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New York State Joint Legislative Budget Hearing on Public Protection

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NFIB is a member-driven organization representing close to 300,000 small businesses across this country and more than 11,000 across New York State.

NFIB members are the businesses that define our neighborhoods and strengthen our communities with character and value: local hardware stores, independent restaurants, florists, barbers, small retailers, dry cleaners, convenience stores, farmers, roofers, landscapers, mechanics, and fitness and retail boutiques.

There are close to 500,000 small businesses with employees in New York. These businesses employ half the state's private-sector workforce, nearly four million New Yorkers, and their production accounts for nearly half of the state's GDP. A strong, vibrant small business eco-system supports local tax bases, governments, and schools. Sixty-seven cents of every dollar spent at a local small business is reinvested into the community.

It is well established that small businesses are local job creators and the bedrock of the state and regional economies. These neighborhood employers still face significant financial challenges, including inflation, elevated gas and energy prices, the highest possible state Unemployment Insurance taxes, an exodus of workers from the labor force, and a dramatic increase in incidents of retail theft.

The rise in retail theft has not been limited to big-box or chain retailers; small, independently owned retailers across New York State have been victims of ever-increasing incidents of theft, as well. Family-owned hardware stores, corner convenience

stores, and boutique retail operations are all taking the unfortunate and unnecessary steps of placing merchandise behind locked cabinets or installing costly surveillance equipment to deter and prevent costly thefts. These theft prevention efforts and the loss of stolen goods are eating into small businesses' already thin profit margins and leading to higher prices for customers.

The significant and unrelenting tide of retail theft harms small businesses, employees, consumers, the economy, and the state. New Yorkers visiting businesses, large and small, are frustrated with their shopping experiences, customers and retail workers question their safety, and small business owners are losing significant amounts of money as the merchandise they have already purchased is stolen. These circumstances are not anecdotes but are backed by data. According to a report by Capital One, retailers in New York lost \$4.4 billion in revenue to theft in 2022, and the state lost \$176 million in retail sales tax dollars¹. In New York City alone, retail theft complaints have increased by 77 percent over the last 5 years². This is a pervasive issue that must be addressed.

NFIB commends Governor Hochul for including the following measures in the FY 2025 Executive Budget proposal to finally begin cracking down on retail theft:

- S.8305/A.8805, Part A – Amending the Penal Law to elevate assault of a retail worker to a class D felony of assault in the second degree.
- S.8305/A.8805, Part B – Amending the Penal Law to establish criminal penalties for fostering the sale of stolen goods, including online.
- S.8309/A.8809, Part E - \$5 million for a commercial security tax credit program for small businesses to receive credits for retail theft prevention expenses.
- \$25.2 million in new funding to deploy a dedicated State Police team focused on combating organized retail theft.
- \$10 million in funding for District Attorney (DA) offices to prosecute property crime cases.
- \$5 million in additional funding to build the capacity of local law enforcement to combat retail theft.

These initiatives, among others, are good first steps to begin responsibly addressing the proliferation of retail theft across New York. As budget negotiations proceed, it is imperative that these items remain in the final budget plan, while also acknowledging that more can and should be done. Organized retail theft, smash and grab incidents, and shoplifting must be taken seriously. It is the government's responsibility to enforce

¹ Capital One Shopping Research, "Retail Theft (Shoplifting) Statistics." Dec. 24, 2023. [Shoplifting Statistics \(2023\): Retail Theft Data by State \(capitaloneshopping.com\)](https://www.capitaloneshopping.com/research/retail-theft-statistics).

² The City of New York, "Combating Retail Theft in New York City." March 2023. [combating-retail-theft-report-may-17-2023.pdf \(nyc.gov\)](https://www.nyc.gov/html/office-of-the-comptroller-of-city-services/html/combating-retail-theft-report-may-17-2023.pdf).

penal laws and ensure public safety. The financial burdens and security costs cannot and should not continue to be passed on to small business owners.

NFIB looks forward to collaborating with any willing party to crack down on the rise in retail theft to protect small businesses and their employees, the economy, and all New Yorkers.