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Gale A. Brewer, Borough President

Testimony of Gale A. Brewer, Manhattan Borough President
Joint Hearing of the New York City Council Committees on Small Business, Consumer Affairs,
and Governmental Operations
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Good afternoon. My name is Gale A. Brewer and I am the Manhattan Borough President. Thank you to Chair Espinal, Chair Cornegy, and Chair Kallos and to the members of all three committees for the opportunity to testify.

The legislation presented today encompasses substantial proposals to help New York City's small businesses grow and prosper. From my own experience in city government and from my office's research in preparing our recently released small business report (*Small Business, Big Impact: Expanding Opportunity for Manhattan's Storefronters*), I've seen how inconsistent regulatory measures place a burden on small businesses in Manhattan—a borough that has historically created a majority of jobs for New Yorkers—and limits their capacity as a gateway to the middle class, especially for immigrants and ethnic communities.

One area of concern is the point where New York City agencies interface with small businesses to ensure that they comply with regulations.

Each year the Department of Consumer Affairs (DCA) licenses nearly 80,000 businesses in 55 industries. The DCA protects New Yorkers from business practices that may cause economic or physical harm—for instance, misleading product signage, availability of receipts, and the sale of expired over-the-counter medicine—but it also helps businesses by educating them about their rights and responsibilities. For many small businesses, the DCA is their principal contact with city government. As such, the DCA has a responsibility to provide clear and useful assistance to those businesses they oversee to ensure a fair and vibrant marketplace.

From our interviews with small business owners, we repeatedly heard DCA inspectors described as taking a guilty-until-proven innocent approach, viewing business owners as willfully negligent or perhaps even as scam artists. If a business owner is discovered to have unknowingly violated a regulation, he or she should be given the opportunity to learn from this mistake and fined only if the situation is not corrected. This situation is compounded by the fact that each city agency deploys its own inspectors with specific checklists, subjecting small businesses to at least four different visits.

To alleviate these tensions, more needs to be done to improve government communication with business and maximize city inspector efficiencies. In addition to the bills being proposed today, I'd like to offer some additional recommendations:

- **Combine overlapping inspections.** Agencies with complementary goals can combine efforts to provide more comprehensive oversight. An ideal combination would be NYPD's Traffic Enforcement Agents and Department of Sanitation inspectors. Combining inspections would give owners fewer interruptions from tending to their business and allow sanitation and traffic laws to be dealt with simultaneously. The city might pilot this process by recruiting experienced inspectors for the new position or by creating interagency teams to go into the field.
- **Transform DCA inspectors into educators.** Inspectors have the potential to become the city's greatest asset for connecting with small businesses. While inspecting retail establishments is important for consumer protection, DCA should reform and expand this position to make it a Small Business Education Specialist. This role would be viewed as a teacher guiding small businesses in their efforts to achieve compliance. Education Specialists would engage in outreach on behalf of NYC Small Business Services, nonprofit partners, and local BIDs when applicable. They would connect the city to the needs of the small businesses and respond with a menu of available city services.

- **Provide language services for Cure Law participants.** The 2013 Cure Law—which I co-sponsored as a Council member—listed 84 DCA violations that can be corrected by submitting certification that the condition has been fixed. It also allows businesses to avoid DCA fines by expanding the list to include over 100 types of violations that can be corrected. We need to ensure that small businesses—regardless of their fluency or ability to converse in English—have the necessary language support to submit paperwork to “cure” first-time DCA violations. Otherwise, immigrants and the illiterate might be unable to benefit from this law, which helps small business owners by reducing the number and cost of fines, increasing transparency and fairness, and increasing business education. I’m pleased to already be working closely with Chair Cornegy on this issue.

These recommendations have a common goal: to transform interactions between small business owners and DCA and other regulatory agencies into learning opportunities that can make small businesses more sustainable. DCA is already moving in that direction under the dynamic leadership of Commissioner Menin, and I look forward to continuing our conversations with the agency on how to move the ball forward even further.

I am eager to work with the Mayor and members of the Council on other ways to aid small businesses, some of which are addressed in our report: taking the pressure off lease renewals, modernizing policies governing street vending, encouraging “condo-ization” of storefront space, and creating “low-intensity” commercial districts.

I applaud the sponsors of these bills for their commitment to preserving the local commercial stakeholders that enhance our communities and working to improve upon the bounds between local government and the businesses that seek their assistance.

Thank you.