNY to select violations specific to small businesses, and therefore no way to track violations data by business size. As stated in the Draft Report, the proposition that “all businesses would benefit from the recommended reforms relying on the assumption—and the unsupported theory—that benefits to any businesses would automatically help small businesses as well” is not merely a theory for DSNY. All the reforms made to violations DSNY issues result in cost savings to businesses of all sizes, including all small businesses. None of the violations DSNY reformed had an impact limited to a subset of businesses of a particular size or resulted in the exclusion of small businesses.

**Finding:** During the review, agencies disclosed to auditors that the Adams administration made no effort to determine which regulations would most benefit small businesses. For example, no analyses of past summonses issued to smaller businesses were conducted. The agencies stated that they simply worked on the assumption that a benefit to any business would benefit small businesses. There appears to have been no analysis undertaken at any point to validate this assumption or to assess regulations for their impact on small businesses. (page 4)

**Agency Response:** Given the fact that there was not and still is not an accepted citywide definition of what constitutes a small business, nor is there an established citywide database that identifies small businesses, it was impossible for DSNY to conduct an analysis at any point to assess regulations for their financial impact on small businesses.

**Finding:** Although the SBF report claims that 1000 small businesses were surveyed, and other forms of verbal consultation with the community were reportedly undertaken in the lead up to identifying which regulations should be targeted for reform under SBF, none of the participating agencies, SBS or the Mayor’s Office could substantiate that these occurred. No survey or survey data was produced to the auditors, despite requesting this information, and no documentation concerning the conclusions from surveys or other outreach appears to exist. Auditors were provided with no evidence that any analysis of regulations or their impact on small businesses was undertaken before recommendations were compiled. (page 4)

**Agency Response:** As stated in an email dated April 15, 2025, there were no prior internal or external audits, analyses, consultant reports, reviews, or studies conducted by DSNY in relation to the Mayoral Executive Order No. 2 of 2022. There was, therefore, no survey data to be provided. We were not asked to conduct any surveys, reviews, or studies, but in order for any of those to have been carried out, DSNY would first have to have had access to a citywide database identifying small businesses to refer to.

**Finding:** A key responsibility of the Department of Small Business Services (SBS) is to assist New York City’s small businesses in dealing with City agencies, including adjudication of

summonses/violations. An SBS official told auditors that the City generally defines a “small business” as a business with 100 employees or less. However, SBS does not maintain a list of small businesses operating in New York City, nor do any of the other agencies that are part of the SBF initiative, and as noted above, none of agencies collect data concerning violations issued to small businesses.

**Agency Response:** DSNY contends that it is impossible to collect data concerning violations issued specifically to small businesses when there remains no clear definition of what constitutes a small business nor a citywide database that identifies small businesses for agencies to refer to. It was estimated by EDC in the 2023 report “NYC’s Small Business Recovery: Patterns of Growth in a Changing Economy” that there were approximately 183,000 small businesses in NYC in 2023. DSNY does not possess the internal resources and IT systems necessary to monitor, track, and maintain a database of all small businesses operating within the City.

**Finding:** Only 7 of 116 Regulation Reforms Directly Targeted Small Businesses


**Agency Response:** In the case of DSNY, the regulations reformed applied broadly to all businesses and do not include language differentiating violation consequences by business size, so there was no way to directly target small businesses for relief.

**Finding:** Majority of recommended reforms were little or unused by agencies in the year prior to implementation (page 7).

**Agency Response:** The primary reason most of the violations eliminated in response to EO2 for DSNY were of little limited fiscal impact to businesses of any size is because a prior round of violation reforms made pursuant to Local Law 80 of 2021 under the de Blasio administration had already resulted in reforms to certain violation types that had a significant financial impact by reducing unnecessary fines and penalties for small businesses; LL80 of 2021 had a greater relative fiscal impact on small businesses than the violation types that remained for consideration for reform when EO2 was implemented.

**Finding:** Majority of Regulations Recommended for Reform Did Not Result in Issued Violations Prior to EO2; Agencies informed the auditors upfront that benefitting small business was not generally a consideration in identifying regulations for reform, and although requested, auditors were not provided with the associated CY2019 violations data that underpinned the selection of the 116 regulations targeted for reform under SBF. Auditors therefore could not determine if the regulations which were most used were selected for reform. Although requested, auditors were not provided with the associated CY2019 violations data that underpinned the selection of the 116 regulations targeted for reform under SBF. Auditors therefore could not determine if the regulations which were most used were selected for reform.

**Agency Response:** As DSNY explained in an email sent August 29, 2025, we could not locate the original file containing 2019 summons data that was used by SBF for the Small Business Forward report nor identify the person who had produced the data. In April of 2022 Mayor Adams appointed a new Commissioner to DSNY. At the same, time many high-ranking officials in DSNY transferred to other agencies or retired, and several more have left the agency since then. This made identifying the person(s) that generated the original data set extremely difficult. As we were unable to locate the 2019 data set originally shared with SBF, we made an attempt to recreate the data set pertaining to the 44 violation types summarized on page 4 of the SBF report. This attempt was unsuccessful. We could not recreate the data because we have

migrated to a newer version of NOVAS since the SBF report was published, and the 2019 data could only be drawn from our legacy NOVAS application. Although we were able to retrieve summons data for 2019 from the legacy NOVAS application, it did not match the SBF report figures. In addition, the records in the legacy NOVAS application now all show with null status, so we were unable to determine exactly which violations had been voided. As we were unable to retrieve and reconstruct the exact data set requested from our legacy NOVAS application, we turned to OTI's Open Data Portal (<https://opendata.cityofnewyork.us/>) and were successful in pulling the complete set of 2019 summonses. While the disposition of individual violations has changed since the summonses were originally issued, that data set represents the now final disposition of the summonses issued in 2019, is more closely aligned with the figures in the SBF report, and should be referred to for points of comparison. The Open Data report can still be found here:  OATH\_Hearings\_Division\_Case\_Status\_20250826\_opendata.xlsx

**Finding:** No Assessment of SBF Financial Impact Conducted; Auditors endeavored to assess the full financial impact of the adopted reforms but were unable to because the participating agencies did not collect the data necessary to make such an assessment. Agencies do not track the amounts that were assessed and eventually paid for violations issued. Agencies are unable to determine which violations resulted in fewer fines collected or the total amount of reductions that resulted from changes implemented under the initiative.

**Agency Response:** DSNY is tasked with enforcement of certain types of violations, yet once a summons is issued the respondent appears before OATH and it is OATH, not DSNY who determines whether the summons is to be dismissed or upheld, and assess the penalty amount if upheld. There is currently no mechanism for OATH to directly share summons disposition data with DSNY, and if there were such a mechanism there would also need to be a reliable citywide database that identifies and tracks small businesses for DSNY to be able to correlate and assess data pertaining to the financial impact of the adopted reforms on small businesses.

**Finding:** Not all six agencies adopted the suggested reforms at the same time. FDNY was the first to adopt reforms in July 2022, while DOHMH did not adopt some of its reforms until December 2024. In some cases, agencies are not even able identify the implementation date for certain reforms and are therefore also unable to identify all summonses issued before and after the reforms were adopted. Again, this makes it impossible to assess the total financial impact of the reforms.

**Agency Response:** As stated in an email sent April 15, 2025 in response to follow up questions after the entrance conference held on April 3, 2025, all of DSNY's proposed reforms with the exception of the three pertaining to straws (violation codes ASGM, ASGS, and ASGY) went into effect the day Local Law 151 of 2023 became effective – May 15, 2024, the earliest date DSNY could implement them as the particular reforms required changes to local law. DSNY was unable to implement the three reforms pertaining to straws because they would require an amendment of the law by the City Council and the Council did not want to implement such changes at the time.

**Finding:** Eliminated Violations Had Little Fiscal Impact (page 10)

**Agency Response:** The draft report states that eliminated violations had little fiscal impact, yet does not provide any analysis of the fiscal impact by agency and omits mention of the fact that there had already been a prior round of significant violation reforms under the de Blasio administration. In the case of DSNY, the prime reason most of the eliminated violations were of

little limited fiscal impact is because the prior round of violation reforms had already addressed reforms to the violation types that had the greatest relative fiscal impact on small businesses.

**Audit Recommendations:**

**Recommendation #1:** The Mayor's Office should formally designate a lead agency (e.g., the Mayor's Office or SBS) responsible for overseeing and coordinating the SBF initiative's progress, tracking savings, and ensuring ongoing effectiveness.

**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #2:** The City should provide regular public reporting on the SBF initiative's progress, realized savings for small businesses, and overall compliance rates. To maintain integrity, these reports should clearly define performance indicators, data sources and scope, explain calculation methodologies, and acknowledge any data limitations.

**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #3:** The City should adopt a uniform "small business" definition used by all participating agencies.

**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #4:** Agencies should prioritize violations and reforms based on their potential impact on businesses that fit within the adopted definition. The selection process should move beyond general business benefits to address the unique regulatory and financial challenges faced by smaller entities.

**DSNY Response:** DSNY defers response on this to a recommendation from the Mayor's Office.

**Recommendation #5:** The City should develop a framework for monitoring and assessing both financial savings and non-financial impacts, such as reductions in administrative burden and time savings for business owners.

**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #6:** The regulatory agencies (DCWP, DEP, DOB, DOHMH, DSNY, and FDNY) should consider integrating a specific "small business" identifier in their systems to track violation issuances, fine reductions, waivers, and cure periods specifically for small entities.

**DSNY Response:** DSNY can assess the feasibility and cost of adding a "small business" identifier to our NOVAS system, however it must be noted that without a clear definition of what a small business is and a reliable citywide database identifying small businesses, the addition of such an identifier alone would not be sufficient to identify small businesses as there would still be no way to rapidly and reliably ascertain the size of a business when a summons is being issued, nor at any point thereafter. It should be noted that any changes to DSNY's NOVAS system, integration work between inter and intra-agency IT systems, and related changes to other applications and databases that communicate with NOVAS would require new needs funding to support making the necessary initial system upgrades and to support these IT systems in the out-years. We will therefore await a recommendation from the Mayor's Office in

relation to Recommendation #3 above that the City adopt a uniform small business identifier before we seek to add a small business identifier field to our NOVAS system.

**Recommendation #7:** The City should create a formal, documented methodology for assessing the impact of SBF reforms, establishing a transparent framework for calculating projected and realized savings. This would equip City officials with the data necessary to inform future policy decisions, prioritize effective reforms, and ensure fiscal accountability.

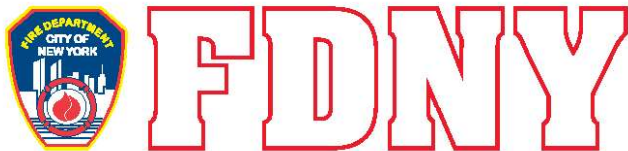
**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #8:** The City should implement a formal protocol to monitor the impact of regulatory relief on public health and safety. This framework should track whether reduced penalties or extended cure periods affect the timeliness of violations remediation.

**DSNY Response:** This recommendation is not applicable to DSNY.

**Recommendation #9:** The designated lead agency should conduct a comprehensive review of the previously implemented reforms to determine if the financial savings benefited small businesses. This evaluation would help the City determine if the program is helping the intended recipients.

**DSNY Response:** This recommendation is not applicable to DSNY.

**ANNA KRUTAYA**

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**To:** Maura Hayes-Chaffe, Deputy Comptroller for Audits, Office of the NYC Comptroller

**From:** Anna Krutaya, Director of Court and Regulatory Compliance, FDNY

**Re:** Fire Department Response to Comptroller's Draft Report, entitled, "Review of the Small Business Forward Initiative and Its Impact on Violations Enforcement, dated February 24, 2026."

**Date:** March 6, 2026

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FDNY has reviewed the above-mentioned draft report. With respect to the overall comments contained within the report, FDNY provides the following responses:

- I. The Fire Department asserts that its existing fees and civil penalties are not at odds with the City's priorities to support small businesses because:
  - a) almost all civil penalties imposed for noncompliance may be avoided altogether by timely correction of the noncompliant condition; and
  - b) Fire Department fees are not exorbitant. They are tied to the actual cost of providing services, such as a plan review and approval, or an inspection associated with a permit. In fact, some existing fees should probably be increased because they fail to adequately cover today's costs to the Fire Department.
- II. The Fire Department asserts that all civil penalties associated with FDNY Summonses should be exempt from the scope of efforts to reduce penalties, whether for small businesses or otherwise. Eliminating penalties disincentivizes correction of non-compliant conditions, which is inherently detrimental to the protection of life and property because of increased fire risk. And we know that the occurrence of fire can be so devastating that a small business is likely to fail altogether. According to the Congressional Research Service (CRS), the number of businesses that fail to recover from a disaster, such as fire, is significant. **Ninety percent of businesses fail within two years after being struck by a**

**disaster.** (CRS Report, “Federal Disaster Assistance for Businesses: Summaries and Policy Options, updated March 25, 2025, citing U.S. Small Business Administration, SBA Disaster Workshop, “*Are You Prepared for the Next Big Disaster?*” November 12, 2015).

- III. Provided there is no impact on agency operations, FDNY is not opposed, *per se*, to a legislative or executive mandate that would require it to reduce or eliminate fees imposed on small businesses. Absent a legislative or executive mandate, however, FDNY endeavors to show no favoritism or preferential treatment to applicants based upon factors such as the size of one’s business. Unless there is a clear mandate, coupled with robust procedures for ascertaining which businesses are eligible for reduced or eliminated fees, the potential for impropriety and corruption increases.

With respect to the specific recommendations detailed in the draft report, FDNY provides the following responses:

Response to Recommendation # 1

FDNY takes no position regarding this recommendation and would defer this matter to City Hall.

Response to Recommendation # 2

FDNY takes no position regarding this recommendation and would defer this matter to City Hall. However, we would note that the success of the proposal would depend upon funding for necessary staff to meet the demands of the reporting requirements.

Response to Recommendation # 3

FDNY supports the premise that a working definition of “small business” is essential for this initiative but would defer to City Hall and/or Lead Agency to establish such definition. FDNY notes that neither the current nor the former administration defined “small business” (in EO No. 11 of 2026, or EO No. 2 of 2022, respectively). It would appear that declining to define “small business” is indicative of the challenge in doing so. By some measures (such as number of full-time employees), businesses that one knows intuitively are not “small” would be classified as such and would thus receive relief not intended for them. FDNY further notes that the timing of this classification is crucial, as we engage both in initial inspections of a business prior to their opening and subsequent periodic inspections to ensure continued compliance. FDNY suggests that the designation of “small business” be assessed at its inception and continue periodically to ensure that it continues to fall within the required parameters. As discussed in further detail below, FDNY additionally suggests that the designation of a business as a “small business” be centralized to the Lead Agency, to avoid possible inconsistency and performance of duplicative work.

Response to Recommendation # 4

FDNY does not support this recommendation, based on the structure and function of the agency. The recommendation is based upon an assumption that FDNY enforcement action imposes a regulatory and financial burden on businesses generally, and that this action is further burdensome on small businesses, in particular. FDNY asserts that neither is true.

While FDNY is not generally opposed to a legislative or executive mandate that would require that small businesses are treated differently than other businesses, we note the following:

- Unequivocally, all provisions of the Fire Code and Department rules are necessary to promote an important public purpose, i.e., fire and life safety in New York City. Fire safety has implications far beyond mere convenience. Small businesses are often located in mixed-use buildings, private homes and high-rises. Failure of small businesses to quickly come into compliance can have disastrous consequences not only for the business itself, but for the other tenants sharing that location. It should further be noted that the Fire Code is regularly reviewed and amended to remove obsolete provisions as part of “Fire Code revision cycle”. FDNY is concerned with taking steps which may ultimately lead to disincentivizing any business, including a small business to come into compliance with the Fire Code, Fire Department rules, and other laws enforced by the Fire Department.
- Except for less than a handful of violations, that are deemed to be extremely egregious<sup>T</sup>, all violations enforced by the FDNY are curable without any civil penalty or monetary fine. Curable violations receive a 35-day period during which compliance can be demonstrated without incurring any penalties. Penalties are only assessed in the event there is a failure to come into compliance within the proscribed time. To the extent monetary fines are ultimately imposed, the amounts set forth in the Penalty Schedule (3 RCNY 109-03) are proportional to the nature of the infraction and the degree of risk it presents to fire safety in New York City. For these reasons, the Fire Department does not recommend any changes to the Fire Code, Fire Department rules, or its enforcement processes based on small business categorization.
- FDNY has already taken steps to reduce the overall impact of fees associated with violations by transitioning from the use of criminal summonses to the use of FDNY Summonses returnable to OATH. The latter allows the business entity to avoid the lengthy and often expensive process of dealing with criminal courts and establishes a consistent penalty schedule.

#### Response to Recommendation # 5

FDNY supports the premise that a framework for monitoring and assessing the impact of the program is important but would defer to City Hall and/or Lead Agency to establish such framework.

#### Response to Recommendation # 6

FDNY acknowledges the need to integrate a proper “small business” identifier into its system once a definition and parameters have been established. However, as discussed in FDNY’s response to recommendation 3, it is our position that the process of qualifying a business entity as a small business should be centralized. The Lead Agency should be responsible for determining, and verifying on a periodic basis, whether an entity is a small business for purposes of regulatory relief. FDNY is opposed to placing this burden upon individual agencies for a variety of reasons, including the coordination that would be required to ensure consistency across agencies.

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<sup>1</sup> These include cases relating to false statements or submissions as well as smoking on a construction site

Additionally, FDNY notes that our system of tracking violations (FIRES/Accela) was developed by an outsider vendor. Performance on that contract has since been completed. Thus, implementation of an identifier in FIRES/Accela will be problematic in the absence of increased funding and staffing to ensure implementation.

Response to Recommendation # 7

FDNY supports the premise but would defer to City Hall and/or Lead Agency to develop the necessary framework.

Response to Recommendation # 8

FDNY supports the premise but would defer to City Hall and/or Lead Agency to develop the necessary framework.

Response to Recommendation # 9

FDNY supports the premise but would defer to City Hall and/or Lead Agency to develop the necessary framework.

Sincerely,

*Anna Krutaya*

Anna Krutaya





**MARK LEVINE**  
NEW YORK CITY COMPTROLLER

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