August 7, 2026

New York City Department of Consumer and Worker Protection
Office of Legal Affairs / Rulemaking
42 Broadway
New York, New York 10004
Rulecomments@dcwp.nyc.gov

Re: Comments of the International Franchise Association on the Proposed Rules Relating to Junk Fees (Proposed 6 RCNY § 5-16, General Fee Disclosures); Reference Nos. 2026 RG 027 / DCWP-75

Dear Commissioner Levine:

Introduction and Executive Summary

The International Franchise Association ("IFA") appreciates the opportunity to comment on the proposed rules relating to "junk fees" published for public comment by the New York City Department of Consumer and Worker Protection ("DCWP" or the "Department") in July 2026, which would add a new section 5-16 to Subchapter A of Chapter 5 of Title 6 of the Rules of the City of New York (the "Proposed Rule").

IFA is the world's oldest and largest organization representing franchising. Our members include franchise companies in more than 300 different business categories, individual franchisees, and companies that support franchise businesses in marketing, law, technology, human resources, business development, and operations. Franchising is an engine of economic growth: IFA's *2026 Franchising Economic Outlook* projects that franchised businesses are expected to account for approximately 845,000 establishments, nearly 8.9 million direct jobs, and approximately $921.4 billion in economic output in the United States this year — nearly three percent of U.S. gross domestic product.[1] But it is essential to understand what those aggregate numbers actually represent. Franchising is not big business; franchising is small business. Approximately half of all

[1] FRANdata, 2026 FRANCHISING ECONOMIC OUTLOOK (prepared for the Int'l Franchise Ass'n, Feb. 2026), https://www.franchise.org/franchising-economic-outlook/; see also IFA, IFA Predicts Steady Growth for Franchising in 2026 Economic Outlook (Feb. 19, 2026), https://www.franchise.org/2026/02/ifa-predicts-steady-growth-for-franchising-in-2026-economic-outlook/.

U.S. franchised businesses are operated by franchisees who own a single unit.[2] Franchise brands are small as well: nearly half of all franchised brands operate twenty-five units or fewer.[3]

In New York City, those franchised businesses are the quick service restaurant on the corner, the neighborhood gym, the hair salon, the tutoring center, the pet care provider, the physical therapy clinic, the print and ship shop, the residential cleaning service, and the hotel. They are owned and operated by New Yorkers who hire local workers, serve local consumers, pay local taxes, and reinvest in their neighborhoods. As is often the case, small businesses are disproportionately affected by broad regulations compared to larger firms that have the legal and executive resources to absorb difficult administrative and operational changes. The first casualties of sweeping rules that do not account for the disparate impact of compliance costs on small businesses are frequently the small businesses themselves — and those casualties have real consequences for the City, including lost job opportunities, less competition and higher prices, and fewer local businesses investing back into the community.

IFA and its members support transparent pricing. Our franchisee and franchisor members develop and maintain customer relationships and rely on repeat business that centers on customer satisfaction and consumer trust. Transparent pricing lies at the heart of both. IFA and its members believe that companies should not misrepresent the total price of a product or service, and should not charge consumers for products or services they did not purchase. We share the Department's objective of ensuring that New Yorkers are not surprised at checkout.

The Proposed Rule, however, does not do what its title suggests. It does not prohibit "junk fees." It instead imposes a one-size-fits-all, City-wide pricing display mandate on every business in every industry — one that reaches beyond the City's borders, declares an enormous range of ordinary and lawful pricing practices to be *per se* "deceptive and unconscionable," and does so on an evidentiary record drawn from a handful of industries and national advocacy literature. The Department has not demonstrated that the conduct the Proposed Rule sweeps in — displaying a price and then disclosing a mandatory fee before the consumer pays — is in fact deceptive or unconscionable within the meaning of Administrative Code §§ 20-700 and 20-701. It has not analyzed the compliance costs the Proposed Rule will impose on the City's small businesses. It has not calibrated the rule to the industries in which the conduct it describes has actually been identified. And it proposes to adopt by rule a comprehensive pricing regime that the New York State Legislature is itself actively debating and has so far declined to enact. Because the Proposed Rule as drafted is likely to confuse consumers, curtail discounting and other pro-consumer

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[2] See 2023 Mega 99 Rankings, MULTI-UNIT FRANCHISEE MAGAZINE Issue 1 (2023), https://www.franchising.com/articles/2023_mega_99_rankings.html.

[3] Oxford Economics, THE VALUE OF FRANCHISING (prepared for the Int'l Franchise Ass'n, Jan. 2026), https://www.franchise.org/2026/01/the-value-of-franchising-local-ownership-stronger-jobs-and-community-impact/ ("Nearly half of all franchised brands operate 25 units or fewer, underscoring that franchising is not dominated by large corporations but powered by local entrepreneurs.").

practices, and increase the prices New Yorkers pay — all without measurable offsetting benefit — IFA respectfully urges the Department not to adopt it in its current form.

If the Department nevertheless determines to proceed, it should substantially narrow and clarify the Proposed Rule before adoption. Part VI below sets out the specific, concrete amendments we propose. In summary, IFA asks the Department to:

1. **Limit the rule to consumer transactions.** The Proposed Rule reaches "any person" who advertises "goods or services," with no limitation to consumer-facing sales. Business-to-business transactions should be expressly excluded.

2. **Eliminate the extraterritorial reach.** Applying the rule to any advertisement seen "by a New York City consumer" — regardless of where it is placed — would subject national broadcast, digital, and in-app advertising to City-specific requirements that cannot be geofenced.

3. **Fix the definition of "mandatory fees and charges."** The clause capturing "any separate fees for aspects of the good or service that a reasonable person would expect to be included" is not one a business can apply in advance and cannot fairly support strict liability with escalating penalties.

4. **Fix the definition of "total price."** Defining total price as the "maximum total" of all charges makes accurate compliance impossible for variable and dynamic fees and, where it can be satisfied at all, requires businesses to overstate the price most consumers will actually pay.

5. **Address food ordering and delivery expressly, and tailor the obligation to the platform.** All-in pricing is structurally impossible on a restaurant's own ordering platform at the menu-browsing stage, because the consumer has not yet chosen pick-up or delivery. Any all-in delivery pricing obligation should apply to third-party delivery platforms, where delivery is the only fulfillment option, and food and beverage service should be addressed on the model adopted by California, Colorado, Minnesota, and Virginia.

6. **Confirm that optional gratuities and optional add-ons are excluded.** The rule should say so expressly, so that businesses are not deterred from presenting voluntary tipping options that benefit workers.

7. **Clarify who bears liability when pricing and advertising are controlled by different parties.** Liability should attach to the person who sets and controls the advertised price.

8. **Delete the adverse evidentiary presumption and define a record retention period.** As drafted, subdivision (f) imposes an undefined, open-ended preservation obligation

enforced by a presumption that the Department's allegations are true if all such records are not retained.

9. **Provide a safe harbor for compliance with governing federal and State requirements** — including 16 C.F.R. Part 464 and the pricing statutes and rules the City already enforces — so that businesses are not subject to conflicting obligations.

10. **Provide a cure period for first violations and a delayed effective date of at least twelve months.**

11. **Harmonize with the pending State framework.** The New York State Senate has twice passed a general all-in pricing bill that the Assembly has not taken up. The Department should defer to that process or, at minimum, commit to conforming the City rule to any State standard subsequently enacted.

I. The Proposed Rule Is Not a Prohibition on Junk Fees; It Is an Economy-Wide Pricing Display Mandate

The Statement of Basis and Purpose describes the Proposed Rule as one that "makes it a deceptive and unconscionable trade practice to tack extra 'junk fees' on to the advertised price of a good or service," and characterizes junk fees as "hidden or obscured fees that a business excludes from the advertised price." But, the Proposed Rule does not prohibit any fee. A business may continue to charge every fee it charges today, in the same amount, for the same reason. What the Proposed Rule regulates is the *manner in which prices are displayed* — by every business, in every industry, in every advertisement, offer, and display, whether the price is fixed or "tied to a variable like an hourly rate or service based on a unit of measurement."

That distinction matters, because it determines what the Department must show to adopt the rule and what the rule's costs and benefits actually are. A rule that prohibited charging consumers for goods and services they did not purchase, or that prohibited misrepresenting the nature or purpose of a fee, would be narrowly targeted at the conduct the Department describes. Indeed, subdivision (e) of the Proposed Rule — which makes it a deceptive and unconscionable trade practice to misrepresent the nature, purpose, amount, or refundability of any fee — does exactly that, and IFA does not object to it. Subdivisions (c) and (d), by contrast, are a comprehensive redesign of how price is communicated across the entire City economy, and they carry costs and consequences that the Department has not evaluated.

IFA raised precisely this concern when the Federal Trade Commission proposed an economy-wide version of the same requirement in 2023.[4] The Commission ultimately agreed.

[4] Comments of the International Franchise Association, Unfair or Deceptive Fees Notice of Proposed Rulemaking, Project No. R207011 (Feb. 7, 2024) [hereinafter "IFA Fees Rule Comment"].

After receiving comments describing the very problems identified here, the FTC abandoned the economy-wide approach and issued a final Rule on Unfair or Deceptive Fees, 16 C.F.R. Part 464, that applies only to two discrete categories: live-event tickets and short-term lodging.[5] As IFA observed at the time, the Commission "scale[d] back [its] original one-size-fits-all approach that failed to consider adverse economic impact" and instead issued a "narrowly tailored final rule."[6] The Department's own Statement of Basis and Purpose cites the FTC's 2023 proposal repeatedly, but the Proposed Rule tracks the approach the Commission *rejected* rather than the one it adopted after two years of record development, an informal hearing, and thousands of comments. The Department should learn from that experience rather than repeat it.

II. The Department Has Not Established the Predicate for Declaring Partitioned Pricing Per Se Deceptive and Unconscionable Across Every Industry

A. The Proposed Rule declares conduct unlawful under two demanding statutory standards without addressing either.

Administrative Code § 20-700 prohibits "any deceptive or unconscionable trade practice." Section 20-701 defines a deceptive trade practice as a "false, falsely disparaging, or misleading" statement having "the capacity, tendency or effect of deceiving or misleading consumers," and defines an unconscionable trade practice as one that "unfairly takes advantage of the lack of knowledge, ability, experience or capacity of a consumer," or that results in a "gross disparity between the value received by a consumer and the price paid."

The Proposed Rule declares that every offer, display, or advertisement that does not lead with an all-in total price is both deceptive and unconscionable — in every industry, for every good and service, regardless of context, and without regard to whether any consumer was in fact misled or paid more than the value received. That is a remarkable proposition. A neighborhood gym that advertises "$29 per month" and discloses a $49 enrollment fee clearly and conspicuously on the same page has not made a false or misleading statement, and has not taken unfair advantage of anyone's "lack of knowledge, ability, experience or capacity." Yet under proposed § 5-16(c), that gym would be committing an unconscionable trade practice unless the enrollment fee is displayed "at least as prominently as other pricing information." The Statement of Basis and Purpose does not explain how the practices it sweeps in satisfy either statutory definition; it simply asserts that they do.

[5] Trade Regulation Rule on Unfair or Deceptive Fees: Final Rule, 90 Fed. Reg. 2,066 (Jan. 10, 2025); 16 C.F.R. § 464.1 (defining "Covered good or service" as (1) live-event tickets and (2) short-term lodging).

[6] IFA Statement on FTC Junk Fee Rule (Dec. 17, 2024).

B. The record supporting the Proposed Rule is drawn from only four industries.

The Statement of Basis and Purpose identifies the industries in which the Department believes junk fees have "become increasingly common": third-party delivery applications, rental housing, hotels and short-term lodging, and live-event tickets. The supporting citations are a 2023 advocacy report from the American Economic Liberties Project, the FTC's 2023 proposal, a 2025 National Consumer Law Center report on rental housing, a 2020 marketing-science article on drip pricing, a 2023 CNBC article reporting a White House estimate, and a 2019 *Consumer Reports* article. Not one of these sources addresses nail salons, gyms, massage studios, tutoring centers, pet care providers, home services businesses, physical therapy clinics, or the many other industries in which IFA's members operate — all of which the Proposed Rule would nonetheless govern.

The Department candidly explains why it chose this approach: "[b]ecause junk fees persist across many new and evolving industries, the Department's proposed rule is industry-neutral." But administrative convenience — regulating everyone so as not to have to identify anyone — is not a substitute for a factual predicate. The concern is not hypothetical. In the FTC rulemaking, IFA and others pointed out that the Commission had not identified a single cease-and-desist order, in any franchised industry, in which disclosing a fee later in the purchasing process was found to be unfair or deceptive; the Commission's isolated examples involved a funeral home and a seller of prepaid calling cards.[7] The Department's record here is thinner still. The City's own enforcement experience, which the Department is uniquely positioned to describe, is not discussed at all.

The absence of evidence is not surprising. Franchise systems across these industries have their own business models and marketing strategies, respond differently to economic circumstances, and face different consumer demands. While promotional and "limited time offer" pricing may be developed at the franchise system level, individual franchised businesses independently establish pricing based on economic factors relevant to the markets in which they operate. Some may make extensive use of service or other additional fees; many use none at all. A rule premised on the assumption that the pricing practices of third-party delivery applications and live-event ticket resellers are representative of the entire City economy is not supported by anything in the record.

C. Existing law already reaches the conduct the Department describes, and States are enforcing it without any all-in pricing rule.

The Department already possesses the authority it needs. Administrative Code § 20-700 makes it unlawful to "engage in any deceptive or unconscionable trade practice," and subdivision (e) of the Proposed Rule would confirm that misrepresenting the nature, purpose, amount, or

[7] IFA Fees Rule Comment at 3-5, citing Unfair or Deceptive Fees NPRM, 88 Fed. Reg. 77,420, 77,435-36 (Nov. 9, 2023).

refundability of a fee violates that prohibition. Nothing more is required to reach a business that conceals a mandatory fee or lies about what a fee is for.

That is not a theoretical proposition. State attorneys general have brought and resolved a series of hidden-fee and drip-pricing enforcement actions under ordinary consumer protection and false advertising statutes, with no all-in pricing legislation of any kind:

- ***District of Columbia v. StubHub, Inc.*** (D.C. Super. Ct., filed July 31, 2024) — action under the D.C. Consumer Protection Procedures Act alleging that the platform advertised low headline ticket prices and revealed mandatory fees only at checkout.[8]
- ***Nebraska ex rel. Peterson v. Hilton Domestic Operating Co.*** (Lancaster Cnty. Dist. Ct. 2019) — resort fee action settled in January 2024, alongside parallel Nebraska settlements with Marriott, Omni, and Choice Hotels.[9]
- ***Pennsylvania v. Marriott*** (settled Nov. 2021) and ***Pennsylvania v. Choice Hotels*** (settled Sept. 2023) — resort fee and drip pricing actions under Pennsylvania's Unfair Trade Practices and Consumer Protection Law.[10]
- Texas actions under the Texas Deceptive Trade Practices Act against Hilton (filed May 2023), Hyatt (settled for $1.25 million, Dec. 2025), and Booking.com (settled for $9.5 million, Aug. 2025), together with an assurance of voluntary compliance from Marriott (May 2023).[11]

Two conclusions follow. First, a jurisdiction that wishes to stop genuinely deceptive fee practices does not need a per se display mandate; it needs to enforce the law it already has, as these States have done and as the Department is fully empowered to do under § 20-700. Second — and more telling — *every one* of these actions arises in lodging, online travel booking, or event ticketing. Despite years of active enforcement across many States, IFA is aware of no drip-pricing

[8] Press Release, D.C. Office of the Attorney General, Attorney General Schwalb Sues StubHub for Deceptive Pricing (July 31, 2024), https://oag.dc.gov/release/attorney-general-schwalb-sues-stubhub-deceptive.

[9] Press Release, Neb. Att'y Gen., Attorney General Mike Hilgers Announces Series of Settlements Aimed at Preventing Hidden Hotel Fees (Jan. 30, 2024), https://ago.nebraska.gov/news/attorney-general-mike-hilgers-announces-series-settlements-aimed-preventing-hidden-hotel-fees.

[10] Press Release, Central Penn Bus. J., Settlement: Choice Hotels to disclose all fees charged to consumers (Sept. 21, 2023), https://www.cpbj.com/settlement-choice-hotels-to-disclose-all-fees-charged-to-consumers/.

[11] See Press Release, Tex. Att'y Gen., Attorney General Ken Paxton Secures Historic $9.5 Million Settlement with Booking.com for Engaging in Deceptive Junk Fee Practices (Aug. 2025), https://www.texasattorneygeneral.gov/news/releases/attorney-general-ken-paxton-secures-historic-95-million-settlement-booking-engaging-deceptive-junk; Press Release, Tex. Att'y Gen., Attorney General Ken Paxton Secures $1.25 Million Settlement with Hyatt Hotels (Dec. 2025), https://www.texasattorneygeneral.gov/news/releases/attorney-general-ken-paxton-secures-125-million-settlement-hyatt-hotels-forcing-company-stop-hiding.

action brought under general consumer protection law against a restaurant, fitness studio, salon, tutoring center, pet care provider, home services business, or any of the other industries in which franchised businesses predominantly operate. The Department proposes to regulate all of them anyway.

D. The Proposed Rule is not "narrowly drawn," as Charter § 1043(d) requires.

Section 1043(d) of the City Charter requires certification that a proposed rule is, "to the extent practicable and appropriate, narrowly drawn to achieve its stated purpose." The stated purpose here is to stop businesses from surprising consumers with a total price higher than expected at the point of checkout. It is plainly practicable to draw a rule narrowly to achieve that purpose: the FTC did so in 16 C.F.R. Part 464, and California, Colorado, Minnesota, and Virginia each did so by identifying categories — including food and beverage service — where a general all-in mandate does not fit and providing tailored disclosure requirements instead.[12] A rule that instead reaches every price term communicated by every business in the City, and to consumers outside it, is not narrowly drawn — and the certification does not explain why a narrower rule was impracticable or inappropriate.

III. The Proposed Rule Raises Substantial Questions of Rulemaking Authority and Would Rest on a Thin Record

IFA raises the following because these are the standards against which the Department's own reviewing bodies, and ultimately a reviewing court, would measure the Proposed Rule. Each is a reason to narrow the rule before adoption rather than after.

A. The notice does not identify the rulemaking authority the Charter requires.

Charter § 1043(b)(1) requires that a notice of proposed rulemaking state "the statutory authority, including the particular sections and subdivisions upon which the action is based." The notice here cites Charter §§ 1043 and 2203(d) and Administrative Code §§ 20-701 and 20-702. But Charter § 2203(d) is not a rulemaking grant; it provides that "[t]he commissioner shall enforce all laws relating to the advertising and offering for sale and the sale of all commodities, goods, wares and services." The Department's general rulemaking power appears at Charter § 2203(f) — "to promulgate, amend and modify rules and regulations necessary to carry out the powers and duties of the department" — which the notice does not cite. The Department should correct the authority statement, and in doing so should explain how a rule governing the *format* in which every

[12] See Cal. Civ. Code § 1770(a)(29) (excluding restaurants and food-delivery services, with tailored fee-disclosure requirements); Colo. Rev. Stat. § 6-1-737 (excluding restaurants and delivery companies operating via digital platforms, with tailored requirements); Minn. Stat. § 325D.44 (automatic gratuities for restaurants and hotels need not be included in the full price; delivery platforms must display an itemized subtotal page before checkout); Va. Code §§ 59.1-587 to 59.1-610 (tailored point-of-menu-selection and subtotal-page requirements for food delivery platforms).

business in the City communicates price is "necessary to carry out the powers and duties of the department."

B. The Proposed Rule makes policy choices that New York law reserves to the legislature.

IFA acknowledges that Administrative Code § 20-701 permits the Commissioner to declare a practice unconscionable by rule. But that authority is bounded by the statutory definition it implements. A practice is unconscionable under § 20-701 if it "unfairly takes advantage of the lack of knowledge, ability, experience or capacity of a consumer" or produces a "gross disparity between the value received by a consumer and the price paid." The power to declare which practices meet that standard is not a power to redefine the standard itself, still less to declare that an entire economy's ordinary pricing formats are unconscionable *per se*.

Under *Boreali v. Axelrod*, 71 N.Y.2d 1 (1987), a New York agency crosses into legislative territory when several circumstances coalesce: it makes "value judgments entail[ing] difficult and complex choices between broad policy goals" rather than balancing costs and benefits under preexisting guidelines; it "wrote on a clean slate, creating its own comprehensive set of rules without benefit of legislative guidance"; it acts in an area where the legislature "has unsuccessfully tried to reach agreement"; and it does not draw on special expertise or technical competence in developing the rule.[13]

The Court of Appeals applied that framework to a New York City agency rule in *Matter of New York Statewide Coalition of Hispanic Chambers of Commerce v. New York City Department of Health & Mental Hygiene*, 23 N.Y.3d 681 (2014), holding that the Board of Health "exceeded the scope of its regulatory authority" in adopting the sugary drinks portion cap. "By choosing among competing policy goals, without any legislative delegation or guidance, the Board engaged in law-making and thus infringed upon the legislative jurisdiction of the City Council of New York."[14] The Court pointed to the Board's having weighed "the economic consequences associated with restricting profits," "tax implications for small business owners, and personal autonomy"; to the "exemptions and other indicators of political compromise" in the rule, which the Appellate Division read "as evidence that the Board was engaged in policymaking"; and to the fact that "both the City and State legislatures have attempted, albeit unsuccessfully, to target sugar sweetened beverages," which the Court called "a strong indication that the legislature remains unsure of how best to approach the issue."

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[13] *Boreali v. Axelrod*, 71 N.Y.2d 1, 11-14 (1987); see also *Matter of NYC C.L.A.S.H., Inc. v. N.Y. State Off. of Parks, Recreation & Historic Pres.*, 27 N.Y.3d 174, 179-80 (2016) (restating the factors). The factors "are not mandatory, need not be weighed evenly, and are essentially guidelines." Id. at 180.

[14] *Matter of N.Y. Statewide Coal. of Hispanic Chambers of Commerce v. N.Y.C. Dep't of Health & Mental Hygiene*, 23 N.Y.3d 681, 687, 696-98 (2014).

Each of those observations has an analogue here. The Proposed Rule necessarily weighs price transparency against compliance cost, against the availability of discounting, and against the viability of promotional pricing for small businesses — choices among competing goals, not applications of preexisting guidelines. It writes on a clean slate: the Department points to no City Council enactment on general fee display that the rule was designed to supplement, and its own carve-outs for taxes and shipping are policy compromises of exactly the kind the Court found revealing. And the New York State Legislature has been actively considering this precise subject without reaching agreement: the Senate passed a general all-in pricing bill on June 12, 2025 and again on May 12, 2026, and on each occasion the Assembly declined to take it up.[15] Accordingly, the Department should not lightly assume that a rule of this breadth rests comfortably within its delegated authority.

C. The record as it stands would not comfortably support the rule against a challenge that it is arbitrary and capricious.

A City rule of this kind will be sustained only if it has a rational basis and is not arbitrary and capricious. CPLR § 7803(3). While the Department may be entitled to deference, the rulemaking record consists of secondary sources concerning only four industries, no City enforcement data, no analysis of the industries the rule would newly reach, and no cost estimate of any kind. On that record, the Department's conclusion that partitioned pricing is unconscionable in every industry in New York City is an assertion rather than a finding.

D. The Charter's process expectations regarding compliance costs and cure periods have not been meaningfully satisfied.

The Charter requires the Mayor's Office of Operations state, before publication, "how the drafting process of the rule, to the extent practicable and appropriate, included analysis sufficient to minimize the compliance costs for the discrete regulated community or communities," and — where a rule creates a violation without a cure period — "why … such cure period or other opportunity for ameliorative action was not included." Charter § 1043(d)(1).[16]

The certification annexed to this rule recites that the Proposed Rule "[m]inimizes compliance costs for the discrete regulated community or communities" and "[d]oes not provide a cure period because a cure period is not practicable under the circumstances." Neither statement is accompanied by any supporting analysis, and the notice contains no discussion of compliance

[15] S363-B, 2025-2026 Reg. Sess. (N.Y.), https://www.nysenate.gov/legislation/bills/2025/S363 (passed Senate June 12, 2025 and May 12, 2026; referred to Assembly Committee on Consumer Affairs and Protection); see also A9604-A, 2025-2026 Reg. Sess. (N.Y.) (same-as bill, never reported from committee); A1821, 2025-2026 Reg. Sess. (N.Y.) (separate all-in pricing bill, never reported from committee). As of the date of these comments New York State has enacted no general all-in pricing statute.

[16] N.Y.C. Charter § 1043(d)(1)(b), (c), added by Local Law 46 of 2010.

costs, economic impact, or effects on small businesses. Where the "discrete regulated community" is every business in New York City, that is a conclusion the record cannot bear. The contrast with State practice is instructive: had this rule been adopted by a State agency, § 202-b of the State Administrative Procedure Act would have required a regulatory flexibility analysis addressing compliance requirements for small businesses, the use of performance rather than design standards, and whether small businesses should be exempted in whole or in part.[17] Charter § 1042(a)(4) likewise contemplates that an agency will identify, in its regulatory agenda, "all relevant federal, state, and local laws and rules, including those which may duplicate, overlap or conflict with the proposed rule." The overlapping regimes catalogued in Part VI.K below are precisely the sort the Charter has in mind, and the notice does not engage with them.

IV. The Department Has Not Analyzed the Compliance Costs, Which Are Substantial and Fall Hardest on Small Businesses

While the rulemaking record is silent as to compliance costs, IFA members have real-world experience with these costs, developed over two years of the FTC rulemaking. Those costs are not trivial. In that proceeding the Commission estimated that a non-compliant small business would incur roughly $2,010 annually to re-optimize prices, adjust marketing campaigns, and adapt the purchase process; that restaurants would need five to ten hours of legal advice at $88.88 per hour; and that menu board updates would cost approximately $715.[18] IFA's members reported materially different figures:

- **Legal analysis.** Quick service restaurant members estimated incurring *hundreds* of hours of legal advice at the brand level, at an average billable rate of approximately $500 per hour, in addition to hours incurred at the individual restaurant level — which varies by jurisdiction, precisely because of the proliferation of differing local requirements.[19]
- **Menu boards.** Actual current costs for menu boards commonly exceed $4,000 per location — more than five times the Commission's estimate.
- **Mobile applications and digital ordering.** Updating a brand mobile application to conform to the requirements of a single State fees rule ranges from $250,000 to $400,000.[20] Most consumer engagement in these industries now occurs through a mobile app or website. Because those platforms are built at the brand level to provide

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[17] N.Y. A.P.A. § 202-b.

[18] Fees Rule NPRM, 88 Fed. Reg. at 77,473-74, 77,479.

[19] IFA Fees Rule Comment at 12-13; Transcript of Informal Hearing on Proposed Trade Regulation Rule on Unfair or Deceptive Fees (Apr. 24, 2024): Testimony of Sarah Davies, General Counsel, International Franchise Association, at 12-13.

[20] IFA Fees Rule Comment at 13; Davies Testimony at 13.

continuity across every location in a system, while individual owners retain the ability to set their own menu offerings and pricing, a City-specific display requirement requires re-engineering at the system level to accommodate a single municipality.

- **Marketing collateral.** If individual owners retain the authority to decide whether to include an ancillary fee in a displayed price, marketing collateral must be produced at the per-location rather than the systemwide level, increasing costs for the small business owner producing it and for the brand ensuring consistency across locations.

These costs compound rather than substitute for the costs of complying with other jurisdictions' requirements. The Department's own Statement of Basis and Purpose observes that California, Massachusetts, and Minnesota have adopted broadly applicable measures — and Colorado, Maine, Rhode Island, Tennessee, and Virginia have as well, alongside the FTC Rule and New York State's own ticketing statute. Each differs in scope, in what may be excluded from the displayed price, in how variable fees are handled, and in its treatment of food and beverage service. Massachusetts, for example, requires the full price to be displayed before a consumer is asked for any personal information; Illinois relieves retail mercantile and food service establishments of the obligation to display total price at the product display so long as notice of the full price reaches the consumer by reasonable means before purchase. And this landscape is still expanding: a 2025 survey prepared for IFA's Legal Symposium identified all-in pricing bills pending in Arizona, Connecticut, Florida, Hawaii, Illinois, Maine, Rhode Island, and Virginia, in addition to New York.[21] A national or regional brand operating in New York City must reconcile the Proposed Rule with all of them. Adding a City-specific standard on top of a State and federal framework, and on top of the Department's existing rules, does not advance transparency; it fragments it.

Finally, the Proposed Rule pairs these costs with strict liability, no cure period, and penalties escalating to $3,500 per violation. For a single-unit franchisee operating on thin margins, an enforcement action premised on a good-faith disagreement about whether a "reasonable person would expect" a particular component to be included in an advertised price is a serious financial event. The Department should not impose that exposure without first understanding what compliance costs and what compliance requires.

V. The Proposed Rule Will Harm the Consumers It Is Intended to Protect

The Proposed Rule's costs are not limited to businesses. The same design features that make it burdensome to comply with make it likely to leave New York City consumers worse off.

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[21] Edward B. Chansky, ALL-IN PRICING LAWS AND REGULATIONS (A/K/A "JUNK FEE" LAWS), Int'l Franchise Ass'n Legal Symposium 2025 (Greenberg Traurig, Apr. 25, 2025).

A. Disclosure overload.

Subdivision (d) requires that, before a consumer consents to pay, the business disclose "[t]he nature, purpose, and amount of any fee or charge" excluded from the advertised total price, "and the identity of the good or service for which the fee or charge is or will be imposed," together with the final amount. Layered on top of subdivision (c)'s prominence requirements, and on top of the disclosures already required by Administrative Code §§ 20-708 and 20-881 and 6 RCNY §§ 5-12 and 5-15, the result is not clarity but volume. Regulators have long recognized the risk of burying important information among other disclosures — and the FTC has itself penalized companies for doing so. A rule that requires businesses to surface every itemized component of every charge at every stage risks producing exactly that outcome.

B. Loss of discounts, promotions, and fee waivers.

Many of the pricing practices consumers value most are structurally inconsistent with a rigid all-in display mandate. A restaurant may waive the delivery fee for orders over $25, regardless of which menu items are selected. If the all-in price must be displayed for each menu item inclusive of delivery fees, consumers are deprived of the opportunity to see — and to take advantage of — the fee they can avoid. The same is true of bundle pricing, minimum-order promotions, and limited-time offers. Franchised businesses may independently establish such discounts, and the Proposed Rule renders many of them impracticable to advertise.

The Commission acknowledged in its own analysis that consumers "may mistakenly make inefficient purchases while adjusting to the new regime of all-in total pricing," and may "under-consume" products or services.[22] IFA and other commenters went further, explaining that reading an all-in requirement to apply at each offer would push firms toward standardized pricing that raises the prices consumers pay even where consumers are differently situated, and that consumers would experience information overload rather than clarity.[23] None of these consumer costs is addressed in the Department's Statement of Basis and Purpose.

C. Multiple prices for the same item across channels.

Consider a consumer in New York City who wants a medium pepperoni pizza from a national franchised pizza brand. Individual franchised restaurants within the same system may offer ordering through the brand's own app or website for pick-up or delivery, and through multiple third-party delivery platforms. Each third-party platform independently sets its delivery fees, service charges, and driver tip prompts — including pricing that varies with geographic delivery zones — and neither the brand nor the individual restaurant controls those charges. Under the Proposed Rule's all-in display requirement, that consumer could be presented with as many as six

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[22] Fees Rule NPRM, 88 Fed. Reg. at 77,447.

[23] IFA Fees Rule Comment at 13.

different displayed prices for the same pizza from the same restaurant, depending on the channel used. Consumers navigating that landscape do not experience transparency; they experience confusion, and the restaurant loses the consumer trust on which its business depends.

VI. Specific Defects and Requested Amendments

If the Department determines to proceed notwithstanding the foregoing, the following amendments are necessary to make the Proposed Rule administrable and to avoid the consumer and small business harms described above.

A. The rule should be limited to consumer transactions.

Proposed § 5-16(b) applies to "any person who offers, displays or advertises goods or services in New York City, or to a New York City consumer." The disjunctive phrasing means the first clause is not limited to consumer sales at all. Countless sellers, including many franchised businesses, offer goods and services to both consumers and businesses. Franchised hotels advertise event space for weddings and for business conventions. Wholesale distributors advertise bulk food items to franchised restaurants. Mechanics advertise repair services for consumers' vehicles and for commercial fleets. Suppliers advertise equipment and build-out services to franchised businesses. As drafted, the Proposed Rule could be applied to each of these businesses for failing to display an all-in price even though no consumer is ever involved, let alone misled.

The statutory authority the Department invokes does not extend that far: § 20-700 prohibits deceptive and unconscionable trade practices "in the sale, lease, rental or loan or in the offering for sale, lease, rental, or loan of any *consumer* goods or services." Business-to-business transactions typically involve sophisticated parties who negotiate discrete components of a transaction and frequently prefer unbundled, itemized pricing for that reason. The Department should expressly confine the rule to offers and advertisements directed to consumers.

B. The rule's extraterritorial reach should be eliminated.

The second clause of proposed § 5-16(b) — reaching any person who advertises "to a New York City consumer" — applies the City's rule to advertising placed anywhere in the world, so long as a New York City consumer sees it. National network television, national radio, national print, national digital display, national social media, and nationwide mobile applications all reach New York City consumers, and none of them can be reliably geofenced to exclude the City. A brand that runs a national limited-time-offer campaign would be required either to conform its nationwide advertising to New York City's specific display requirements — which differ from California's, Colorado's, Massachusetts's, Minnesota's, and Virginia's — or to abandon national advertising in favor of jurisdiction-by-jurisdiction campaigns.

National and regional advertising is a demonstrable benefit to consumers and to the small business owners who fund it. Franchisees contribute to systemwide marketing funds, and the ability of an individual restaurant or gym to receive the benefit of nationwide campaigns is a core reason many franchisees invest in a franchise rather than establish an independent business. Those funds are frequently used to research and develop limited-time offers, which are a proven tool for driving consumer traffic. A City rule that makes national advertising untenable imposes a cost on New York City's small business owners that has nothing to do with hidden fees. The rule should apply to offers, displays, and advertisements *directed to* New York City — a standard the Department already applies elsewhere and that businesses can actually implement.

C. The definition of "mandatory fees and charges" is not administrable.

Proposed § 5-16(a) defines "mandatory fees and charges" to include "any separate fees for aspects of the good or service that a reasonable person would expect to be included in the purchase of the goods or services being advertised." The Department explains that this clause is designed to prevent businesses from "partitioning aspects of goods or services as optional to avoid listing a higher total price, when in fact, such aspects are necessary to use such good or service and a consumer would expect them to be included."

The standard established by the Proposed Rule is one no business can apply in advance. Whether a "reasonable person would expect" a particular component to be included is a question on which reasonable people routinely differ, and the answer varies by industry, by service, by consumer, and over time. Is a gym's towel service an "aspect" a reasonable person expects to be included? Equipment orientation? A salon's blow-dry after a cut? A pest control company's follow-up inspection? A moving company's packing materials? Each of these is a real question that a franchised small business owner would have to answer correctly, at its own risk, with no ability to obtain guidance in advance, under a rule that imposes strict liability, provides no cure period, and escalates to $3,500 per violation.

The Department should replace the "reasonable person would expect" clause with an objective standard tied to what the business controls: a fee is mandatory if the consumer cannot complete the advertised purchase without paying it. That is already the test in clause (1) of the same definition — fees "that are not reasonably avoidable by the consumer" — and it captures the conduct the Department is concerned about — a fee "hidden on the purchase page or difficult to remove from a purchase" is, by definition, not reasonably avoidable.

D. The definition of "total price" does not work for variable and dynamic fees.

Proposed § 5-16(a) defines "total price" as "the maximum total of all charges and fees that a consumer must pay." Many legitimate fees are not fixed. Delivery charges vary with distance, time of day, driver availability, and weather. Service charges on home services vary with the scope of work determined on site. Fuel surcharges vary with market prices. Fees on unit-of-measurement pricing vary with usage.

For these fees, a "maximum" is either unknowable at the time of the advertisement or, if a business identifies a conservative ceiling to protect itself, systematically overstates the price the overwhelming majority of consumers will actually pay. A rule that requires a business to advertise a number higher than nearly every consumer will be charged does not improve price transparency; it degrades it, and it disadvantages the business against competitors whose fees happen to be fixed. The Department should permit variable fees to be excluded from the displayed total price where the amount cannot be determined at the time of the offer, provided the existence, nature, and basis of the fee are clearly and conspicuously disclosed at that time and the amount is disclosed as soon as it becomes determinable and before the consumer consents to pay.

E. Food ordering and delivery require a tailored approach, and any all-in delivery obligation should apply to third-party delivery platforms.

Third-party delivery applications are the first industry the Department identifies as a source of junk fees, and IFA does not defend hidden fees on those platforms. But the Proposed Rule as drafted does not reach only those platforms; it reaches restaurants, grocers, and other food retailers that operate their own ordering platforms — and for those businesses, all-in pricing at the menu-browsing stage is not merely burdensome but structurally impossible.

When a consumer browses a restaurant's own app or website, the consumer typically has not yet decided whether to pick up the order or have it delivered. Pick-up orders carry no delivery fee whatsoever. Delivery orders are subject to fees that may vary dynamically based on distance, time of day, and driver availability, and that are often set by third parties under white-label arrangements. There is therefore no single accurate all-in price that can be displayed at the menu-browsing stage, because the applicable fees — and indeed whether any delivery-related fee applies at all — depend entirely on a fulfillment-method choice the consumer has not yet made.

Requiring a restaurant's proprietary platform to display all-in pricing at that stage forces an impossible choice: either display a delivery-inclusive price at the most conservative and highest estimate to *all* consumers browsing the menu — including the many who will ultimately choose pick-up, to whom no delivery fee applies, thereby misstating the price for those customers — or maintain separate parallel price displays for pick-up and delivery across potentially hundreds of menu items, creating operational burdens and consumer confusion that undermine rather than advance the Department's transparency objectives.

Third-party delivery platforms are not subject to these structural constraints. Platforms such as DoorDash, Uber Eats, and Grubhub offer purchases exclusively for delivery; every consumer who opens such a platform has, by definition, already selected delivery as the fulfillment method before viewing a single menu item. Delivery fees and service surcharges are therefore applicable to every transaction on those platforms, and it is entirely feasible — and appropriate — to require those platforms to incorporate all mandatory fees into the prices they display from the outset. This is not a theoretical distinction. In the FTC's recent Advance Notice of Proposed

Rulemaking on online food delivery fees, six of the seven government enforcement actions the Commission discussed were filed against third-party delivery services.[24]

A number of States have already drawn exactly this line. California and Colorado exclude restaurants and food-delivery services from their general all-in requirements and impose tailored fee-disclosure obligations instead. Minnesota and Virginia require delivery platforms to disclose additional fees at the point where the consumer views and selects menu items and to display an itemized subtotal page before checkout, while providing that automatic gratuities at restaurants need not be included in the full price. As the FTC observed, "some States expressly distinguish between pricing and fee disclosure requirements for third-party food delivery platforms versus pricing disclosure requirements for food- and beverage-service facilities like restaurants, bars, and hotels."[25] The Department should adopt the same distinction: apply any all-in delivery pricing obligation to third-party delivery platforms, where delivery is the only fulfillment option and the platform controls the fees, and provide a tailored clear-and-conspicuous disclosure requirement for restaurants and other food and beverage merchants whose platforms accommodate both pick-up and delivery.

F. The shipping exclusion should be extended to delivery, or the asymmetry explained.

Proposed § 5-16(a) excludes from "total price" any "postage or carriage charges that will be reasonably and actually incurred to ship a physical good to the consumer." The Department has not explained why a charge to transport a physical good to a consumer by parcel carrier is excluded while a charge to transport a physical good — a hot meal, a bag of groceries, a piece of furniture, a prescription — to the same consumer by local courier is not. Both are carriage charges for the delivery of a physical good; both vary with distance and circumstances; both are avoidable by the consumer who chooses to pick the item up. If the exclusion is intended to cover local delivery, the Department should say so. If it is not, the Department should explain the basis for treating functionally identical charges differently.

G. Optional gratuities and optional add-ons should be expressly excluded.

The Proposed Rule does not address voluntary gratuities. Because "mandatory fees and charges" are by definition not avoidable, a voluntary tip should fall outside the definition — but the Department should say so expressly, as Minnesota and Virginia have. In the FTC proceeding, the Commission's preamble suggested that a delivery application could violate the rule "[i]f [it] includes an invitation to tip a driver without disclosing the portion of the tip allocated to offset the

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[24] Rule on Unfair or Deceptive Fees in Online Food Delivery Services: Advance Notice of Proposed Rulemaking, 91 Fed. Reg. 20,381, 20,383, 20,385 (Apr. 16, 2026); see Comments of the International Franchise Association on the Advance Notice of Proposed Rulemaking Regarding Unfair or Deceptive Fees in Online Food Delivery Services, Project No. P267101 (May 18, 2026) [hereinafter "IFA Food Delivery ANPRM Comment"].

[25] ANPRM Notice, 91 Fed. Reg. at 20,384 & n.34.

delivery driver's base wage or benefits."[26] A requirement of that kind would deter businesses from presenting optional tipping prompts at all — to the direct detriment of the workers the Department is charged by the City Charter with protecting,[27] and in a City where tip credit rules differ from those in other jurisdictions. The rule should expressly provide that voluntary gratuities, and genuinely optional add-on goods and services the consumer affirmatively selects, are not mandatory fees and charges.

H. Periodic and estimate-based pricing require accommodation.

Proposed § 5-16(c) requires that offers involving periodic charges display both the total price for the relevant period and "the total amount of any non-recurring mandatory charges or fees, such as one-time enrollment or sign up fees, both of which must be disclosed at least as prominently as other pricing information." Many franchised businesses — fitness and wellness studios, pest control, lawn care, home services, tutoring, and pet care among them — price on a recurring basis, on a per-visit basis, or on the basis of an on-site estimate. For estimate-based services, no total price exists until the provider evaluates the job. The rule should make clear that a good-faith estimate satisfies the requirement where a total price cannot be determined before the service is scoped, and that where a promotional introductory rate is advertised, disclosing the introductory rate, the standard rate, and the duration of the introductory period satisfies the rule.

I. The rule should identify who is liable where pricing and advertising are controlled by different parties.

The Proposed Rule imposes liability on "any person" who "offers, displays, or advertises" a price. In many common arrangements, the person who places an advertisement is not the person who sets the price, and the person who sets the price does not control every fee that will ultimately be charged. A brand may place an advertisement featuring a price that individually owned locations independently set. A delivery partner may set delivery mechanics and fees in an arrangement that appears to the consumer to be brand-operated. A payment processor may set surcharges. A marketplace may impose service charges on a merchant's listing.

The rule must allocate responsibility rationally: liability for a price display should attach to the person who sets and controls the price and fees at issue, and a person should not be liable for failing to disclose a fee imposed by a third party over which it has no control and of which it has no advance knowledge. Without that clarification, the Proposed Rule will generate enforcement risk for parties who could not have complied, and — as the FTC's food delivery

[26] Fees Rule NPRM, 88 Fed. Reg. at 77,440.

[27] N.Y.C. Charter § 2203(e) (establishing the office of labor standards within the Department and directing the commissioner to "enforce municipal labor laws and other labor laws the commissioner is empowered to enforce" and to "plan, make recommendations, conduct research and develop programs for worker education, worker safety and worker protection").

ANPRM comment record reflects — will impose liability on parties that do not control all the fees at issue.

J. The records provision should be bounded, and the adverse presumption deleted.

Proposed § 5-16(f)(1) requires any person subject to the rule to "maintain records sufficient to establish the basis, including the nature, purpose, amount or refundability for any fee or charge" included in any covered offer, display, advertisement, or fee breakdown, and to produce them to the Department on request. The provision specifies no retention period, no limitation on the scope or format of records, and no time frame for production. For a business that changes prices seasonally and advertises across many channels, an open-ended obligation of this kind is a substantial and undefined burden. The Department should specify a retention period — three years is the norm in comparable City and State recordkeeping requirements — and should limit the obligation to records the business creates in the ordinary course.

Proposed § 5-16(f)(2) goes further, providing that a failure to maintain, retain, or produce a required record "relevant to a material fact alleged by the Department" in a summons or notice of hearing "creates a presumption that such fact is true." Coupled with an undefined retention obligation, this converts a recordkeeping lapse into proof of the underlying violation. A small business that cannot locate a four-year-old menu board vendor invoice would face a presumption that its delivery fee was not based on actual delivery costs. IFA respectfully urges the Department to delete subdivision (f)(2). If the Department retains it, the presumption should apply only where the Department first establishes that the record was required to be maintained during a defined retention period, that the business was on notice of the obligation, and that the failure to produce was not the result of ordinary course document retention practices.

K. The rule should provide a safe harbor for compliance with governing federal and State requirements.

The Department expressly "invites comments whether these laws — or any other federal or state laws — would conflict with the requirements of the proposed rule." IFA appreciates the invitation and responds directly.

Proposed § 5-16(b) excludes from the rule's reach only those offers, displays, and advertisements as to which regulation is affirmatively "preempted by federal or state laws or regulations," and proposed § 5-16(g) provides that the rule "do[es] not replace or supersede any existing price disclosure requirements set forth in other sections of this title or Title 20." Read together, these provisions establish that a business must comply with the Proposed Rule *in addition to* every other applicable requirement, and may deviate only where another law affirmatively preempts. That is the most burdensome possible framing and it produces genuine conflicts:

- **16 C.F.R. Part 464** governs live-event tickets and short-term lodging. Its definition of "Total Price" excludes government charges and shipping; the Proposed Rule's definition differs, and the Proposed Rule adds a distinct pre-consent itemization requirement in subdivision (d) and a records requirement in subdivision (f) with no federal analogue. A franchised hotel in New York City complying with Part 464 does not thereby comply with § 5-16.

- **N.Y. General Business Law § 518** and the Department's existing guidance govern how credit card surcharges must be posted. **Administrative Code § 20-708** governs total selling price for retail sales; **§ 20-881** governs live event ticket cost disclosure; **6 RCNY § 5-12** governs comparative advertising; and **6 RCNY § 5-15** governs hotel advertising. Section 5-16(g) preserves all of them without reconciling any of them.

The Department should adopt an express safe harbor: an offer, display, or advertisement that complies with 16 C.F.R. Part 464, with an applicable New York State pricing statute, or with a more specific pricing disclosure rule in Title 6 or Title 20 applicable to the same good or service, satisfies § 5-16 with respect to that good or service. Other jurisdictions have adopted precisely this approach: Maine excludes from its statute parties in compliance with 16 C.F.R. Part 464, and Virginia excludes live-event ticket sellers in compliance with that Rule. A safe harbor costs the Department nothing in enforcement authority against genuinely deceptive conduct — which remains actionable under § 20-700 and subdivision (e) — and spares City businesses from having to reconcile overlapping regimes at their own risk.

L. The rule needs a cure period and a realistic effective date.

The Mayor's Office of Operations certified that a cure period "is not practicable under the circumstances," without explanation. IFA respectfully disagrees. The City routinely affords first-time cure opportunities for disclosure and posting violations by small businesses, and the rationale applies with unusual force here: the Proposed Rule is new, its central definitions turn on judgment calls, and the conduct it reaches is in most cases not conduct anyone previously understood to be unlawful. A cure period for a first violation of subdivisions (c), (d), and (f) — with no cure available for the affirmative misrepresentations prohibited by subdivision (e), which are already unlawful — would give businesses an opportunity to correct in good faith while preserving the Department's ability to act against bad actors.

Similarly, the Proposed Rule contains no delayed effective date. Given that compliance requires menu board replacement, mobile application and website re-engineering, point-of-sale reconfiguration, marketing collateral redesign, staff training, and legal review across potentially thousands of price points, an effective date of at least twelve months after adoption is necessary, together with a further education-first enforcement period during which the Department issues warnings rather than penalties.

Sequencing deserves particular attention. On July 10, 2026 — the same month this rule was published for comment — the Department adopted a first-in-the-nation municipal "click-to-cancel" rule, 6 RCNY § 5-110.1, with which covered businesses must comply by October 1, 2026.[28] That rule reaches many of the same franchised businesses as the Proposed Rule — fitness studios, wellness and personal care providers, pet care, tutoring, and home services among them — and carries the same escalating penalty schedule. Those businesses are re-engineering enrollment and cancellation flows this fall. Asking them to re-engineer every price display simultaneously, with no cure period and no compliance runway, is not a schedule any single-unit operator can realistically meet. At a minimum, the Department should align the compliance date for this rule so that it does not overlap the click-to-cancel implementation period.

M. The Department should harmonize with the pending State framework rather than get ahead of it.

As described in Part III.B, the New York State Senate has now twice passed a general all-in pricing bill — the New York Junk Fee Prevention Act — which the Assembly has twice declined to take up. That bill, as passed, carries a set of sector-specific exclusions that the Proposed Rule does not, reflecting the compromises the legislative process produced. Whatever one thinks of those exclusions, they are evidence that the elected body considers this subject to require calibration rather than a uniform mandate.

The practical consequence for a New York City franchisee is straightforward. If the Department adopts the Proposed Rule now and the Legislature enacts a different standard next session, City businesses will have rebuilt their price displays twice in two years to satisfy two inconsistent regimes in the same State. IFA respectfully urges the Department to defer to the State process. If the Department is unwilling to wait, it should at minimum include in the rule a provision committing that an offer, display, or advertisement complying with any subsequently enacted New York State all-in pricing statute satisfies § 5-16.

<u>Conclusion</u>

IFA and its members share the Department's goal of ensuring that New Yorkers know what they will pay before they pay it. But the Proposed Rule as drafted is not calibrated to that goal. It declares an enormous range of ordinary, lawful, and often pro-consumer pricing practices to be both deceptive and unconscionable, across every industry in the City and beyond its borders, on a record drawn from four industries in which every reported enforcement action has arisen in lodging, travel booking, or ticketing. It does so without any analysis of what compliance will cost the City's small businesses, in an area the State Legislature is actively debating, and it pairs vague standards with strict liability, an adverse evidentiary presumption, no cure period, and escalating penalties. The likely result is not greater transparency but higher prices, fewer discounts, more

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[28] DCWP, Notice of Adoption, 6 RCNY § 5-110.1, https://www.nyc.gov/content/dam/nycgov/nyc-main/pdf/2026/Click-to-Cancel-Rule.pdf; Press Release, Off. of the Mayor, Mayor Mamdani Announces Landmark "Click-to-Cancel" Consumer Protection Rule (July 10, 2026), https://www.nyc.gov/mayors-office/news/2026/07/mayor-mamdani-announces-landmark--click-to-cancel--consumer-prot.

consumer confusion, and real hardship for the franchised small businesses that employ New Yorkers in every borough.

IFA respectfully urges the Department not to adopt the Proposed Rule in its current form. If the Department proceeds, we urge it to adopt the amendments described in Part VI, and to engage further with the affected business communities — including through additional stakeholder sessions or a supplemental comment period — before adoption. IFA and its members stand ready to assist the Department in developing a rule that protects New York City consumers from genuinely hidden and bogus fees without imposing unworkable requirements on the small businesses that serve them.

Thank you for the opportunity to submit these comments and for considering our perspective.

Respectfully submitted,

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