



111 Washington Avenue,
First Floor
Albany, NY 12207

518-434-1262
NFIB.com

February 11, 2026

New York State Joint Legislative Budget Hearing on General Government

Testimony submitted by Ashley Ranslow, NY State Director for the National Federation of Independent Business (NFIB)

Thank you very much Senator Krueger, Assemblymember Pretlow, members of the Senate and Assembly, and legislative staff, for your consideration of NFIB's testimony.

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

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

There are close to 500,000 small businesses with employees in New York. These businesses employ 40 percent of the state's private-sector workforce, over 3 million New Yorkers, and their production accounts for nearly half of the state's GDP. A staggering 98 percent of New York's businesses have fewer than 100 employees. 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. Small businesses also enrich their communities through financial support, in-kind contributions, and volunteerism. Ninety percent of small business owners have financially supported community or civic groups, sixty-three percent have provided in-kind contributions, and seventy-six percent of all business owners reported volunteering

their time according to NFIB's 2024 Small Business' Contribution to the Community report.¹

Small businesses are local job creators and the bedrock of the state and regional economies. Neighborhood employers continue to face significant financial challenges, including inflation, escalating utility bills, high taxes, an exodus of workers from the labor force, rising insurance premiums, and the threat of costly lawsuits. In NFIB's semi-annual "State of the States" Small Business Economic Trends (SBET) report, optimism among New York's small business owners is lagging the nation, driven by lower sales expectations, employment plans, and economic expectations. Thirty-five percent of small business owners report job openings that could not be filled, and only five percent plan to increase employment, a nine-point drop from national sentiment. The cost of labor is the second highest problem for New York's small business owners, but just fifth in the rest of the country (15% vs 9%). The labor shortage continues to drive wages even higher with small business owners reporting that they raised compensation or plan to raise compensation in the next 3 months, while also increasing selling prices. The cost/availability of insurance has increased significantly, with nine percent of small businesses reporting it as their single most important problem compared to five percent just a year ago. Overall, the top five single most important problems for the Empire State's small businesses are labor quality (18%), cost of labor (15%), taxes (14%), government regulation (10%), and cost/availability of insurance (9%).

In NFIB's 2024 Problems and Priorities report, New York small business owners ranked 75 potential business problems, with the top problems relating to taxes, regulations, economic uncertainty, and the cost of insurance and utility bills. New York's small business owners identified state business income taxes as the third most burdensome problem – six spots higher than the national average.² Other critical problems higher than the national average include government regulations (4th), cost of natural gas, propane, gasoline, diesel, and fuel oil (5th), electricity rates (7th), workers' compensation (14th), minimum wage (15th), and credit card payment processing costs (20th). The top 20 problems for New York's Main Street demonstrate small business owners' struggles with the cost and logistics of running a business in New York State.

Unfortunately, post-pandemic financial challenges and New York's difficult business environment have taken a toll on the small business eco-system and New York's economy at large. According to Empire State Development, since 2019, New York State has seen a 2.2 percent growth in small businesses with fewer than 100 employees but a

¹ NFIB Research Center, 2024 Small Businesses' Contribution to the Community, Nov. 2024. [2024 Small Business Contribution to the Community.ai](https://nfib.com/wp-content/uploads/2024/10/2024-Small-Business-Problems-Priorities.pdf)

² NFIB Research Center, 2024 Small Business Problems & Priorities, <https://nfib.com/wp-content/uploads/2024/10/2024-Small-Business-Problems-Priorities.pdf>.

2.4 percent decline in employment in small businesses³. There are nearly 11,000 more small businesses with fewer than 100 employees (due to growth in firms with less than 25 employees) but 75,000 fewer employees working in those businesses, undoubtedly a reflection of business owners trying to contain costs while also facing a severe labor shortage. More troubling, small businesses with more than 24 employees but fewer than 100 employees, have decreased by 4 percent over the last four years, and employment has fallen by 3.8 percent. New York must identify opportunities to help small businesses overcome challenges, address the affordability crisis, stem the tide of out migration of New Yorkers, and put the state's economy in a more competitive and better position. A comprehensive review of the state's regulatory maze is a productive and helpful exercise to begin to address some of the factors weighing down small business owners.

According to a recent report by the Public Policy Institute, New York's economic competitiveness has suffered, in part, due to overregulation. New York State has more than 300,000 regulations on the books, second only to California. These regulations contain more than 17 million words. A business of any size struggles to navigate this web of regulation, but for small businesses, this is especially daunting and insurmountable. The pace of regulations shows no sign of slowing, with New York lawmakers filing the most legislation in a two-year period in the nation. In the 2023-2024 legislative session, over 24,000 bills were filed, five times the national average and nearly double the next closest state. While not all of these are necessarily new regulations, thousands are introduced each year, leading to uncertainty, skepticism, and concern about the state's efforts to increase economic investment and opportunities⁴.

While the FY 2027 Executive Budget does not include legislative action on regulatory review and reform, the Governor's State of the State address focused on cutting red tape and removing "unnecessary bureaucratic obstacles." The Executive Chamber's initiative to reach out to stakeholders to identify outdated, duplicative, or unnecessarily difficult regulations is a step in the right direction to ensure small businesses can operate more easily and affordably. To build on this effort, Legislators should reach out to small business owners to understand the regulatory roadblocks that make it harder or more expensive to do business. Identifying the hurdles is the first step, and while some reforms can be made through agency rulemaking or process changes, many will require legislative action. The Legislature should serve as a partner throughout the regulatory reform process, while also being mindful of creating new regulations during the legislative session.

³ New York State Empire State Development, Annual Report on the State of Small Businesses, 2024. <https://esd.ny.gov/sites/default/files/media/document/2024-ESD-ANNUAL-REPORT-ON-SMALL-BUSINESSES.pdf>

⁴ "Blueprint for New York – Creating a Roadmap for Change." The Public Policy Institute of New York, September 2025. [Blueprint for New York – Creating a Roadmap for Change](https://ppinyc.org/blueprint-for-new-york-creating-a-roadmap-for-change).

When it comes to easing processes, the Executive Budget proposes streamlining public procurement. NFIB strongly supports streamlined purchasing, but not at the expense of the taxpayer and excess state spending on high-priced out-of-state vendors when New York's small, local businesses can provide goods and services to the state. The provision to increase discretionary thresholds and remove Office of the State Comptroller (OSC) approval could be problematic for small businesses. New York spends billions on procurement and capital investments which can serve as economic development drivers for local small businesses. State and local budget dollars spent on a small business here in New York means those dollars stay in the local economy.

Under the current discretionary spending levels, and Office of General Services (OGS) centralized contract system, small businesses are frequently being overlooked. To put it simply, many state agencies would rather effortlessly select an approved vendor, through OGS centralized contracts, rather than do the work to identify small local businesses. Additionally, it has long been recognized that the complexity of contracting with the state, like OGS centralized contracts, are a barrier of entry for small business' participation in state purchasing; however, the legislative intent of discretionary is to lower the barrier for small business participation while allowing agencies the flexibility to speed purchasing through informal competition (streamlining while preserving OSC oversight and taxpayer protection). The current system, regardless of discretionary spending thresholds, favors businesses, typically large businesses, which have mastered the procurement process and can navigate the complexity and rigorous requirements of becoming an approved vendor in the OGS centralized contract system.

The current system does not work and needs more than an increase in discretionary spending thresholds. Instead, New York State Small Business Enterprises (SBEs) should be given a set-aside, like the set-aside for New York State Service-Disabled Veteran-Owned Businesses (SDVOBs), while also increasing the SBE discretionary threshold to \$1.5 million. These changes will encourage agencies to utilize small businesses rather than defaulting to the same approved vendors in the (OGS) centralized contract system. The federal government prefers contracting with small businesses, whenever possible, and sets goals for small business contracts; New York State should do the same.

Additionally, removing OSC oversight will only further consolidate awards to influential out-of-state, large businesses that have the legal expertise and state procurement expertise focused on government contracting, sending dollars to shareholders in other states instead of to New Yorkers. There are far too many examples of major contracts being awarded to out-of-state businesses because of the failures of our current system. Providing an opportunity for small businesses to qualify and receive state contracts will keep New York's money locally rather than flowing to out-of-state businesses or major conglomerates that dominate the state's procurement process more easily.

Regulatory reform and streamlining public procurement are essential to moving towards a more affordable business climate, and ultimately better for the state's

economy and consumers. For too long, regulations have been layered on top of one another without proper review or consideration. The state's current regulatory environment as well as the procurement system are in much need of substantial and well-thought-out reforms; otherwise, small businesses will continue to struggle, growth will be stifled, and entrepreneurs will look for opportunities elsewhere.

NFIB thanks you for the time and consideration, and urges the legislature to support Governor Hochul's regulatory reform initiative and reexamine the public procurement system.