



**Speaker Christine C. Quinn
Remarks as Prepared**

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First I want to thank Jeffrey and Nancy, and everyone at the Manhattan Chamber for inviting me to speak with you this morning about the outlook for small businesses here in New York City.

This is a subject that I and the rest of the City Council have been thinking about a lot lately.

We've been talking to so many of you, and to small business across the five boroughs, as we look for ways to fight the recession and spark economic growth.

Because as the saying goes, you should never let a good crisis go to waste.

And in so many ways, this recession has served as a wake up call – an opportunity to reevaluate our economy and look for ways to make it stronger.

One of the first things we realized is that we had become way too dependant on Wall Street.

Now those of you in the financial industry don't need to worry – we're not going to turn our backs on you. We want to support you as you continue to recover, and we want you to keep creating jobs for New Yorkers.

But we need to do more to support other sectors as well, so we're not quite so closely tied to the ups and downs of high finance.

And one of the biggest ways we can do this is by better supporting our small businesses community – the companies that account for over 50% of all our private sector jobs.

To better support you, we've had to change old perceptions, and make sure that the City Council is seen as a real ally to our small business community.

Because unless small business owners like you believe that we're here to help, you're not going to come to us with your problems and your ideas.

And so many of our most successful initiatives grow out of conversations with all of you.

For example, we heard from store owners that graffiti was hurting their businesses. So we passed legislation making it faster and easier for the City to come and remove it from storefronts.

When we discovered that many small business owners were paying both income and business taxes on the same earnings, we created a tax credit to provide relief to small unincorporated businesses.

Now we're working to expand that kind of credit to mom and pop retailers.

We heard that one of the biggest obstacles for new businesses was permits. Since each city agency visits separately, you could spend weeks – or even months – just waiting for that one final permit.

So we began a pilot program that coordinates the inspections of different city agencies, to make sure they all get completed within a reasonable amount of time.

Each of these examples illustrates one of the three key ways we're working to help small business. I think of them as three golden rules for government.

One, we can make it easier for new businesses to open their doors.

Two, we can help existing businesses to get more business.

And three, we can get out of your way.

That three pronged approach underlies all of our small business initiatives, including a number of new projects we're working on right now.

Here's an example. For decades now, conventional wisdom has said that manufacturing is a dying industry in the five boroughs. But that's not exactly true.

What's actually happening is that the face of manufacturing has changed. The massive factories that once covered our waterfront are being replaced by smaller niche manufacturers.

But we discovered that many of these potential small business owners simply can't access the kind of industrial workspace they need.

So we've partnered with two non-profits that renovate empty factories, and then lease space to dozens of small manufacturers.

So far this program has been able to create and preserve 125 jobs. And this year we're taking it citywide.

We created a 10 million dollar Small Manufacturing Investment Fund, which will be overseen by EDC.

We believe this investment will support about 40 small manufacturing firms, who in turn will create as many as 200 construction and 230 permanent jobs.

As we work to help new businesses get started, we're also looking for ways to help existing businesses expand.

So working with Small Business Commissioner Rob Walsh and NYU, we've created an executive management program for minority and women owned businesses owners.

They'll learn how to grow their businesses through marketing, contracts, and hiring.

A similar program has already shown great results in Massachusetts, where 3 out of 4 participants increased their sales and were able to hire new employees.

Now some problems affect both new businesses looking to get started and existing businesses looking to expand.

Take credit. According to recent surveys, the number of New Yorkers able to secure federal small business loans has fallen by 72 percent.

So in April, we brought together representatives of our small business community, banking industry experts, alternative lenders, and government leaders – to look for solutions to that credit crunch.

In the next few weeks we'll be announcing our recommendations. But we've already developed one initiative that we think will help. It's a program called "Second Look".

The New York Business Development Corporation has worked with more than a dozen banks to create a pool of money for small businesses that have been denied traditional credit. Loans can range anywhere from 25,000 to 150,000 dollars.

The program has already been successfully implemented in other parts of the State, and now we're going to use it to help businesses here in New York City.

Now with all this talk about ways we're helping small business, I haven't yet gotten to the most important part.

Because often, it isn't just that government doesn't do enough to help. We actually find ways to make your lives more difficult.

For example, New York City has thousands of rules and regulations for small businesses – rules that protect public safety and the rights of consumers.

But maybe the single biggest complaint we hear from you is that these rules are enforced in a way that's unfair and inconsistent.

Here's a story we heard from a small business owner.

One inspector told him his license was posted in the wrong place and made him move it. The next inspector gave him a ticket and told him to move it back to the original spot.

No wonder folks feel like they're caught in an endless game of "gotcha". We decided there has to be a better way to create and enforce our rules.

So last year the Council passed legislation to create a Regulatory Review Panel. After months of work, and meeting with business owners from across the city, they produced a list of fourteen initiatives that the Mayor and I are putting into action.

Don't worry – I'm not going to talk about all fourteen of them. But taken together, these initiatives will make it easier for small businesses to both influence and comply with City rules.

The first thing we did was pass legislation to create a Business Owner's Bill of Rights, to be distributed during inspections.

We can't make sure your rights are respected unless you know exactly what your rights are – the right to a knowledgeable inspector and consistent enforcement, the right to dispute a ticket you think is undeserved.

Our second initiative was developed after we heard from many small business owners who had missed payment on some fines, and soon found themselves drowning in late fees and interest.

Last fall we worked with the Department of Finance to create a penalty relief program, which helped businesses save 36 million dollars in default penalties and interest.

This year we're looking to take it a step further, by expanding a program that allows businesses to resolve low-risk violations, and avoid paying fines or penalties in the first place.

Writing tickets is meant to be an enforcement tool – not an excuse for the City to make a quick buck. For first time offenses that don't threaten public health or safety, businesses should have a chance to fix problems before they pay a fine.

But it isn't just the fines themselves that cost businesses money. Right now for a lot of violations, you have to come in person to argue against a ticket, or even just to pay that ticket off.

For some business owners, that means closing up shop for hours at a time. In this economy, that simply isn't an option.

So we're creating more opportunities to settle violations online, by mail, or over the telephone, to save small businesses time and money.

At the same time, we've created an interactive website called NYCRules. All City agencies are now required to post both proposed and final rules at nyc.gov/nycrules.

Business owners can submit comments electronically, and sign up to get newsletters about new and proposed regulations.

Now it's easy to promise we're going to make the process better. But we want to be sure that we're held accountable.

That's why Council Minority Leader Jimmy Oddo has introduced legislation to require a formal review by the Law Department and the Mayor's Office of Operations for all proposed regulations.

They'll have to examine new rules to make sure they're written in plain language, and provide all possible opportunity for people to correct problems before paying a fine.

They'll also work to ensure that rules aren't overly burdensome or create unnecessary costs.

It's all about looking at how regulations affect businesses in the real world – not just in the abstract.

Because we know that these rules aren't just pieces of paper.

For many of you, they can mean the difference between a profit and a loss. Between hiring new employees, or having to reduce benefits for the ones you have. Between going big and going under.

Now I've talked about some of the things we're doing to help small businesses create jobs. But the second way we're working to get out of the recession is by creating an economy of innovation.

So what does that mean?

Well, it means supporting the entrepreneurs that will make New York City a leader in emerging global markets.

It means investing in the kinds of high tech companies that will grow into the major employers of tomorrow.

Unfortunately, when it comes to supporting these technology startups, New York City lags behind other parts of the country.

We have some of the best minds in science, medicine, and engineering, and we're the investment capital of the world.

But when it comes time to turn a new idea into a new product, far too many of these potential businesses end up heading to the west coast.

This is incredibly frustrating when you're the Speaker of the New York City Council.

Because the West Coast doesn't have anything we don't have. They're just using their resources better.

For example, San Diego has a great organization called CONNECT.

It literally connects their best talent with investors, workspace – everything it takes to start a new business and create new jobs.

In the last twenty five years CONNECT has helped create over 1,000 companies and more than 27,000 new jobs.

So this year, we're working to create the same thing right here in New York.

We're calling it NYC High-Tech Connect – and it will act as a one stop shop for entrepreneurs, and a catalyst for the high-tech industry.

Working with the Mayor's office and the Partnership for New York City, we'll be launching High-Tech Connect later this year.

We'll finally connect all the dots, and give new startups the support they need so they can create jobs for thousands of New Yorkers.

NYC High-Tech Connect is one way we'll make common sense connections that help grow our high tech industry.

But here's another challenge that many tech startups currently face.

Before they can bring a new product to market, they need to test that product in a real world environment, to prove that it works. Sometimes it can take months or years to find a place to do those tests.

And while you wait, you're losing money – you're unable to start hiring new workers – or even worse, someone else is beating you to market.

So we've come up with a brand new program called the Municipal Entrepreneur Testing Service -- or METS for short.

The METS program will turn our entire city into a real world testing lab. An expert panel, led by former KeySpan CEO Bob Catel, will select tech companies to test their products in the thousands of buildings New York City owns.

Say you have a new device that uses water pressure to generate electricity. Well our buildings contain thousands of water pipes where you can test it.

It takes the idea of multitasking to a whole new level. And best of all, the program won't cost us a dime.

It all comes back to our three golden rules – make it easier for new businesses to open, help existing business get more business, and keep government out of the way.

Because while it may not always seem like it, we in city government have a real stake in your success. New Yorkers are looking to us to fight unemployment, create jobs, and pull us out of this recession.

But we're not going to wave a magic wand and fix the economy. The way we're going to create jobs is by empowering all of you, and helping you expand.

By helping you start new ventures that will bring money into the five boroughs.

By making it easier for you to grow, and put more of your neighbors back to work.

And most of all, by working every day to make sure we aren't holding you back.

By being a better partner for all of you, learning from past mistakes and finding ways to prevent them in the future.

The way we're going to get out of this recession is by giving New Yorkers like you the tools, so you can be the architects of your own recovery.

If we continue to work together, on these initiatives and more, then the outlook for small businesses in New York City will be bright.

So thank you again for inviting me here this morning.

Thank you for continuing to share your ideas, and challenging us to do more.

And thank you for all you do to drive our economy, get New Yorkers working, and keep New York City moving forward.