



**New York State Joint Legislative Hearing on COVID-19 Impact on Small Businesses
May 13, 2020**

Testimony submitted by Michael Kracker, Executive Director, Unshackle Upstate

Unshackle Upstate is a non-partisan, pro-taxpayer, pro-economic growth, education and advocacy coalition made up of chambers of commerce, trade associations, job creators and taxpayers throughout Upstate New York.

Our mission is to advocate for fiscally responsible policies that support a vibrant Upstate economy. Through controlled spending, reduced taxes, and regulatory reforms, we believe Albany can help grow the economy in communities throughout Upstate New York.

As you know, the COVID-19 outbreak has had a significant impact on New York's economy, especially for small, independent businesses. In the interest of public health, businesses across the state have shutdown, leaving nearly 2 million New Yorkers unemployed, and thousands of businesses owners facing uncertain futures.

According to an April study from the U.S. Chamber of Commerce 43 percent of small businesses believe that have less than six months before they face permanent closure¹. That number is likely higher in Upstate, where the economy was already struggling prior to this global pandemic.

As New York begins the regional reopening process, leaders in Albany must consider ways they can support struggling small businesses who sacrificed to protect the public health. The state should take immediate action to support and protect businesses that are reopening during this uncertain period, while avoiding new burdens on small businesses.

Further, Albany should take this opportunity to bring the Upstate economy back better than before. Now is the time to make aggressive improvements to our business climate through broad-based tax relief and regulatory reforms. Doing so will accelerate our recovery and get the Upstate economy back on track.

Immediate Actions to Support Small Businesses

- Enact S.8125 (Carlucci) / A.10297 (Zebrowski), legislation which would exclude unemployment charges caused by the impact of COVID-19 from being used to calculate an employer's experience rating. This bill will take the important step of ensuring small

¹ <https://www.uschamber.com/report/special-report-coronavirus-and-small-business>

businesses do not face higher insurance premiums because of unemployment claims caused by the COVID-19 crisis.

- Enact S.5954-A (Kaplan) / A.6309-A (Schimming), legislation that reduces the tax rate for small businesses from 6.5% to 4%. This legislation would also expand the small business exemption from 5% to 15% for certain small businesses and farms.
- Enact health-crisis liability protections for small businesses that follow official guidance for safety protocols, such as those specified by OSHA, CDC, and federal and state authorities. As we gradually reopen our economy, these protections will give businesses the confidence to reopen without the threat of litigation and lawsuits.
- Enact S.7354 (Kaplan), legislation to allow for small businesses of 50 employees or fewer to deduct the cost of their membership dues to their local chamber of commerce. Chambers and trade groups have served frontline resources for small businesses across the state. Supporting membership in these organizations will make the reopening process more effective and expedite efforts to safely get Upstate New York back to work.
- Continue and enhance the Nourish NY Initiative. This program is a common-sense effort to support struggling farms in Upstate and throughout New York while aiding families in need. The state should consider enhancing this program and making this effort permanent.
- Direct state resources to support small businesses in the form of cash grants and zero interest loans.
- Provide extensions and suspend fees for occupational licenses.
- Offer small businesses direct support in acquiring necessary PPE and workplace cleaning supplies.

Prevent Additional Burdens on Upstate Small Businesses

- Oppose S.8266 (Ramos) / A.10401 (Simotas), legislation that includes COVID-19 as a presumptive occupational disease under workers' compensation. This unnecessary legislation would shift significant cost to the workers' comp system, dramatically increasing premiums for New York's small businesses.
- Oppose legislation that would allow workers to receive unemployment insurance benefits after quitting, refusing to return from furlough or being terminated from a workplace. Small businesses are eager to provide a safe environment for their customers, employees, and themselves. This type of proposal presents a false narrative of employers and will impede businesses ability to recover from this crisis.
- Reject any effort to impose NYS Unemployment Insurance Trust Fund assessments on small businesses. As New York seeks \$4.4 billion in federal loan support for the UI system, Albany must not shift those costs to struggling small businesses.

- Strongly oppose any effort to weaken New York’s property tax cap that has saved small businesses billions of dollars since it was first enacted.

Take Proactive Action to Improve New York’s Business Climate

Governor Cuomo has repeatedly stated the need to “build back better” following this crisis. This sentiment should include a comprehensive effort to reimagine the Upstate economy, which faced tremendous challenges well before the current crisis.

With New York currently ranked as the second worst business tax climate in the nation, there is significant room for improvement. Small businesses, which represent the overwhelming majority of Upstate private employers, would benefit greatly from an improved economic climate.

Unshackle Upstate and our partners have consistently advocated for policies that will make Upstate New York a more affordable place to live and better place to do business. Additional reforms are available in our [2020 Advocacy Agenda](#).

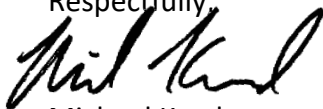
In addition to our advocacy, we strongly encourage the legislature to take a proactive approach to improving the environment for Upstate small businesses. Members of the legislature should strongly consider direct conversations with Upstate’s regional chambers of commerce, trade associations and small businesses about how we can work together to improve the Upstate economy long-term. We recommend the legislature consider holding field hearings throughout Upstate to learn more about the issues that affect our region and consider solutions to benefit Upstate small businesses and farms. Unshackle Upstate and the members of our leadership team are eager to assist any effort to get Upstate growing.

As we begin a long effort to recover from the COVID-19 crisis, leaders in Albany must be mindful of the precarious position of New York’s small businesses. Immediate steps must be taken to ensure these businesses have the support needed to recover. Additionally, the state must avoid imposing any new obstacles that further burden New York’s small employers.

Our organization remains committed to advancing pro-growth policies that will improve the lives of taxpayers and job creators throughout Upstate New York. We encourage any member of the legislature to contact us if we can assist in anyway throughout this process.

On behalf of Unshackle Upstate, I would like to thank the committee for the opportunity to provide testimony and for your continued leadership during this difficult period.

Respectfully,



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