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COMMITTEE ON SMALL BUSINESS

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON SMALL BUSINESS

November 26, 2018
Start: 10:08 a.m.
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HELD AT: 250 Broadway-Committee Rm, 14th Fl.

B E F O R E: MARK GJONAJ
Chairperson

COUNCIL MEMBERS:
DIANA AYALA
STEPHEN T. LEVINE
BILL PERKINS
CARLINA RIVERA

COMMITTEE ON SMALL BUSINESS

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A P P E A R A N C E S (CONTINUED)

Cynthia Keyser
Chief of Staff at the New York City Department of
Small Business Services, SBS

Karen Schlain
Associate Commissioner for Tax Policy at the New
York City Department of Finance, DOT

Warren Gardiner
Director of Intergovernmental Affairs and
Community Relations at the New York City
Department of Small Business Services, SBS

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[gavel]

CHAIRPERSON GJONAJ: Good morning, I

welcome you all to our hearing on Small Business and Microbusiness. I'm Council Member Mark Gjonaj, Chair of the Committee on Small Business and I'd like to welcome you to our hearing. Thank you for making time for us today. Some of the most famous names in American businesses like Apple, Walt Disney and Mattel started with a couple of dreamers and a few blueprints in a dusty garage. Even now though most of don't have spare garage space we can make use of microbusinesses or employers with less than ten employees lie in the heart of city... New York City's economy according to the Empire State Development Corp. There are more than 650,000 people who work at these types of firms within the five boroughs. This hearing will focus on the services that SBS is offering to early stage mom and pop retailers to enable them to grow, survive and thrive in a highly competitive 21st century economy. The independent restaurants, grocery stores and dry cleaners that are struggling to survive today could be engines of local hiring in neighborhood revitalization tomorrow. To ensure this city has access to comprehensive and

1
2 user-friendly data on which to base its policies we
3 will considering a piece of legislation that I have
4 sponsored, Intro 1000, love the number by the way
5 which would require SBS to report on a number of
6 microbusinesses registered and doing business in New
7 York City. I'm excited to hear from the
8 administration and from advocates on the viability of
9 this proposal and gather more ideas on ways the city
10 can support the businesses that provide the character
11 of our neighborhoods. I'd like to thank the committee
12 staff; Counsel Irene; Policy Analyst Michael; as well
13 as my Chief of Staff Reggie and my Legislative
14 Director Dardan for their work in making the hearing
15 possible. Finally, I'd like to recognize the
16 Committee Members that will be joining us at some
17 time during this hearing; we have Council Member
18 Ayala with us. Thank you.

19 CYNTHIA KEYSER: Good morning

20 CHAIRPERSON GJONAJ: Good morning.

21 CYNTHIA KEYSER: Good morning Chair
22 Gjonaj and members of the Committee on Small
23 Businesses. My name is... is it on?

24 CHAIRPERSON GJONAJ: Well we have to
25 swear you in, no...

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2 COMMITTEE CLERK: I just have to swear
3 you in first... [cross-talk]

4 CYNTHIA KEYSER: Oh, I'm so sorry...

5 COMMITTEE CLERK: No problem...

6 CHAIRPERSON GJONAJ: You know that little
7 clock, so we can hold you accountable... [cross-talk]

8 CYNTHIA KEYSER: I apologize... absolutely.

9 COMMITTEE CLERK: So, do you affirm to
10 tell the truth, the whole truth and nothing but, but
11 the truth in your testimony before the... this
12 Committee and respond honestly to the Council Member
13 questions?

14 CYNTHIA KEYSER: I do.

15 COMMITTEE CLERK: Thank you.

16 CYNTHIA KEYSER: Thank you. Good morning
17 Chair Gjonaj and members of the Committee on Small
18 Business. My name is Cynthia Keyser and I'm the Chief
19 of Staff at the New York... at the New York City
20 Department of Small Business Services. At SBS we aim
21 to unlock economic potential and create economic
22 security for all New Yorkers by connecting them to
23 quality jobs, building stronger businesses and
24 fostering thriving neighborhoods across the five
25 boroughs. Today I am pleased to testify on Intro

1
2 1000, a bill to define and report on the number of
3 microbusinesses in New York City. On a personal note,
4 it was a pleasure to join Chair Gjonaj to walk the
5 Arthur Avenue corridor, the small business Saturday
6 this past weekend. SBS strongly agrees that
7 microbusinesses are essential to the local economy
8 and character of every neighborhood. In New York
9 City, microbusinesses make up nearly 80 percent of
10 businesses and employ approximately 15 percent of the
11 private of sector workforce. These companies cover
12 many industries ranging from retail to professional
13 services to food services. They also contract with
14 the city of New York, more than 75 percent of city
15 certified minority and women owned businesses, MWBEs
16 are microbusinesses. While the number of
17 microbusinesses across the country have decreased by
18 approximately 16 percent, microbusiness in...
19 microbusinesses in New York City have grown by more
20 than ten percent. We continue to work towards
21 fostering that growth through small business
22 resources including workshops, courses, access to
23 financing, capacity building, technical support,
24 workforce training, emergency preparedness and
25 contracting opportunities with the city. All of these

1
2 services are offered, for free at either our New York
3 City Business Solutions Centers or Workforce One
4 Career Centers located throughout the five boroughs.
5 Through the work of our Chamber on the Go and
6 Compliance Advisor teams, along with our new Mobile
7 Outreach Unit, SBS is also able to reach business
8 owners who are too busy running their businesses to
9 stop into our centers or attend a workshop. In
10 addition, SBS recently launched two new programs.
11 Love Your Local and the Commercial Leasing Assistance
12 Program to help both longstanding and other small
13 businesses adapt to changes in the retail
14 environment. Love Your Local was created to support
15 longstanding legacy businesses as they navigate
16 changing market conditions. This program celebrates
17 and promotes the diverse, independent, small
18 businesses that enrich our neighborhoods across New
19 York City and encourages New Yorkers to share their
20 favorite non-franchised businesses on an interactive
21 online map. Business owners had an opportunity to, to
22 apply for business advisory consultations and
23 eligible business owners were able to apply for
24 grants of up to 90,000. Since launching, our 2,000...
25 over 2,000 businesses have been added to the Love

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2 Your Local map and 50 businesses have received
3 initial assessments. To support businesses that are
4 facing issues with their leases, leases, we provide
5 free legal representation through our Commercial
6 Lease Assistance Program. Our pro-bono attorneys help
7 businesses with signing a new commercial lease,
8 amending, renewing or terminating an existing lease,
9 negotiating on behalf of the commercial tenant with
10 their landlord and providing advice and referral
11 services when litigation cannot be avoided. This new
12 program, which launched in February, has already
13 served approximately 250 businesses. The Commercial
14 Lease Assistance Program builds on our prior and
15 continuing work with commercial lease education
16 workshops to help business owners better understand
17 the components and implications of signing a
18 commercial lease. The administration has also worked
19 closely with City Council to further assist small
20 businesses by raising the threshold of the Commercial
21 Rent Tax. On average, 2,700 small businesses will
22 save about 13,600 dollars a year due to the
23 leadership of City Council and Mayor De Blasio. This
24 change will help small businesses save more money to
25 renovate, expand and hire new employees and grow

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2 their businesses. The city also.. has also committed
3 to making the regulatory environment easier for small
4 businesses. Regulations are important to ensure
5 health and public safety, but they should be fair and
6 overly burdensome to businesses. That is why three
7 years ago Mayor De Blasio challenged his Deputy
8 Mayors and regulatory agencies to reduce the
9 regulatory burden on the business community.
10 following an extensive eight-month outreach effort to
11 hundreds of businesses, the city launched Small
12 Business First, an interagency initiative to make
13 government more effective and efficient in helping
14 businesses start, operate, and expand. Based on
15 stakeholder feedback, the city developed 30
16 commitments with four key objectives; to provide
17 clear information with coordinated services and
18 support; to help business owners understand and
19 comply with regulations; to reduce the burden imposed
20 by complex regulations and fines and to ensure equal
21 access for all business owners. As we complete our
22 commitments for Small Business First, we are
23 continuing to source new ideas and continuing our
24 work with regulatory agencies to identify ways to
25 ease the burden on businesses. For example, since the

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2 start of this administration, DCA has reduced fines
3 to small businesses by more than 50 percent. With the
4 support of Council, this administration also oversaw
5 the implementation of the Cure Law, which allows
6 business owner to correct many first-time violations.
7 SBS is committed to better understanding the needs of
8 microbusinesses and providing them with essential
9 services. To that end, SBS supports the intent of
10 Intro 1000 and would like to work with Council to
11 develop a method to best collect this data.

12 Currently, in New York, businesses are incorporated
13 at the state level and are not required to register
14 with the city, this makes it difficult to determine
15 if a business is independently owned and operated,
16 not dominant in field.. in its field or it has.. or if
17 it has nine or fewer employees as laid out in the
18 bill. SBS believes that collecting accurate data is a
19 vital first step in the creation of impactful
20 programming and we have been exploring ways of
21 collecting accurate and up to date information. We
22 agree that collecting information on businesses would
23 allow us to better understand the needs of small
24 business owners. One method that has been proposed is
25 the creation of a storefront registry, which would

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2 allow the city to collect better data on commercial
3 properties. We are working closely with the
4 administration and the Department of Finance to
5 determine the design and implementation of a
6 potential store front registry and I'll note that our
7 colleagues from the Department of Finance are here
8 today to answer questions on that aspect as well. SBS
9 is an advocate for small and microbusinesses and we
10 are committed to ensuring that they succeed in New
11 York City. Our role is to serve as a resource to all
12 business owners no matter where they come from or
13 what barriers they face. Although we are proud of our
14 current accomplishments, there is always more to be
15 done. We look forward to learning more about the
16 businesses in all of your districts and partnering
17 with you to help them grow. Thank you for the
18 opportunity to testify, I am happy to answer any
19 questions from members of the Committee and I'm
20 joined as well by Warren Gardiner who's our Director
21 of Intergovernmental Affairs for the Department of
22 Small Business Services. Thank you.

23 CHAIRPERSON GJONAJ: Thank you. We've
24 also been joined by Councilman Perkins and I'll just
25 begin with some questions from your testimony and

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2 I'll begin with SB1. SB1 was formed I believe a
3 little over three years ago, going on our fourth
4 year?

5 CYNTHIA KEYSER: In 2015 I believe, yes.

6 CHAIRPERSON GJONAJ: 2015... [cross-talk]

7 CYNTHIA KEYSER: Yes... correct.

8 CHAIRPERSON GJONAJ: And I believe the
9 cost from last year in that we had was about 27
10 million dollars, has that number increased?

11 CYNTHIA KEYSER: The, the cost was 27
12 million dollars, I'm sorry?

13 CHAIRPERSON GJONAJ: Of SB1?

14 CYNTHIA KEYSER: I'm not sure, I can
15 check on the, the budget of the program.

16 CHAIRPERSON GJONAJ: That would be great.
17 How close have you come to meeting your objectives,
18 the four points that you point out initiated SB1?

19 CYNTHIA KEYSER: The city is nearing
20 completion of the 30 commitments and we believe that
21 in aggregate the completion of this initial round of
22 Small Business First it has helped to meet those four
23 objectives. I think that the city can always be doing
24 more and we're working with our partner agencies and
25

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2 certainly happy to work with the Council to continue
3 that work.

4 CHAIRPERSON GJONAJ: I believe over three
5 years and 27 million dollars and that number I'm sure
6 has grown, and one of the four points was to reduce
7 the burdens imposed by complex regulations and fines.

8 CYNTHIA KEYSER: Correct.

9 CHAIRPERSON GJONAJ: We're still not sure
10 if there are 5,000... 50... 5,300 or 6,000 rules and
11 regulations but in a three years' time I believe 80
12 rules and regulations have been modified so its
13 intent to get rid of outdated regulation has not... you
14 have not met your objective.

15 CYNTHIA KEYSER: I believe that the city
16 of New York has been extremely ambitious in the Small
17 Business First initiative and that we have met our
18 aims to help save businesses time and money in both
19 starting and operating their businesses so overall
20 the Small Business First initiative has saved
21 businesses over 18 million dollars and businesses a
22 month and a half in time to open which is significant
23 for a business owner trying to get started and begin
24 earning revenue and begin hiring staff so I think
25 that we have met our aim as the city. With that being

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2 said to your point and I know you've always been an
3 extremely strong advocate on business regulation and
4 ensuring that there are no unnecessary burdens for
5 small businesses, we look forward to continuing the
6 work of... with our partner agencies, it doesn't stop
7 as these 30 commitments are completed but I think
8 that we have met our aims in terms of saving
9 businesses time and money.

10 CHAIRPERSON GJONAJ: Sounds great. Time
11 and time again, year in and year out from one
12 administration to another we've heard the same things
13 from small businesses, it's the regulations is the..
14 one of the top three complaints. In three years to
15 modify 80, which means you made it more complicated
16 when small businesses are struggling to keep their
17 doors open after spending 27 million dollars I keep
18 going back to that number, three years, 27 million
19 dollars later of the alleged 6,000 rules and
20 regulations this agency... this administration has
21 modified 80.

22 CYNTHIA KEYSER: This administration took
23 up the charge when the Mayor was elected to bring
24 together partner agencies to... which has all of his
25 Deputy Mayors to look at all of the regulations

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2 across the city and determine which ones could be
3 streamlined and how to improve processes across the
4 city. So, for example, we've trained our city's staff
5 and regulatory agencies to ensure that they provide
6 better customer services to those businesses. You're
7 absolutely right, we heard that as a concern from
8 small businesses.

9 CHAIRPERSON GJONAJ: We have with them
10 it's a toll rider wreck and I don't want to cut you
11 off but it, it sets the tone and on paper it looks
12 great, the commitment isn't there because we haven't
13 done anything to alleviate the burden. I am Chair now
14 for going, going on ten months roughly, I'm still
15 waiting for the 6,000 rules and regulations to be
16 provided to me in an easier to read transparent
17 manner. How are small businesses supposed to comply
18 with rules and regulations that they can't even
19 obtain from the city of New York?

20 CYNTHIA KEYSER: We at the Department of
21 Small Business Services developed program with two
22 separate sets of staff who work with small businesses
23 directly to help them understand regulations that
24 apply to those businesses. One of our program's
25 compliance advisors have served over 4,000 small

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2 businesses since that program began. Those are staff
3 members who go directly to businesses and say here
4 are the common violations for a business of your
5 type... [cross-talk]

6 CHAIRPERSON GJONAJ: That's the key word,
7 common by the way because it covers the top ten, it
8 doesn't cover... I'm going to ask you a straight
9 forward question, what is the number of rules and
10 regulations that small businesses, microbusinesses,
11 mom and pops have to comply with in the city of New
12 York?

13 CYNTHIA KEYSER: I think that's a complex
14 question while it may seem like a simple one because
15 various small businesses from different industries
16 experience different issues. We heard at the
17 beginning of our small business process that
18 Department of Buildings and Department of Health and
19 Mental Hygiene had regulations in their compliance
20 visits that were difficult for businesses to
21 understand or to prepare for the inspections and
22 become compliant, that's in no one's best interest.
23 We all want businesses to be compliant so that
24 customers have health and safe interactions with that

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2 business and the business owner doesn't incur any
3 fines or... [cross-talk]

4 CHAIRPERSON GJONAJ: But they do... [cross-
5 talk]

6 CYNTHIA KEYSER: ...have time to open
7 issues so we think we've taken significant steps as
8 an administration through programs like those
9 compliance advisors that really have made a
10 meaningful different. I'm not here to say that
11 everything is perfect, but I think that... I, I would
12 contest the idea that, that nothing significant has
13 been done because I think the small business first
14 effort is a significant marquee effort from this
15 Mayor to really correct issues that had existed with
16 those regulatory agencies that I think we've, we have
17 taken significant strides to help those small
18 businesses.

19 CHAIRPERSON GJONAJ: So, Scott Stringer
20 comes out with a red tape commission several years
21 ago, says there's 6,000 rules and regulations that
22 mom and pop shops have to comply with, that's the...
23 that's the report that was provided by Scott
24 Stringer, we have... we have not seen anything contrary
25 to that, I hear numbers from 50... it's not 6,000 its

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2 actually 5,300, I say great. Can I see these rules
3 and regulations and let's count them together since
4 apparently calculators don't all work the same way?
5 I'm not getting that and not... if I'm not getting it...
6 and let's... I would imagine we could both agree that
7 whether its 5,300 or 6,000 that's a large number of
8 regulations that have to be complied with, can we
9 agree on that?

10 CYNTHIA KEYSER: We can agree that if its
11 6,000 that's a large number of regulations, what I
12 would say is that there are health and safety
13 regulations that I think we would also agree are
14 important for businesses to comply with... [cross-talk]

15 CHAIRPERSON GJONAJ: I didn't say we need
16 zero, we know... [cross-talk]

17 CYNTHIA KEYSER: Right, absolutely...
18 [cross-talk]

19 CHAIRPERSON GJONAJ: ...that we need rules
20 and regulations... [cross-talk]

21 CYNTHIA KEYSER: Absolutely, so we...
22 [cross-talk]

23 CHAIRPERSON GJONAJ: But 6,000 is a large
24 number of regulations to comply with in particular
25 with microbusinesses.

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2 CYNTHIA KEYSER: Uh-huh. For the
3 Department of Small Business Services, we're most
4 interested in having a business owner understand the
5 regulations that apply to their business and help
6 them navigate through that process.. [cross-talk]

7 CHAIRPERSON GJONAJ: That's a great
8 point.. [cross-talk]

9 CYNTHIA KEYSER: There.. [cross-talk]

10 CHAIRPERSON GJONAJ: So, if you don't
11 have the six.. it.. for you to help would mean you have
12 to understand the 6,000 rules and regulations, if you
13 don't have the 6,000 rules and regulations how are
14 you going to possibly help a local florist, a local
15 pizzeria, a local, local bodega, if you yourself as
16 the agency responsible with this task don't have
17 them.

18 CYNTHIA KEYSER: We are able to help
19 those small businesses to your point, retail
20 businesses, restaurant businesses to help them to be
21 compliant. We have compliance advisors and client
22 managers; client managers will work with a small
23 business to hold their hand through any regulatory
24 process to help them interact with regulatory
25 agencies. I think under this administration there's

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2 really been the directive from the Mayor himself to
3 say to regulatory agencies that we all need to work
4 together to ensure that we're helping small
5 businesses, that's really be shown through Small
6 Business First report, through the creation of the
7 NYC Business portal, that was an effort to get all
8 information relevant to small businesses online in
9 one place. That was no small effort, a small business
10 owner can go online now and see all the regulations
11 that apply to their business type because to your
12 point there are... there are regulations across the
13 city and across agencies. Now every small business
14 has to comply with all of those regulations, we help
15 them to understand regulations that apply to them; we
16 do that in person, through client managers, through
17 compliance advisors. If a business owner has trouble
18 connecting with those staff, we make it very easy but
19 you can go online and see the regulations that apply
20 to your business so I think we've really taken a
21 significant step to be customer friendly when the
22 customer is a small business owner and to ensure that
23 we are coordinated across the city and we're working
24 together so that we can really think through any
25 issues that may arise for a small business and make

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2 our own processes and procedures as easy as possible.
3 We have inspectors going out with hand held devices
4 so that all of our data can be coordinated, we have
5 trained our staff so that they can be better customer
6 service, service... provide better customer service.
7 We're translating our guides, we're putting our
8 information online, we're creating reasonable tools
9 and resources, so I think that we are taking steps as
10 a city to make improvements in this area.

11 CHAIRPERSON GJONAJ: I didn't want to
12 focus on SB1, this, this hearing was supposed to
13 about something else but you put it into your
14 testimony and I'm going to ask you that question
15 again, are you going on the record saying that based
16 on the industry you will help that small business
17 understand every rule and regulation in the city of
18 New York that they must comply with, I want to hear a
19 yes or a no based on what you just said, based on
20 industry are you going to make that small mom and pop
21 shop aware of the rules and regulations that they
22 must comply with?

23 CYNTHIA KEYSER: We work with small
24 businesses to ensure they understand the compliance...

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2 the rules and regulations that apply to their
3 business, yes.

4 CHAIRPERSON GJONAJ: So, you're... [cross-
5 talk]

6 CYNTHIA KEYSER: I'm not sure that I
7 understand the based-on industry piece, I apologize.

8 CHAIRPERSON GJONAJ: Well because the
9 6,000 rules and regulations don't apply to every
10 small business, it depends on the industry and if I'm
11 going to open up a pizzeria and I contact, contacted
12 SBS are you going to be able to identify all of the
13 rules and regulations that I have to comply with so I
14 don't find myself in violation and subjected to a
15 fine?

16 CYNTHIA KEYSER: I see. Thank you for
17 clarifying... [cross-talk]

18 CHAIRPERSON GJONAJ: Uh-huh... [cross-talk]

19 CYNTHIA KEYSER: ...I look forward to
20 eating at your pizzeria. We, we will go to your
21 business and help you understand the regulations that
22 apply to your pizzeria, we'll do that in a few ways;
23 one, by talking through the most common violations
24 and ahead... [cross-talk]

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2 CHAIRPERSON GJONAJ: The word common...

3 [cross-talk]

4 CYNTHIA KEYSER: ...of an inspection...

5 [cross-talk]

6 CHAIRPERSON GJONAJ: ...so, uh-huh... [cross-

7 talk]

8 CYNTHIA KEYSER: ...but we will also work
9 with our agency partners to help you understand all
10 of the regulations that apply that could be through
11 compliance advisors but also client managers, through
12 our website, through our other services. So, yes, we
13 will... [cross-talk]

14 CHAIRPERSON GJONAJ: I, I'm a... [cross-

15 talk]

16 CYNTHIA KEYSER: ...help you to understand...

17 [cross-talk]

18 CHAIRPERSON GJONAJ: ...I really want to be

19 a good partner in New York City and I want to do
20 right by my customers, my future customers... [cross-

21 talk]

22 CYNTHIA KEYSER: Absolutely... [cross-talk]

23 CHAIRPERSON GJONAJ: ...but I also want to

24 do right by New York City and make sure that my
25 business is in compliance and you keep referring to

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2 common violations and the uncommon violations that
3 I'm still required to comply with is my question, so
4 of the 6,000 rules and regulations until I hear
5 otherwise that's the number I'm going to have to use,
6 are you going to prevent me or help me complying with
7 all of the rules and regulations as I open up my new
8 business, not the common, each and every rule and
9 regulation?

10 CYNTHIA KEYSER: Absolutely.

11 CHAIRPERSON GJONAJ: So, you can assure
12 me that if I met with you and we did our walk through
13 and you brought to my attention all of the rules and
14 regulations in an easier to read transparent manner
15 there's no reason for me to be in violation of
16 anything?

17 CYNTHIA KEYSER: I want to be clear that
18 what we will do is the Department of Small Business
19 Services and what we will do as the city of New York
20 is ensure that you have access to that information.

21 CHAIRPERSON GJONAJ: Access, so... okay. I,
22 I've been given... [cross-talk]

23 CYNTHIA KEYSER: And we... and... [cross-
24 talk]

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2 CHAIRPERSON GJONAJ: ...access to that...

3 I've been given access to the 6,000 rules and
4 regulations, I can't make hay of it and I consider
5 myself to be pretty knowledgeable and intelligent and
6 I can read and can use the portals and take you from
7 one department to another department to come back to
8 the same department and the subcategory... I can't
9 figure it out, these are mom and pop investors that
10 have put their life... their life savings on the line
11 and they're focused on keeping their doors open,
12 satisfying their customers and paying the electric
13 bill, your fines and violations, when I say yours
14 because you're part of the, the administration,
15 prevent me or prevent them from conducting business
16 and focusing on their business because your fines and
17 violations come with big numbers, I cannot prepare
18 for a 5,000 dollar hit on the simplest of violations
19 which I brought up time and time again; the signage
20 laws, which are outdated, they date back to 1961 and
21 I shouldn't say none but very few if any businesses
22 comply with the current signage law and it starts
23 with a 5,000 dollar violation. I asked for a simple
24 moratorium from this administration on issuing those
25 violations subjecting to... subjecting those small

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2 business owners to a 5,000 dollar fine until we can
3 address it, I can't get that done, there's no
4 willingness here so on paper and in rhetoric it
5 sounds great that we want to be partners and we want
6 to make sure our small businesses flourish. The
7 simplest of violations that if you looked at any
8 commercial corridor its visible there is zero
9 compliance, this administration has yet to embrace
10 and say you know what this is unfair, it really isn't
11 fair that we've allowed a violation that we've
12 allowed, the signage was not to be complied with
13 citywide and we are hurting small businesses on an
14 outdated piece of legislation which says no more than
15 12 square foot... square feet of print, zero ambition
16 to truly address an issue that is hurting small
17 business because it's not the 5,000, then they have
18 to take down the sign and to put up a new sign and
19 bring an architect, an engineer. I've been told the
20 numbers are as high as 20,000 dollars with one rule
21 and regulation of the signage, well that leaves me to
22 question what are the other 5,999 rules and
23 regulations that that pizza owner must comply with if
24 only one of them can cost 20,000. We are the problem,
25 we are a part of the problem and we are not helping

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2 with solutions. Can I get a commitment from you, a
3 real commitment for those small businesses that you
4 will look into this signage law and perhaps put a
5 moratorium that was in place before this
6 administration back until we can have a comprehensive
7 approach to this single violation?

8 CYNTHIA KEYSER: I can absolutely tell
9 you that the Department of Small Business Services is
10 part of conversations on ensuring that we can help
11 businesses to comply with the existing laws but also
12 to look at the laws and try to... [cross-talk]

13 CHAIRPERSON GJONAJ: I'm asking this one...
14 [cross-talk]

15 CYNTHIA KEYSER: ...have... [cross-talk]

16 CHAIRPERSON GJONAJ: ...please stay with me
17 on... [cross-talk]

18 CYNTHIA KEYSER: And I can commit...
19 [cross-talk]

20 CHAIRPERSON GJONAJ: ...this one... [cross-
21 talk]

22 CYNTHIA KEYSER: ...to Small Business
23 Services being a part of those conversations, yes.

24 CHAIRPERSON GJONAJ: Being a... we've been
25 joined by Council Woman Rivera, let me allow some of

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2 my colleagues to ask the questions, it just makes it
3 so difficult, it's like pulling teeth, I'm not a
4 dentist and I know that its difficult for you to
5 answer and make a commitment but when we have small
6 businesses out there and we know that they are the
7 backbone, they are the true engine of our economy and
8 for those that are listening on this hearing and
9 they're hearing the dialogue where I'm asking a
10 straight forward question about just one of the rules
11 and regulations that there... its truly hurting small
12 business and we can't get a... we don't have the
13 appetite, they know that we're not a real partner,
14 we're their hurdle.

15 CYNTHIA KEYSER: I would respectfully
16 disagree that there's not an appetite... [cross-talk]

17 CHAIRPERSON GJONAJ: Okay... [cross-talk]

18 CYNTHIA KEYSER: ...to work with small
19 businesses and to work across this administration,
20 across regulatory agencies to streamline regulations
21 where possible to ensure that small businesses can
22 understand regulations. I think we've done that
23 through a number of tools, I think to, to your
24 earlier question and I appreciate the discussion of
25 signage in particular but I think that we, we... not

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2 all small business owners take in information the
3 same way so we try to develop tools that can help
4 businesses no matter where they are or what kind of
5 business they run and how they best understand the
6 information that we provide so we provide some of
7 that information online through the online portal,
8 we'll come to your door and help you with compliance
9 advisors or client managers, we've created materials
10 in different languages. We at SBS have worked with
11 agency staff at other agencies to help train them and
12 give them our knowledge on small businesses and
13 likewise for them to train us on some of their
14 regulations so I do think that this administration
15 has taken really significant and meaningful steps to
16 help small businesses, its not to say that, that
17 there isn't more to be done. We look forward to
18 participating in more conversations with agencies
19 about regulations that still may need more help on
20 the education side or on the reform side but I, I
21 want to dispute the idea that we are, are not paying
22 attention to this issue because we are.

23 CHAIRPERSON GJONAJ: So, small businesses
24 don't want that though, they want action and I'm...
25 [cross-talk]

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2 CYNTHIA KEYSER: We agree... [cross-talk]

3 CHAIRPERSON GJONAJ: ...voicing their
4 concern to you and I'm doing it again and I... as I
5 have and just... [cross-talk]

6 CYNTHIA KEYSER: Yes... [cross-talk]

7 CHAIRPERSON GJONAJ: ...one signage law and
8 I keep going back to it, I'm still not getting... they...
9 there is a real impact that a 20,000 financial burden
10 will determine whether or not a store remains open or
11 not, whether a mom and pop shop can survive or not
12 competing with big box stores, internet, consumer
13 behavior changes is enough but when we can't help
14 them with the smallest which is within our grasp and
15 our power I... there, there is a belief that this
16 agency, this administration is not yet out. This is
17 going on ten months; ten months and a simple
18 moratorium would have helped before the reform begins
19 but I'm going to allow my... Council Woman Ayala to ask
20 a question in the meantime.

21 COUNCIL MEMBER AYALA: Good morning... good
22 morning Miss Keyser. I'm actually going to piggy back
23 off of, of Chair Gjonaj's question because I wasn't
24 going to ask this but if in fact... I mean and I'm
25 assuming that the 6,000 rules and regulations is an

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2 estimated number, is there a mechanism for SBS to go
3 back and review those rules and regulations to
4 determine whether or not some of those rules and
5 regulations are obsolete at this point and need to be
6 revised?

7 CYNTHIA KEYSER: Yes, absolutely. So, the
8 Small Business Advisory Council, which is made up of
9 leadership from the Deputy Mayor's teams, from the
10 regulatory agencies we meet on a regular basis, we
11 will continue to meet on regulatory... on a regular
12 basis to better understand existing regulations, to
13 look at what more can be done to make them efficient
14 and effective and to the Chair's point, to ensure
15 that businesses understand those regulations as well.

16 COUNCIL MEMBER AYALA: And who makes up
17 the advisory committee?

18 CYNTHIA KEYSER: We can get you that list
19 of those specific... [cross-talk]

20 COUNCIL MEMBER AYALA: Are small... [cross-
21 talk]

22 CYNTHIA KEYSER: ...members... [cross-talk]

23 COUNCIL MEMBER AYALA: ...are small
24 businesses a part of the committee, do you know?
25

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2 CYNTHIA KEYSER: The Advisory Council
3 that... to which I referred is internal to the city
4 so its members of... leadership from the Deputy
5 Mayor's teams and regulatory agencies but the
6 small business first report, the initial 30
7 commitments was developed with recommendations and
8 listening sessions from hundreds of businesses and
9 we regularly take in input from small businesses
10 on regulations as well and I can send you that
11 list of the council.

12 COUNCIL MEMBER AYALA: Understood. In
13 your testimony you mentioned that microbusinesses
14 across the country have decreased but in New York
15 City they've grown by more than 10 percent, what
16 do you attribute that to?

17 CYNTHIA KEYSER: I would attribute that
18 to the incredible market opportunities in New York
19 City. We have a diverse customer base, we in the
20 city try to make an as friendly an environment as
21 possible for small businesses. We at SBS provide
22 very robust services to small businesses that can
23 be in the form of educational resources, capital,
24 help, identifying workforce, help with contracting
25 opportunity with the city for minority and women

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2 owned business enterprises so I would say that
3 there are many business opportunities and a great
4 customer base in New York City and great services
5 from the city itself.

6 COUNCIL MEMBER AYALA: Now I would
7 imagine that if I was a small business that was
8 starting up it would be easier for me to connect
9 to existing resources because I'm in direct
10 contact now with SBS but what happens to an
11 existing business that is... you know that has been
12 around for 20 years, how do you get information
13 about these resources to them when we know that
14 they lack, you know the... sometimes the technology
15 to, to continue to stay up to date with what's
16 happening?

17 CYNTHIA KEYSER: Absolutely, that's a
18 great question and its one that we certainly
19 grapple with as an agency. Commissioner Bishop
20 when he was appointed three years ago and his
21 predecessors in this administration really made a
22 significant investment in outreach for SBS both to
23 new businesses that are starting up but to your
24 point, to existing businesses. So, we have seven
25 business solution centers throughout the city any

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2 business owner can walk into those centers and get
3 assistance accessing capital, get connected to the
4 right business education resources, compliance
5 assistance, all of the resources that I laid out
6 in my testimony but we'll also go door to door
7 with small businesses through our Chamber On the
8 Go Program that's that program where we'll walk
9 into your store and do a very quick initial
10 assessment with the business owner because we
11 don't want to waste their time when they're in the
12 middle of the day running their business but we
13 just say hello, tell them about our services, get
14 a better understanding of their direct and most
15 urgent needs and then we'll contact them later and
16 connect them with programming so if you're a
17 business owner and you say I've been in my
18 neighborhood for 20 years, I've got a great
19 service or product to sell, members of my
20 community know that I'm here so... but I really
21 need.. I really need to make an investment in
22 fitting out my space or alternatively I've been
23 here for 20 years but I want to grow my customer
24 base to your point, we can help you with marketing
25 and so we'll connect you to those resources, that

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2 might be a class, it might be help with a loan
3 application or connecting you to a CDFI, it could
4 regulatory assistance, it could be any number of
5 the services that we provide but we try to do that
6 on a schedule that makes sense for the business
7 owner and isn't burdensome to them, that's one
8 way. We also have our mobile outreach unit which
9 is a new resource that the Commissioner worked
10 with the Council to put in place, it's essentially
11 a very fancy RV but it's a vehicle that can drive
12 right up to a commercial corridor and provide
13 assistance to small businesses on the corridor or
14 to job seekers in the neighborhood that might be
15 seeking to connect with an employer that's hiring
16 in the neighborhood or really any number of our
17 services and I could really go on all day but..

18 [cross-talk]

19 COUNCIL MEMBER AYALA: Yeah... [cross-talk]

20 CYNTHIA KEYSER: ...the last thing I'll say
21 is we also work with the 75 business improvement
22 districts across the city to help support those
23 bids and we think that they're extremely strong
24 key partners in supporting small businesses and
25 providing those services every day so that's just

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2 a few of the ways that we connect with businesses.
3 Those services some are tailored to a business
4 owner that's starting their business, but many are
5 tailored to long standing businesses. As I
6 mentioned in my testimony there's also the Love
7 Your Local Program which is keenly focused on
8 longstanding businesses.

9 COUNCIL MEMBER AYALA: Do you prioritize
10 communities where gentrification has kind of
11 taken, you know over and we, we've seen a,
12 a number of small businesses that have been shut
13 down because of, you know rising, rising rents, do
14 you prioritize those communities because some of
15 those communities don't have bids?

16 CYNTHIA KEYSER: Yeah, so what I would
17 say is while our services are available to all
18 businesses, we certainly prioritize our targeted
19 outreach and strategies to corridors most in need,
20 that includes the supportive bids but to your
21 point also our Chamber on the Go visits, our
22 mobile outreach unit visits. I will say that 70
23 percent of the businesses that we serve are
24 outside of Manhattan so we, we do focus a lot of
25 our attention on the outer boroughs as well.

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2 COUNCIL MEMBER AYALA: Okay, I have one
3 final question. The, the Love Your Local, do you
4 have an example of a... of a small business because
5 I, I'm, I'm thinking... I have a, a, a record store
6 that has been in my district in the East Harlem
7 part of my district for over 40 years now and, you
8 know they're not getting a lot of business these
9 days and are actually considering closing in the
10 next few years, how do you help a business like
11 that through the Love Your Local because it seems
12 to kind of fit in with the type of business that
13 you would be helping but what type of resources,
14 do you have like an example of a... of, of a
15 specific business that you have been able to help
16 and how?

17 CYNTHIA KEYSER: Absolutely, so one I'd
18 love to connect with you after the hearing and
19 ensure that we can connect with that business
20 because I think there are a number of services
21 that we'd provide. Love your Local, the initial
22 application period has closed so... but I'll say
23 through the Love Your Local Program where
24 generally there is the online map and there was
25 the ad campaign to draw attention to the city's

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2 small businesses more generally, I think for that
3 business we can help them in any number of ways.
4 One, we can help them with their lease through our
5 commercial lease assistance program if they are
6 experiencing a leasing issue... [cross-talk]

7 COUNCIL MEMBER AYALA: No, they own...

8 CYNTHIA KEYSER: They own, okay. So, Love
9 Your Local specifically is for renting businesses
10 because we are... were through that particular
11 program focused on businesses that need that extra
12 stability if they're renting their space but what
13 I'll say and we can get you more specific examples
14 as... for example, the assessments for Love Your
15 Local have included working with small businesses
16 to under... the businesses in the program understand
17 their specific concerns, one that's come up time
18 and time again is inventory management so you can
19 have a small business owner that's incredibly
20 successful because their product or services, you
21 know just stellar and the folks in their
22 neighborhood know them but they just need that
23 extra help managing their inventory so that they
24 can make sure that they're not losing any revenue,
25 that they can reduce costs, that they're really

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2 managing that system and that can be harder for
3 small businesses that don't have that back office
4 support so that's one example of the help we've
5 provided through the program or will provide
6 through the program with the grant but also we'd
7 love to work with that record store business owner
8 to connect them with all the other services we
9 provide as well.

10 COUNCIL MEMBER AYALA: Appreciate it,
11 thank you.

12 CHAIRPERSON GJONAJ: Council Woman do you
13 know if that small business is complying with the
14 signage laws?

15 COUNCIL MEMBER AYALA: I assume that they
16 are, I haven't heard any complaints.

17 CHAIRPERSON GJONAJ: Do you think that
18 small business could survive a 20,000-dollar hit?

19 COUNCIL MEMBER AYALA: Am I on the
20 record, I don't... I mean I would imagine that a
21 20,000-dollar hit is a... is a... is a huge burden for
22 anyone.

23 CHAIRPERSON GJONAJ: Right. Council Woman
24 Rivera I believe you have a question.

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2 COUNCIL MEMBER RIVERA: Yes, just a... so,
3 you mentioned in your testimony that
4 microbusinesses make up nearly 80 percent of the
5 businesses in the city, do you know how many of
6 them are storefronts?

7 CYNTHIA KEYSER: I don't have that
8 information in front of you... in front of me but I
9 can get that to you.

10 COUNCIL MEMBER RIVERA: You mentioned
11 that you believe that collecting accurate data is
12 a vital first step and you are considering the
13 creation of a storefront registry which would
14 allow the city to collect better, better data on
15 commercial properties, so, so you do have data you
16 just think that there's always room for
17 improvement and you feel like maybe a new
18 initiative to collect more data on storefronts
19 would help your agency?

20 CYNTHIA KEYSER: It would definitely help
21 our agency and the city to collect more data on
22 small businesses, I know that that's named for the
23 Mayor and the administration as well. Our
24 colleagues at Department of Finance can speak to
25 some of the data that we already collect as a

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2 city, we at Small Business Services collect data
3 on the businesses that we serve in particular but
4 the city at large I will say does not have a
5 mechanism at this time for collecting information
6 broadly from the small businesses so we are
7 supportive of, of the goals of this bill to ensure
8 that there are better mechanisms for data
9 collection.

10 COUNCIL MEMBER RIVERA: I have a bill,
11 it's Intro 1049 and it would require that you
12 complete an assessment of the state of storefront
13 businesses in every community district in the city
14 at least once every five years, I know that you do
15 commercial district assessments but they're not as
16 frequent as I think they should be and so that
17 would enable us to assess the storefront
18 businesses' environment, the number and types of
19 stores, vacancies and opportunities for increased
20 retail diversity. So, based on your testimony I
21 think you would be supportive of that bill and of
22 course hopefully the, the Chair considers hearing
23 it very soon, I, I do feel like the data would be
24 extremely helpful in kind of understanding some of
25 what we see as commercial corridors that are

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2 really suffering and I think that for us to not
3 necessarily know how many storefronts there are in
4 the city and also the legacy business piece is so,
5 so important because we feel like sometimes those
6 are the only businesses that are making it because
7 they've been there for so long but even those are
8 shuddering all the time and they're breaking
9 hearts in our communities daily. So, I hope that
10 you would support that, that collection of data, I
11 think it's vital and you know in terms of the Love
12 Your Local when did that start, when did you
13 launch Love Your Local?

14 CYNTHIA KEYSER: This past year.

15 COUNCIL MEMBER RIVERA: And so, it's a...
16 it's a closed application process, how many
17 applications did you receive and how many do you...
18 are you going to actually serve I guess is my
19 question?

20 CYNTHIA KEYSER: So, the, the assessments
21 have gone to an initial set of 50 businesses and
22 we expect to award grants of up to 90,000 to 20
23 businesses but we're looking at ways to as we
24 develop the program over time take the learnings
25 of that program and expand them further.

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2 COUNCIL MEMBER RIVERA: I would say... I
3 mean if you, you get a lot of applications and,
4 and depending on kind of implementation which I
5 know is always challenging I would... I would... I
6 would ask that you consider I guess later on just
7 the rolling, a rolling admissions process for some
8 of the businesses, I, I do feel this is, you know
9 a 365 day challenge so... and we've very willing to
10 help you with that if, if, if, you know you need
11 our assistance, you know in our communities where
12 we feel there are the most challenges.

13 CYNTHIA KEYSER: Much appreciated, thank
14 you.

15 COUNCIL MEMBER RIVERA: These are grants,
16 right not loans?

17 CYNTHIA KEYSER: Yes, Love Your Local is
18 grants but we do also provide low interest loans
19 to businesses but we, we also work with our
20 partners at Kiva to provide zero interest loans so
21 those are technically loans, but they're crowd
22 funded and businesses don't accrue any sort of
23 deficit to using that for interest, yes.

24 COUNCIL MEMBER RIVERA: Okay, thank you.
25 Thank you, Mr. Chair.

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2 CHAIRPERSON GJONAJ: Thank you Council
3 Woman. Can you elaborate on the commercial rent
4 tax that you put in your testimony?

5 CYNTHIA KEYSER: Yes, so our colleagues
6 at DOF can elaborate on that as well but the
7 commercial rent tax effort was the
8 administration's effort to raise the threshold of
9 the tax that fewer businesses had... in, in... and
10 hadn't... did not pay this extra tax.

11 CHAIRPERSON GJONAJ: Okay but what is the
12 commercial rent tax?

13 CYNTHIA KEYSER: It's a... was the tax that
14 accrued to Manhattan commercial properties, maybe
15 DOF can...

16 CHAIRPERSON GJONAJ: So basically, a tax
17 put on a geographic area within a city?

18 KAREN SCHLAIN: Hi, I don't know if I
19 need to be sworn in...

20 COMMITTEE CLERK: Let me swear you in.

21 KAREN SCHLAIN: Alright, thank you...

22 [cross-talk]

23 COMMITTEE CLERK: So, rise your right
24 hand and do you affirm to tell the truth, the
25

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2 whole truth and nothing but the truth and answer
3 honestly to Council Members testimony today?

4 KAREN SCHLAIN: I do.

5 COMMITTEE CLERK: Thank you.

6 KAREN SCHLAIN: I'm Karen Schlain,
7 Associate Commissioner for Tax Policy at Finance.
8 So, I didn't come with the exact criteria for the
9 commercial rent tax, but it's generally imposed on
10 businesses south of 96th Street, you can jump in if
11 I get anything wrong, with certain exemptions for
12 other geographical areas and the effective tax
13 rate is 3.9 percent. So, the legislation to which
14 you're referring was our effort to reduce the
15 burden of the commercial rent tax for small
16 businesses so the taxable threshold had been
17 250,000 phased out to 300 and we increased that to
18 500,000, raised out to 550 but only for small
19 businesses so the... only small businesses get the
20 benefit of that increase and that's defied based
21 on some income definitions in... on the federal tax
22 return, I think under five million is considered
23 small and then there's another phase out from five
24 to ten million I think.

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2 CHAIRPERSON GJONAJ: So, basically, it's
3 a tax put on businesses that are earning more than
4 a certain dollar amount within the geographic area
5 part of Manhattan, is that what it is?

6 KAREN SCHLAIN: Well the commercial rent
7 tax is generally not based on income, its based on
8 the rent paid but this new benefit for small
9 businesses is only for those businesses below a
10 certain income level. The other, other businesses
11 above five million or above the phase out range of
12 ten million would still be eligible for the pre-
13 existing benefit of base rent of 250,000 phased
14 out to 300,000 so folks below... a, a large business
15 say 20 million in income with base rent below
16 250,000 would still incur no commercial rent tax
17 liability.

18 CHAIRPERSON GJONAJ: Who, who incurs the
19 commercial tax liability?

20 KAREN SCHLAIN: The tenant.

21 CHAIRPERSON GJONAJ: Okay and what is the
22 threshold for this tax liability?

23 KAREN SCHLAIN: Well the... if their base
24 rent is defined in, in the CRT is below 250,000
25

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2 there is no commercial rent tax imposed.. [cross-
3 talk]

4 CHAIRPERSON GJONAJ: Uh-huh... [cross-talk]

5 KAREN SCHLAIN: ...of course there's no CRT
6 in the outer boroughs in many parts of Manhattan..
7 [cross-talk]

8 CHAIRPERSON GJONAJ: So, above 200,000..

9 KAREN SCHLAIN: Above 250,000 there.. and
10 there is a phase out in commercial rent tax
11 liability to 500... to... I'm sorry, 300,000 that
12 applies to all businesses no matter what your size
13 and that was the law in totality until we enacted
14 this new benefit for small businesses, I think it
15 was last summer I forget when it was enacted but
16 that benefit accrued to 2,700 small businesses we
17 estimate with an average benefit of 3,600 dollars
18 in tax.

19 CHAIRPERSON GJONAJ: But isn't this
20 contrary to the issues that we're discussing now
21 that rent is too high, why would we put a
22 commercial rent tax on... in addition to the
23 already... the rent burdens that small businesses
24 currently have, why is this still being applied?
25

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2 KAREN SCHLAIN: Okay, I can't really
3 speak to the, the politics of why its applied, I
4 can tell you that the CRT degenerate... does anyone...
5 was it seven to 800 million, I'm sorry I don't
6 have the exact number, that's like an order of
7 magnitude so I apologize if I'm off by, by too big
8 a range, I didn't... but I, I can look it up and,
9 and get it to you Cynthia, so it generates quite a
10 bit of revenue and the tax has been with us for
11 many decades, does anyone remember... was it... back
12 to the 90s or even... [cross-talk]

13 CYNTHIA KEYSER: But, but to... [cross-
14 talk]

15 KAREN SCHLAIN: ...earlier... [cross-talk]

16 CYNTHIA KEYSER: ...clear this... [cross-
17 talk]

18 CHAIRPERSON GJONAJ: 90S... [cross-talk]

19 CYNTHIA KEYSER: ...administration removed
20 the commercial rent tax from many small businesses
21 in Manhattan after hearing that that was a concern
22 for Manhattan small... [cross-talk]

23 CHAIRPERSON GJONAJ: No, it's not...
24 [cross-talk]

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2 CYNTHIA KEYSER: ...businesses... [cross-
3 talk]

4 CHAIRPERSON GJONAJ: ...removed across the
5 board so now there's a threshold... [cross-talk]

6 CYNTHIA KEYSER: It's removed from the
7 small businesses, I'm sorry... [cross-talk]

8 KAREN SCHLAIN: Right, so small
9 businesses with base rents up to 500,000 no longer
10 have to pay any commercial rent tax so the whole
11 goal of this legislation was to reduce the tax
12 burden for small businesses.

13 CYNTHIA KEYSER: It had existed under
14 previous administrations and we heard that was a
15 concern from small businesses so this
16 administration, DOF, SBS, the Mayor worked to
17 remove it so that it would no longer be a burden
18 for small businesses in Manhattan.

19 CHAIRPERSON GJONAJ: But the, the... my
20 understanding of the businesses that would be
21 subjected to the tax are... where they pay more than
22 300,000 in rent, correct?

23 KAREN SCHLAIN: Well not completely
24 because small businesses are exempt for up to now
25

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2 as a result of our initiative up to 500,000 so if
3 they pay up to 500,000... [cross-talk]

4 CHAIRPERSON GJONAJ: Up to 500,000...
5 [cross-talk]

6 KAREN SCHLAIN: Right... [cross-talk]

7 CHAIRPERSON GJONAJ: ...so if they... anyone
8 that's paying more than 500,000 dollars a year in
9 rent in a geographic area within the city of New
10 York which is... [cross-talk]

11 KAREN SCHLAIN: In certain areas, yes...
12 [cross-talk]

13 CHAIRPERSON GJONAJ: ...Manhattan, right,
14 is subjected to an additional tax, correct?

15 KAREN SCHLAIN: I'm not sure what you
16 mean by additional, the commercial... [cross-talk]

17 CHAIRPERSON GJONAJ: Well... [cross-talk]

18 KAREN SCHLAIN: ...rent tax is imposed at
19 3.9 percent effective tax rate on the taxable base
20 rent which is a very complex definition but yeah,
21 and so... [cross-talk]

22 CHAIRPERSON GJONAJ: Meaning because they
23 chose to do business in the city of New York
24 within the geographic limits and have... are paying
25 more than 500,000 dollars a year in rent they are

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2 now paying a tax... a commercial rent tax in
3 addition to their rent?

4 KAREN SCHLAIN: I, I just want to... yes,
5 the commercial rent tax is a tax imposed on rent,
6 I just want to clarify because I feel like maybe
7 I'm not being totally clear about the sequence of
8 events. So, what we did this summer was not to
9 impose the commercial rent tax but rather to
10 reduce it... [cross-talk]

11 CHAIRPERSON GJONAJ: But it's still on
12 the books...

13 KAREN SCHLAIN: Well we, we didn't
14 eliminate it, we're... but we... [cross-talk]

15 CHAIRPERSON GJONAJ: Well that's my...
16 [cross-talk]

17 KAREN SCHLAIN: ...reduced it... [cross-talk]

18 CHAIRPERSON GJONAJ: ...that's where I'm
19 headed to... [cross-talk]

20 KAREN SCHLAIN: ...with a targeted
21 mechanism so that we could... we studied the data
22 and we, we tried to target the benefit towards
23 small businesses.

24 CHAIRPERSON GJONAJ: So, basically, it's
25 still on the books is my concern... [cross-talk]

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KAREN SCHLAIN: Yes, the... [cross-talk]

CHAIRPERSON GJONAJ: ...we're discussing...
[cross-talk]

KAREN SCHLAIN: ...commercial rent tax is
still on the books till... [cross-talk]

CYNTHIA KEYSER: For larger businesses...
[cross-talk]

CHAIRPERSON GJONAJ: Because they're...
[cross-talk]

CYNTHIA KEYSER: ...for larger businesses
that are in a better position to pay the tax but
for smaller businesses that could benefit from
having that... [cross-talk]

CHAIRPERSON GJONAJ: Unless they make...
[cross-talk]

CYNTHIA KEYSER: ...revenue... [cross-talk]

CHAIRPERSON GJONAJ: ...unless they pay
more than 500,000?

KAREN SCHLAIN: The benefit is phased so
500 to 550,000 there's still a benefit from our...
[cross-talk]

CYNTHIA KEYSER: There's still a
reduction... [cross-talk]

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2 KAREN SCHLAIN: ...initiative, right,
3 right... [cross-talk]

4 CYNTHIA KEYSER: ...in taxes, correct...
5 [cross-talk]

6 KAREN SCHLAIN: ...they don't pay the full
7 3.9 percent effective rate... [cross-talk]

8 CHAIRPERSON GJONAJ: But, but they still
9 pay. My point being is we've been hearing... we've
10 been having conversations about the rent being too
11 high in New York City for our small businesses,
12 for businesses in general right, correct? And here
13 we have a commercial rent tax that is being
14 imposed on businesses within New York City that
15 are being overburdened by rent to begin with.

16 CYNTHIA KEYSER: I, I would say that what
17 this administration did, and it was a significant
18 step and a major step that hadn't been made by
19 other administrations was to reduce the tax burden
20 on small businesses and we at SBS think that that
21 was a significant measure. There are still
22 businesses that pay taxes which we use that...
23 [cross-talk]

24 CHAIRPERSON GJONAJ: Not income taxes...
25 [cross-talk]

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2 CYNTHIA KEYSER: ...revenue to... [cross-
3 talk]

4 CHAIRPERSON GJONAJ: ...this is just a
5 special tax, this is a tax based on rent, this is
6 a tax based on your geographic location and the
7 rent that you are paying instead of helping, you
8 know what we say, we're going to punish you by
9 putting an additional tax burden that's the...
10 [cross-talk]

11 CYNTHIA KEYSER: This... [cross-talk]

12 CHAIRPERSON GJONAJ: ...point that I'm
13 trying to make where this administration and
14 overall when I say government is not a partner to
15 small business, we are their burden that if
16 you're... imagine paying 500,000 dollars in rent a
17 year and instead of getting assistance we actually
18 penalize them and that's the point I'm trying to
19 make and that we're skating around.

20 CYNTHIA KEYSER: I, I just want to be
21 clear that this administration removed a tax
22 burden for small businesses so while... [cross-talk]

23 CHAIRPERSON GJONAJ: Okay... [cross-talk]

24 CYNTHIA KEYSER: ...some businesses are
25 still paying this tax we think that those

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2 businesses that were most in need of assistance
3 have remove... we've removed this burden, we've
4 launched Small Business First, we have, you know
5 increased outreach at the Department of Small
6 Business Services, we've ensured access to our
7 services is available to those most in need of
8 those services so I think that we've taken
9 significant steps to help small businesses.

10 CHAIRPERSON GJONAJ: A four percent rent
11 tax, there isn't a business that couldn't use
12 help, they already pay taxes based on income in
13 New York City so the more they make the more... the
14 more profit they have the more taxes they pay, to
15 burden a business in New York City with an
16 additional four percent on their rent is absurd
17 and we know that this administration has reduced
18 it, it needs to be done away with. The arguments
19 that we hear are our rent is too high, in this
20 regard it's not only the rent that's too high but
21 we're going to hit you with a four percent, 3.9
22 I'm sorry, tax burden in addition to the rent
23 being so high, that's the point I'm making that we
24 really aren't focused and we're not doing enough,
25 we're actually part of the problem and not the

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2 solution. So, I guess I continue. You indicated
3 that DCA has reduced fines to small businesses by
4 more than 50 percent, is that number of violations
5 or is that in total dollar amount?

6 WARREN GARDINER: That's in, in fines,
7 it... they reduced the number of fines.

8 CHAIRPERSON GJONAJ: The fines issued, or
9 the fines paid, the penalty, which, which is it
10 so...

11 WARREN GARDINER: I'll, I'll get you the,
12 the specifics of that but my understanding it's
13 the... it's the... [cross-talk]

14 CYNTHIA KEYSER: Fines paid... [cross-talk]

15 WARREN GARDINER: ...the fines paid.

16 CHAIRPERSON GJONAJ: Alright, so the
17 dollar amount generated by fines versus the number
18 of violations is the question that I have, if
19 we're, we're making a statement that DCA has
20 reduced fines to small businesses by 50 percent,
21 is that that we lowered the dollar amount that
22 they pay and perhaps have increased the number of
23 violations that are issued or there is a
24 comparison that needs to be outlined so we have a
25 better understanding because businesses are

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2 complaining to me constantly about the fines that
3 they're paying, that they're not... what was once
4 perceived to be the cost of doing business can no
5 longer be substantiated by the fines that they're
6 receiving? You indicated that the creation of a
7 storefront registry, when we think of
8 microbusiness, when we think of small business,
9 the, the perception out there is the mom and pop
10 shops and those are the importance of actually
11 coming up with this legislation, we actually
12 define a business with less than ten employees
13 which we... most would assume is a small business,
14 the current definition of under 100 employees by
15 the state versus a small business that is the.. and
16 that's the same definition that the city adheres
17 to, correct, small business is a one that has less
18 than 100 employees?

19 CYNTHIA KEYSER: Correct.

20 CHAIRPERSON GJONAJ: Okay. The SBA
21 definition can be as high as 1,500 employees based
22 on industry... [cross-talk]

23 WARREN GARDINER: That's correct... [cross-
24 talk]

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2 CHAIRPERSON GJONAJ: ...the purpose of
3 defining microbusiness is so we have a better
4 understanding of the type of businesses in
5 particular the mom and pops, you refer to a
6 storefront registry, this should be unilateral
7 whether you're on a first floor or the second
8 floor because the rent is too high on the first
9 floor forcing you to conduct business out of a
10 higher floor should not take them out of the
11 equation, businesses are making decisions on their
12 location not only geographically but the level of
13 floor that they're on so they can survive. Cutting
14 out of the equation a small business because they
15 should be on the third floor, they should be a
16 very small boutique company or firm that statistic
17 is vital, do you want to elaborate a little bit
18 more on the storefront registry and why not just a
19 registry of all small businesses regardless of
20 where they're located on what floor?

21 CYNTHIA KEYSER: Sure, so we, we think it
22 would be useful to have more data and information
23 on all small businesses whether or not that be on
24 the ground floor or, or upper floors, we
25 completely agree that many small businesses

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2 operate out of... in... off of the ground floor so
3 more data there would be useful, we're happy to
4 discuss the creation of the registry, collecting
5 the information that, that you've outlined in the
6 bill but other information as well. Its our aim at
7 SBS and any mechanism that's created between the
8 Department of Small Business Services, Department
9 of Finance and others in the administration is
10 just not burdensome to businesses, we don't want
11 to create a whole other set of forms or mechanisms
12 or processes that a business owner has to do just
13 to get at our aim of making it easier to operate
14 your business so that's our aim but I think
15 including better data collection for small
16 businesses whether they be on the ground floor or
17 not is a goal that we share.

18 CHAIRPERSON GJONAJ: And the vision on
19 how we're able to get this information what are
20 your thoughts and I understand that you don't want
21 another burden on small businesses where they have
22 to indicate the size, the revenue, the number of
23 employees and I would hope part of that
24 questionnaire would be please give us your top ten
25 complaints as to what struggles you have to keep

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2 your door open as well as give us your top ten
3 help and assistance that we can provide to you to
4 make sure that your doors remain... not only remain
5 open but help you expand. One of the statistics
6 besides that 50 percent of small businesses never
7 make it to year five, which is a startling number
8 and that number is in accordance to the Bureau of
9 Labor Statistics, we'd like to know why that not
10 all businesses are meant to succeed what forced
11 that business to close, what could have we done to
12 prevent that closure, how can we help with
13 expansion not just keeping your doors open.

14 CYNTHIA KEYSER: So, I'll let our
15 colleagues at DOF speak to the potential ways that
16 we might use existing data sources and expand on
17 those to create a registry but I will say that
18 through many of our community partners, through
19 our business solution centers, through the small
20 business survey that we put out with, with your
21 help and the help of council we have many
22 mechanism throughout the year, every day to
23 collect information from businesses on what their
24 needs are, what challenges they're facing and how
25 we could best meet those needs so again completely

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2 share that goal and would love to collect more
3 information on, on the needs of those small
4 businesses to expand on those initial efforts that
5 we have now. As we mentioned the commercial
6 district needs assessments which are in targeted
7 corridors are really a deep dive on what
8 challenges businesses are experiencing and
9 recommendations from community stakeholders in
10 those corridors that's just one way we've done
11 that along with the survey, along with working
12 through our community partners every time we
13 interact with a business through our center so
14 more data in that area would certainly be great.

15 CHAIRPERSON GJONAJ: I just want to point
16 out that businesses with fewer than five employees
17 gained more than 31,000 jobs between 2000 and 2013
18 while businesses with more than 500 employees lost
19 more than 5,000 jobs during that same period and
20 the, the reason why I focus on expansion is there
21 is an asset and it's a lot easier although its not
22 low hanging fruit and we think of big numbers for
23 the obvious reasons but the expansion of a
24 pizzeria, I go back to that pizzeria that I'm
25 going to open up some day, expanding that from a

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2 single storefront to a double storefront, multiply
3 that throughout the city, its real job growth.

4 CYNTHIA KEYSER: Completely agree. My
5 statistics may be slightly different because I
6 haven't done your, your quick math on this but I
7 have that microbusiness employment is 15 percent
8 of total private sector employment in the city so
9 that's extremely significant for New Yorkers and
10 we think growing and expanding small businesses is
11 one of the greatest tools we have to ensuring
12 access to economic opportunity for New Yorkers so,
13 completely agree with you there.

14 CHAIRPERSON GJONAJ: I know that you want
15 to bring up Department of Finance to actually help
16 outline... does SBS currently offer any programs
17 specifically to microbusinesses?

18 CYNTHIA KEYSER: All of our services are
19 available to microbusinesses and I would say that
20 a significant portion of the businesses that we
21 serve are microbusinesses.

22 CHAIRPERSON GJONAJ: But not specifically
23 toward microbusinesses, you're, you're offering
24 your services to all businesses, correct?
25

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2 CYNTHIA KEYSER: We offer... our services
3 are available to all small businesses, but I do
4 have the statistic, close to 80 percent of our
5 clients are microbusinesses.

6 CHAIRPERSON GJONAJ: Right, but... so you
7 don't have any... so, if I had a hundred employees
8 or five employees... 99 employees or five employees
9 you are going to provide the same services to me?

10 CYNTHIA KEYSER: We're going to provide
11 tailored services that are most relevant to your
12 pizzeria or your business but I would say that...
13 again based on the statistics that close to 80
14 percent of the businesses that take advantage of
15 our services are microbusiness, I think we end up
16 targeting and serving microbusinesses in the... in
17 the vast majority, we don't have specific courses
18 restricted to microbusinesses but I think that
19 we're, we're certainly targeting that market but
20 we'd be happy to work with you to ensure that
21 microbusinesses are aware of our services.

22 CHAIRPERSON GJONAJ: Well I, I would hope
23 not only to target them but actually come up with
24 a comprehensive approach... [cross-talk]

25 CYNTHIA KEYSER: Uh-huh... [cross-talk]

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2 CHAIRPERSON GJONAJ: ...if we recognize
3 that they are the backbone, the true driving force
4 of our economy in this city then we need to tailor
5 specific programs to their needs and services and
6 not offer the same advantages to a much larger
7 business. So, if we're going to cater let's cater
8 to where the help can be most used and that is
9 microbusinesses and come up with a program and
10 services specifically benefiting that group, 100
11 employees has a human in HR department, has a
12 legal team, has certified public accountants, has
13 all the infrastructures in place that need to help
14 not only comply but focus. Our microbusinesses are
15 they are accountants, they are the HR, they're
16 making the donuts and delivering the donuts on top
17 of everything else and they... [cross-talk]

18 CYNTHIA KEYSER: I completely agree...
19 [cross-talk]

20 CHAIRPERSON GJONAJ: ...don't have those
21 resources available so... [cross-talk]

22 CYNTHIA KEYSER: Completely agree, I
23 would say that we, we try to focus keenly on
24 businesses that are most in need of our services,
25 I think the statistics show that we are reaching

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2 and have services that are relevant to
3 microbusinesses, certainly happy to work with you
4 if there are needs that are not being met by
5 microbusinesses specifically. I know that we do
6 hear from businesses across the city many of the
7 same needs like access to capital, assistance with
8 regulations, assistance with long term business
9 planning which is not always the, the most
10 interesting issue that comes up but its, it's very
11 significant like we mentioned earlier that
12 inventory planning, that planning for business
13 growth so that folks can hire more employees so
14 that they can expand their customer base. So, we
15 do hear those common issues and I think that those
16 are certainly relevant for microbusinesses as well
17 as larger businesses but we are focused through
18 Chamber on the Go through our mobile outreach unit
19 visits, though where our business solutions
20 centers are located, through where we do outreach
21 with community partners to really meet those
22 businesses where they are and get to those who are
23 most in need but certainly we, we'd like to work
24 with you to do more.

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2 CHAIRPERSON GJONAJ: You currently don't
3 have a number of microbusinesses, we can't obtain
4 that information currently, correct, through SBS?

5 CYNTHIA KEYSER: We collect information
6 on the businesses that we serve, and we use the
7 census county business patterns for estimates of
8 the rest and then as I mentioned we work with our
9 colleagues at other agencies for the information
10 they collect.

11 CHAIRPERSON GJONAJ: And the number of
12 businesses that you've helped you've estimated 80
13 percent of them being microbusinesses, correct?

14 CYNTHIA KEYSER: That's correct, yes.

15 CHAIRPERSON GJONAJ: What were their
16 problems that they defined or brought to your
17 attention as issues which are determine whether or
18 not they can stay open, whether or not... or burdens
19 on them?

20 CYNTHIA KEYSER: So, some of the most
21 common feedback that we receive when we go door to
22 door or when we're out at outreach events or a
23 business owner walks into some of our centers we
24 hear about access to capital, we hear about long
25 term business planning, sometimes business owners

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2 will more broadly say that they would just like to
3 increase their revenue, reduce their costs which
4 can come in many forms and then we hear that a
5 business owner is... has a new lease but they're not
6 sure of all the component pieces of their lease
7 and we provide free legal assistance so that they
8 can have a better understanding of their lease.
9 So, those are some of the, the issues that we hear
10 about most often.

11 CHAIRPERSON GJONAJ: I'm surprised none
12 of them have brought up the attention of
13 regulations and fines..

14 CYNTHIA KEYSER: I... as I'm sure you're
15 aware we do hear about compliance but we... [cross-
16 talk]

17 CHAIRPERSON GJONAJ: Okay... [cross-talk]

18 CYNTHIA KEYSER: ...readily address that
19 need as soon as we hear it, we have services.

20 CHAIRPERSON GJONAJ: Have you heard about
21 the signage law one?

22 CYNTHIA KEYSER: We have heard about the
23 signage law and we have been working with our
24 colleagues to address those issues.
25

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2 CHAIRPERSON GJONAJ: Just circling back,
3 making sure that remains a priority. So.. and
4 you've taken steps I would imagine to assisting
5 them on the issues that they brought to your
6 attention when it comes to.. some things that you
7 can't possibly help, perhaps you can help small
8 businesses in different ways but to increase their
9 revenue and lower their expenses is a difficult
10 one I would imagine.

11 CYNTHIA KEYSER: It's a difficult one in
12 the aggregate set of problems but I think there
13 are questions that our team asks business owners
14 to really identify the targeted need that they
15 have. Just going back to it because it's top of
16 mind, inventory management may not be the first
17 think that a business owner says but when you
18 solve that problem it can really help them to
19 reduce their costs and thereby increase their
20 revenue if we're also helping them with their
21 accounting or with their marketing those are other
22 ways that you get at the problem of cost and
23 revenue both sides of that that a business owner
24 may be able to say I have this issue but I'm not
25 sure what exactly is leading to this challenge,

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2 can you help me to kind of take apart those
3 policies and really address those needs and we...
4 that's why we work one on one with the business
5 owners to do that.

6 CHAIRPERSON GJONAJ: So, I have another
7 proposal that you can start working on based on...
8 [cross-talk]

9 CYNTHIA KEYSER: Great... [cross-talk]

10 CHAIRPERSON GJONAJ: ...revenue and
11 expenses. The advantage of bulk purchase discount,
12 so that pizzeria although we have competition
13 amongst pizzerias doesn't mean or prohibit the
14 local pizzeria from working with another one so
15 they can purchase products and benefit from bulk
16 purchase product discounts and services, we could
17 all buy flour from the same person and obviously
18 if you order ten bags of flour or a thousand bags
19 there's a benefit there that... for that small
20 business as well as some that we refer to always
21 that capital needs well what if we proposed a
22 credit union where obviously the non for profits
23 status applies this would be very helpful to our
24 bids but also to our small businesses where there
25 was a higher interest rate paid on deposits and

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2 there will be a lower interest rate paid on loans
3 so... we're looking at increasing revenue and
4 decreasing expenses, these two compliment those
5 specific needs of microbusinesses.

6 CYNTHIA KEYSER: I would love to take
7 that tip back to our team and have further
8 discussions. As I mentioned on the capital side,
9 we connect to low interest loans through CDFIs,
10 zero interest loans through Kiva but those are
11 interesting proposals and I'd, I'd love to have
12 conversations with our team and come back to you.

13 CHAIRPERSON GJONAJ: Excellent. Where's
14 the city been a constructive partner in helping
15 businesses grow, small business or in particular
16 microbusinesses throughout the city?

17 CYNTHIA KEYSER: Where... I'm... I, I
18 apologize?

19 CHAIRPERSON GJONAJ: Where has this
20 administration or your agency been helpful in
21 expanding of small businesses?

22 CYNTHIA KEYSER: Across the board...

23 CHAIRPERSON GJONAJ: Give us an example.

24 CYNTHIA KEYSER: Great. So, I think that
25 we help small business to expand by assessing

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2 their needs, connecting them to resources and
3 sort of ushering them along and working with them
4 along the way. Every business is as we've
5 discussed, as I know you're, you're a strong
6 advocate for is, is unique and has unique needs
7 but also unique strengths so a business may need
8 help hiring, they may need help training their
9 staff, they may be able to make that investment
10 or they may need more significant help from the
11 city, they could need additional equipment,
12 better business planning, better processes back
13 office, it really is unique to that business by
14 type, by owner, by circumstance, by where they
15 are in the city, their commercial corridor so we,
16 we try to be holistic in our support. We're very
17 lucky at the Department of Small Business
18 Services that we have a division that works with
19 all small businesses, a division that works with
20 minority and women owned business enterprises, a
21 division that really works to support the
22 commercial corridor itself and bids and
23 investment in community organizations and then of
24 course our workforce development team that works
25 to train New Yorkers in new jobs so we are able

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2 within our agency to really provide a lot of
3 services but also this administration has really
4 focused on having the agencies work
5 collaboratively with one another so we're able to
6 go to other agencies and say what, what resources
7 do you have and our staff is really well
8 positioned to make those connections so I think
9 that we, we focus on businesses most in need and
10 try to drive that equity agenda but we do our
11 work across the city and across all of the
12 business needs that a small business owner may
13 have.

14 CHAIRPERSON GJONAJ: So, where have you
15 or your agency not been able to help?

16 CYNTHIA KEYSER: I think that we provide
17 significant and useful services to small
18 businesses and I think that... [cross-talk]

19 CHAIRPERSON GJONAJ: So, their requests...
20 [cross-talk]

21 CYNTHIA KEYSER: ...our... and... [cross-talk]

22 CHAIRPERSON GJONAJ: ...their issues that
23 they brought up so where was it that you know...
24 [cross-talk]

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2 CYNTHIA KEYSER: But our, our
3 Commissioner has made a significant investment in
4 outreach but where we do still have some work to
5 be done is in outreach and ensuring that
6 businesses know about our services and in turn if
7 we're reaching those businesses and talking to
8 them and... [cross-talk]

9 CHAIRPERSON GJONAJ: Uh-huh... [cross-
10 talk]

11 CYNTHIA KEYSER: ...saying we may have a
12 resource that fits your need, it's possible that
13 we'll uncover the thorough needs that we haven't
14 met but I think that more often than not when we
15 speak to a small business owner on Saturday when
16 we were... we were out walking the corridor on
17 Arthur Avenue we, we hear from businesses that
18 they need help with capital or they need help
19 with expanding their space or hiring or all these
20 needs and we have those services and they may not
21 know about them and that's, that's a, a concern
22 on our part and that's an area where we can do
23 better. So, I think outreach is, is a category
24 where we can always make improvements, we've made
25 investments to improve there. As I mentioned

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2 before the mobile unit, Chamber on the Go all of
3 that... our outreach, our Commissioner walks the
4 corridors every week but its... we can always do
5 more.

6 CHAIRPERSON GJONAJ: Right but this,
7 this is on outreach and I'm referring to the
8 businesses that you've been in contact with..

9 [sneeze]

10 CYNTHIA KEYSER: Bless you..

11 CHAIRPERSON GJONAJ: Bless you.. in
12 particular this Saturday which was a, a real
13 pleasure walking the Arthur Avenue, little Italy
14 district of the Bronx, one of the issues that was
15 brought up and we've heard this time and time
16 again is a complaint from small business owners
17 is the enforcement by traffic agents and the
18 issuance of tickets in an area where parking is
19 limited and I go back to that pizzeria, that if
20 you're going to double park and by the time you
21 come out with that two dollar slice and you find
22 115 dollar ticket on your car, it's highly
23 unlikely you're going to visit that pizza..
24 frequent that pizzeria again, the... in particular
25 the small businesses that we met on Saturday

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2 asked that there be less enforcement and actually
3 helping with the traffic flow so putting traffic
4 agents on intersections versus just ticket
5 blitzes and I'm not sure if you picked up on it
6 but there was actually a chain of traffic agents
7 following one another in sequence issuing tickets
8 on small business Saturday.

9 CYNTHIA KEYSER: I, I did not witness
10 that chain, but I will certainly take your word
11 for it. What, what I would say is the Department
12 of Transportation is... has to ensure that there is
13 traffic safety for New Yorkers, we have to...

14 [cross-talk]

15 CHAIRPERSON GJONAJ: Absolutely... [cross-
16 talk]

17 CYNTHIA KEYSER: ...absolutely, we have to
18 ensure... [cross-talk]

19 CHAIRPERSON GJONAJ: Absolutely... [cross-
20 talk]

21 CYNTHIA KEYSER: ...that pedestrians are
22 safe, that drivers are safe, and that people can
23 move efficiently and effectively from one place
24 to another. With that being... with that being said
25 we work very closely with DOT when we... and with

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2 small business owners to make the connections
3 where there are issues and where we can come to a
4 resolution where there might not be a, a safety
5 concern or there's just an alternative way to
6 approach a safety concern so we talk to small
7 businesses and when we understand that there's a
8 need we work with our colleagues at DOT to better
9 understand the options and you know we, we really
10 noticed a culture in this administration for
11 agencies to work with one another to, to try an
12 support small businesses so that's... we make that
13 effort every time we hear about an issue.

14 CHAIRPERSON GJONAJ: Right, effort, and
15 that's why I brought it to your attention,
16 apparently you're doing some great work out there
17 providing services although I'd like to focus
18 more on microbusinesses where there's specific
19 packages of services and programs that are
20 offered to this very vulnerable but important
21 group and I'm bringing up traffic agents as
22 something that is undermining business models and
23 commercial corridors that have limited parking
24 and when I asked what it... what are some of the
25 issues that were brought to your attention by

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2 small businesses that you could not help with
3 this is one that repeats itself where it's very
4 difficult and we'll use Arthur Avenue which is no
5 different than any other commercial corridor,
6 there just isn't enough parking spaces and by the
7 time you make your rounds the meter that you
8 thought you'd be a half hour winds up being 32
9 minutes subjecting you to a fine. It's not
10 helping, it's hurting and we understand the
11 importance of safety, we should be looking at
12 ways to work with our small businesses and not
13 hurt them and if we don't have small businesses
14 that are being patronized and of course they're
15 looking for the box stores which have ample
16 parking, internet where you don't have to leave
17 the convenience of your home at all which
18 undermines small businesses so if we're going to
19 be a partner and these are just a couple of
20 issues and I'm certain this is not the first time
21 you've heard it, what more can we do?

22 WARREN GARDINER: Well specific to the,
23 the question about parking Chairman to Cynthia's
24 point we work very closely with our sister
25 agencies to determine what is exactly happening

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2 in a specific corridor and that's through
3 specific door to door activity that we've done
4 throughout the city with DOT working with the
5 agencies and the small businesses and
6 specifically asking them what are some the
7 challenges that they're having so there have been
8 opportunities through that feedback where, you
9 know we've worked with DOT to either change some
10 parking regulations or deliver times and we've
11 worked with businesses to understand what deliver
12 times work better for them so that we can work...
13 in turn work with DOT to, to help mitigate some
14 of those concerns around issues like that, same
15 as parking. In a... obviously as you know it varies
16 from, you know corridor to corridor throughout
17 the city, but we work very closely with... not only
18 with our agency partners but also with the small
19 business owners to determine what is the most
20 impactful and most helpful way to be able to help
21 them in issues like that.

22 CHAIRPERSON GJONAJ: Okay, so let's talk
23 about helpful ways, we have just seen or we're
24 experiencing an increase in the amount charged
25 for metered parking, right, New York City has

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2 just increased throughout the five boroughs on
3 certain commercial corridors the rate that you
4 pay for metered parking, it's a fact now take...
5 [cross-talk]

6 WARREN GARDINER: Okay... [cross-talk]

7 CHAIRPERSON GJONAJ: Alright, so now we
8 have customers that are going to pay more for
9 parking and depending where you are in the city
10 determines the rate that you're going to pay...
11 [cross-talk]

12 WARREN GARDINER: Uh-huh... [cross-talk]

13 CHAIRPERSON GJONAJ: ...there's an
14 increase, there's a enforcement aspect to these
15 commercial corridors yielding no assistance to
16 our small businesses that make up these vibrant
17 commercial corridors and if we know it would be
18 tragic and an epic loss to losing small business
19 or our commercial corridors, what should you be
20 fighting for?

21 WARREN GARDINER: Well Chairman as you
22 know we've, we've worked closely even with your...
23 with yourself in, in Queens for example where we
24 visited some of these smaller businesses who have
25 been impacted by changes in regulation or

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2 enforcement and I think... you know we all think
3 that part of helping to mitigate the concerns is
4 learning from these businesses directly what's
5 impacting them and them being, you know there on
6 the ground every day they know a little bit
7 better about their customer interactions and when
8 their customers are going to frequent there,
9 their establishment so I think to... I think we saw
10 some success in working with our agency partners
11 and learning from those business owners and
12 having that walk through that we... that you also
13 joined us on in Queens and through learning what
14 those business owners were facing we were able to
15 kind of change... [cross-talk]

16 CHAIRPERSON GJONAJ: Right... [cross-talk]

17 WARREN GARDINER: ...the, the issues there
18 so... [cross-talk]

19 CHAIRPERSON GJONAJ: Which, which was a
20 policy enacted by this administration, right, the
21 one that was looking to help small businesses,
22 right, where they enacted the clear curb policy
23 where no parking, no stopping, no standing
24 between the hours of seven a.m. to ten a.m. which
25

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2 destroyed those commercial corridors and it was a
3 six month pilot which yielded in store closures.

4 WARREN GARDINER: Well I... [cross-talk]

5 CHAIRPERSON GJONAJ: A test like that
6 determined whether a business was going to keep
7 its doors open and the test was a failure, it
8 proved to be a failure, it did not have the
9 impact to combat congestion but at the cost of
10 many small businesses some which couldn't survive
11 and were forced to close and many of them took a
12 real hit on revenue that was lost because of that
13 policy, that test.

14 WARREN GARDINER: Why I think where we...
15 where we saw impacts to small businesses we
16 worked very closely with our agency partners to
17 mitigate and change course in some of those areas
18 and I think that's going back to, to, you know
19 what was earlier stated in how help businesses
20 when we, we do our best to learn what is
21 impacting them and we work with our agency
22 partners and those business owners to change
23 course... [cross-talk]

24 CHAIRPERSON GJONAJ: Why... [cross-talk]

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2 WARREN GARDINER: ...I think that was an
3 example... [cross-talk]

4 CHAIRPERSON GJONAJ: Those commercial
5 corridors and those small businesses would have
6 told you in advance if you do this you are in
7 essence putting that final nail into my coffin,
8 please don't do this, they said it, they shared
9 their concerns, there were bids that were
10 involved, there were chambers that were involved
11 and yet this agency put in place a program that
12 destroyed small businesses as a test.

13 CYNTHIA KEYSER: The Department of
14 Transportation is, is directed and works hard to
15 ensure the safety of New Yorkers and so... [cross-
16 talk]

17 CHAIRPERSON GJONAJ: Uh-huh... [cross-
18 talk]

19 CYNTHIA KEYSER: ...they have to do that
20 across the city in complex situations and every
21 commercial corridor is different. What I will say
22 to your point is that the Department of Small
23 Business Services convene business improvement
24 districts effected by those changes and we spoke
25 with small businesses and we did commercial

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2 corridor tours with DOT to better understand the
3 needs and we found DOT to be an incredibly
4 receptive partner in better understanding the
5 impacts to small businesses so while it was a
6 complex change meant to ensure the safety of New
7 Yorkers, we found our agency partners to be very
8 willing and able to hear feedback from the small
9 business community and to enact changes where it
10 wouldn't impact the safety of pedestrians...

11 [cross-talk]

12 CHAIRPERSON GJONAJ: So, where... [cross-
13 talk]

14 CYNTHIA KEYSER: ...and drivers... [cross-
15 talk]

16 CHAIRPERSON GJONAJ: Where is your
17 agency going to be the next time there is an
18 implementation of a no parking or street not...
19 road dieting is what we call it now, that means
20 taking two lanes and making it one lane that is
21 going to impact small business commercial
22 corridors, lets... if... we understand that
23 congestion impacts our commercial corridors, we
24 understand the limited parking impacts our
25 commercial corridors and I'm bringing it now to

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2 your attention what are you going to do to
3 prevent this administration from further hurting
4 small businesses by road dieting, narrowing of
5 roads, removing of limited parking spaces?

6 CYNTHIA KEYSER: What, what we're all
7 going to do as an administration is work for the
8 good of New Yorkers and we're going to do that in
9 two ways in our roles. We at SBS are going to do
10 our job of understanding the needs of small
11 businesses collecting that feedback, being boots
12 on the ground to better understand those needs
13 and we're going to take our responsibility very
14 seriously to convey that feedback to DOT. We
15 found time and time again that DOT has, has
16 welcomed that feedback and has been interested in
17 receiving it, their role and their responsibility
18 is to ensure that traffic is planned, roads are
19 planned in a way that is safe for drivers and
20 pedestrians and public transit users and so
21 together we're going to work as partners to
22 ensure that divisions are not... decisions... [cross-
23 talk]

24 CHAIRPERSON GJONAJ: But your role... but
25 your role is to help small business, right, so

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2 that means you got to push back on DOT or any
3 agency or department or policy that could have a
4 negative impact on a small business, right,
5 that's your role as SBS?

6 CYNTHIA KEYSER: Our role as SBS is to
7 understand the needs of small businesses... [cross-
8 talk]

9 CHAIRPERSON GJONAJ: Uh-huh... [cross-
10 talk]

11 CYNTHIA KEYSER: ...its, it's not
12 necessarily... it, it is not necessary for it to be
13 an adversarial role with DOT because we have
14 found them... [cross-talk]

15 CHAIRPERSON GJONAJ: No, no... [cross-
16 talk]

17 CYNTHIA KEYSER: ...to be willing partners
18 but it's our role absolutely to your point to
19 collect that feedback and to convey it to DOT. I
20 know our Commissioner, Warren and myself take
21 that responsibility extremely seriously and we do
22 that regularly so we, we work with our staff and
23 our agency partners, community boards or
24 community... well community boards, CBOs, BIDS to
25 understand the needs of these small businesses

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2 and we work with DOT to convey that feedback..
3 [cross-talk]

4 CHAIRPERSON GJONAJ: Uh-huh... [cross-
5 talk]

6 CYNTHIA KEYSER: As I mentioned they,
7 they've always been willing partners and we will
8 continue to, to share any issues that we hear of.

9 CHAIRPERSON GJONAJ: So, we have a
10 particular community... and I'll use the newest
11 form bid Morris Park, you have a bid, you have a
12 chamber, you have a viable commercial corridor,
13 you have limited parking, you have aggressive
14 enforcement by parking... traffic agents, there is
15 a proposal against the will of those small
16 businesses, the bid, the community where there
17 was a thousand signatures signed a petition as
18 they begin the discussion of road dieting and the
19 impact that it will have on these businesses,
20 this was brought to your attention and you'll
21 share it with DOT, at what point do you say hey
22 my role is to be at the forefront of the issues
23 of small businesses and I have to stand by them
24 so fighting for them that's the point I'm making
25 whether it becomes regulation, taxation,

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2 enforcement, if we're... if you're role is to help
3 small businesses stay viable and expand this is
4 paramount to a commercial corridor's survival.
5 What is it that they should expect from Small
6 Business Services?

7 WARREN GARDINER: I think with... to
8 Cynthia's point what they can expect is that
9 we're going to work closely with the small
10 business owners, the folks on the corridor
11 whether it be bids or merchant associations and
12 our partner agencies to make sure that one, the,
13 the health and safety... the health and safety of
14 the commuters on that corridor and the viability
15 of the businesses aren't being truly exclusive we
16 think we can... we think we can come to a place
17 where we can serve both those constituencies,
18 it's important for even the business owners to
19 make sure that their customers feel safe coming
20 to their businesses and that shouldn't... the way
21 that's implemented should not impact the business
22 owners and what we've done in every, every
23 corridor that we've... that we've, we've, we've
24 worked with our sister agencies to do this is
25 we've spoken directly to those business owners to

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2 learn what their needs are and we've tailored
3 those specific needs to that corridor to the best
4 that we can as partner agencies so that... business
5 owners can expect that we're going to listen to
6 their needs and their concerns and we're going to
7 work very closely with our agency partners to
8 help mitigate those concerns.

9 CHAIRPERSON GJONAJ: So, it goes back to
10 my question that I had and that's why we had to
11 go down this path, it's like I'm going to be
12 pulling teach, you've done a great job by the
13 way...

14 CYNTHIA KEYSER: Thank you.

15 CHAIRPERSON GJONAJ: ...of holding your
16 own. When I asked what is it that SBS offers in
17 services you elaborated and those are some
18 wonderful programs and I said where have you had
19 difficulty in helping small businesses with their
20 issues then you talked about outreach then we
21 circled back to some of the issues that have been
22 brought to our attention and the difficulty it is
23 for your agency to help, these are real issues,
24 these are environments that have made it very
25 difficult for these small businesses that very

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2 group that you are fighting to help. Morris Park
3 is asking for large community parking lots and
4 they've been asking it for a number of years,
5 Morris Park has asked for angled parking because
6 of the limited parking options and this has been
7 going on for decades but Morris Park is now faced
8 with road dieting which is accounted to the needs
9 of that commercial corridor, we need to do more,
10 we need to be more proactive not only here but
11 actually help these small businesses as they
12 bring these issues to our attention and it is not
13 unique to Morris Park this is many commercial
14 corridors and using Queens and Brooklyn which was
15 that pilot that destroyed, literally destroyed
16 those commercial corridors, it was tragic for
17 many of those small businesses. That will... may
18 not be able to reopen again or were forced to
19 relocate to get out of the no curb... no parking
20 zones in that pilot. We're not doing enough, I
21 keep reiterating we may be a part of the problem
22 and not the solution and although we are offering
23 services they're not enough.

24 CYNTHIA KEYSER: I believe that we as an
25 agency are being proactive in reaching out to

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2 small businesses, I completely agree with you
3 that that's necessary and I think... I think it's
4 being done now, we reach out to businesses, we
5 work with them, we work to better understand
6 their needs. There are tradeoffs in government,
7 there's, there's health and safety that works for
8 transportation planning and for compliance and
9 regulations, with that being said this
10 administration really works together across
11 agencies to say where there are inefficient
12 regulations, where transportation can't be
13 planned differently, where there are not health
14 and safety tradeoffs, let's take a serious hard
15 look to ensure that we are not being overly
16 burdensome to small businesses and I can say
17 that, that we are doing that, that we have done
18 that, that it is unique in the past two years to
19 make that effort that when we go to our agency
20 partners and tell them that there are issues with
21 small businesses on their corridor that we can
22 find folks who are receptive and interested in
23 hearing that feedback. It is... it is not perfect
24 at this point and there will be times where the
25 tradeoff is on the side of, of health and safety

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2 and a small business may need to adjust in some
3 way. I can commit to you as an agency that what
4 we will always do is to proactively collect that
5 feedback but also to help small businesses to
6 adapt and plan where necessary for any
7 challenges... [cross-talk]

8 CHAIRPERSON GJONAJ: It can't plan...

9 [cross-talk]

10 CYNTHIA KEYSER: ...they may need to
11 confront.

12 CHAIRPERSON GJONAJ: They cannot
13 possibly plan and adapt to clear curbs, they just
14 can't, you're taking away that, that program
15 seven a.m. to ten a.m. no parking, no stopping
16 and no standing, four p.m. to seven p.m. no
17 parking, no stopping and no stand.. there is no
18 way they can prepare for that. At best they can
19 prepare to deliveries but when it comes to their
20 customers which took a toll on and I reiterate,
21 forced businesses to close, how do you prepare,
22 how are you going to help that business prepare
23 for that?

24 CYNTHIA KEYSER: In instances like that
25 the way that we help businesses to prepare is to

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2 work with the agency that's, that is making a
3 change to reach those small businesses, to tell
4 them that a change is coming and to help them
5 along the way to adjust their delivery schedule,
6 to your point to inform their customers. At the
7 end of the day if a change needs to be made to
8 help pedestrians, to reduce congestion, to make
9 other safety improvements we as an agency and as
10 an administration have to make those choices but
11 we at SBS will always work with those businesses
12 to help them understand what changes are coming
13 and adjust accordingly.

14 CHAIRPERSON GJONAJ: Wow, they didn't
15 have much notice and they brought that out to our
16 attention that they were not informed, they were
17 informed days leading into the enactment of that
18 policy, they had no time to prepare, reschedule
19 deliveries and this is where the lack comes in,
20 where we truly are hurting but let's continue
21 with the real purpose of this discussion about
22 microbusinesses, if the regulation was to go off
23 what metrics would you... would be the most useful
24 to track microbusinesses; would it be number of
25 employees, annual revenue, combination, industry?

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2 CYNTHIA KEYSER: I, I think all of those
3 categories are pieces of information that it
4 would be helpful SBS to have as an agency, again
5 we collect much of that information on the
6 businesses that we serve but I can't speak to
7 what information would be most easily collected
8 in a nonburdensome way.

9 CHAIRPERSON GJONAJ: Okay, well in a
10 nonburdensome way.

11 CYNTHIA KEYSER: We want to make sure
12 that as a city that we leverage our existing data
13 collection mechanisms so that... as I mentioned
14 earlier we're not imposing a burdensome or, or,
15 or onerous process on the small business owners
16 so the degree to which we can leverage existing
17 data collection through the information that DOF
18 collects or others collects, you know I think
19 that this bill has, has really been helpful in
20 getting us thinking about the data that we
21 collect now and we're supportive of, of that goal
22 and so we would like to work with you to do that
23 kind of inventory, inventory and think about the
24 best way to collect data in the future.

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2 CHAIRPERSON GJONAJ: Including consumer
3 affairs which issues licenses and permits, right,
4 for small businesses, we can perhaps get that
5 information from them at... upon renewals.

6 CYNTHIA KEYSER: That is an interesting
7 suggestion, I think one we could discuss... [cross-
8 talk]

9 CHAIRPERSON GJONAJ: City income tax
10 which I would imagine would provide useful
11 information, right, so it wouldn't be a real
12 burden on that small business checking off the
13 industry, the member of employees.

14 CYNTHIA KEYSER: I think that's a, an,
15 an interesting suggestion and would want to work
16 with our partner agencies to understand what's
17 most feasible.

18 CHAIRPERSON GJONAJ: Okay, so then I
19 will look forward to continuing... to actually
20 meeting with you to actually discuss what
21 agencies currently exist or what is potential
22 regulation that we currently have that can yield
23 the information that is going to be needed.

24 CYNTHIA KEYSER: Absolutely.
25

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2 CHAIRPERSON GJONAJ: Without putting a
3 burden and I agree with you, this is not the...
4 certainly not my intent where we put a burden on
5 these small businesses that they have to indicate
6 type of business, number of employees, gross
7 revenue and then if they don't comply by
8 providing the survey that we hit them with
9 another fine and violation because, right, kind
10 of in the city loves to do that.. [cross-talk]

11 CYNTHIA KEYSER: We're in complete
12 agreement, we want to make it as easy as possible
13 to collect the information.

14 CHAIRPERSON GJONAJ: So, I think those
15 two areas as well as others that we can work on
16 would be very useful and available to us, right?

17 CYNTHIA KEYSER: Agreed..

18 CHAIRPERSON GJONAJ: Consumer Affairs
19 to..

20 CYNTHIA KEYSER: I, I believe that the
21 city does not collect this exact information as
22 it stands now so I think we'd have to work across
23 the agencies to determine the best mechanism for
24 collecting that information and also to your
25 point earlier in the hearing what other pieces of

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2 data might be most useful I think that the
3 council could be an incredible resource, you are
4 keenly aware of the needs of businesses in your
5 district and as I imagine other Council Members
6 are so it's helpful to get an understanding of
7 needs and other factors that may apply to a small
8 business owner.

9 CHAIRPERSON GJONAJ: And, and I just
10 used Consumer Affairs knowing that licenses and
11 permits expire and to have them reinstated
12 perhaps one of the requirements can be well what
13 industry, number of employees so we can reinstate
14 your license, it wouldn't be a terrible burden
15 it's just a couple of additional questions.

16 CYNTHIA KEYSER: With the slight caveat
17 that not all businesses have to interact with
18 DCA, so I think its sort of thinking through
19 these various how everybody... each agency touches
20 small businesses and ensuring we can get it,
21 microbusinesses and ensuring we can get at those
22 who are in various industries that have various
23 interactions with the city.

24 CHAIRPERSON GJONAJ: Well I just want to
25 thank you for your time, your patience and your

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2 input and I'm looking forward to selling you my
3 first slice of pizza when I open up that
4 pizzeria.

5 CYNTHIA KEYSER: Well thank you very
6 much for your advocacy and for this hearing
7 today... [cross-talk]

8 CHAIRPERSON GJONAJ: You can bring
9 Warren with you.

10 CYNTHIA KEYSER: Yes.

11 CHAIRPERSON GJONAJ: Okay, thank you.

12 CYNTHIA KEYSER: It's on me. Thank you
13 very much.

14 CHAIRPERSON GJONAJ: Thank you. The
15 hearing is adjourned, thank you.

16 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date

December 15, 2018