

**Testimony of Commissioner Lorelei Salas of the
New York City Department of Consumer and Worker Protection before the
Committees on Consumer Affairs and Business Licensing and Small Business**

**Remote Hearing on
The Impact of COVID-19 on Small Businesses in New York City and
Introductions 1846, 1895, 1896, 1897, 1898, 1907, 1908-A, 1914, 1916, 1921, 1932, a
Preconsidered Introduction, and Resolution 1049**

April 29, 2020

Good Afternoon Chairs Cohen and Gjonaj and members of the committees. I am Lorelei Salas, Commissioner of the Department of Consumer and Worker Protection (DCWP).

It is my pleasure to testify before the City Council today and it is my sincere hope that each of you and your loved ones are staying safe and healthy during this time. Although my staff and I have been in regular contact with many of your respective offices over the past several weeks, I am eager to use this first hearing during the COVID-19 crisis to officially update you on DCWP's work.

The Impact of COVID-19 on Small Businesses in New York City

The economic cost of the COVID-19 crisis is tremendous. For the over 200,000 small businesses in New York City, including thousands of DCWP licensees, revenue streams are strained or non-existent.

Under this Administration and my leadership, DCWP has been especially attentive to small business needs by promoting a culture of compliance through presentations, roundtable meetings, and business walks. In fact, just last month at our preliminary budget hearing, I testified to yet another consecutive year of decreased fines on businesses.¹

DCWP's mission to protect and enhance the daily economic lives of New Yorkers to create thriving communities is more important than ever before. That is why DCWP has, and will continue to, work to provide guidance to small businesses and work in good-faith to address unforeseen matters of concern.

Addressing Licensee Challenges

Out of concern for the safety of business owners and in compliance with *New York State on PAUSE* (NY PAUSE) DCWP suspended in-person customer visits to the New York City Small Business Support Center in Jamaica and our Lower Manhattan main office on March 16th. In lieu of in-person visits, DCWP published guidance advising customers to use a suite of online services and published public-facing contacts to further guide customer questions on issues including business

¹ <https://www1.nyc.gov/assets/dca/downloads/pdf/partners/Advocacy-FY2021-Preliminary-Budget-030520.pdf>

compliance, collections, and licensing. This notice remains on our website homepage and is available in multiple languages.²

Less than three weeks after NY PAUSE, we extended to June 30th upcoming license terms and provided additional grace periods for licensees to submit renewal applications. The Mayor has, of course, also issued Executive Order 107, which extends license terms for the duration of the State of Emergency, and if the State of Emergency extends beyond June 30, we will extend our deadlines accordingly.

DCWP has also been responsive to stakeholders. Although prohibited by state statute from extending the license expiration date of employment agencies, we acted where we could and extended the renewal application grace period deadline to August 28th in response to questions from industry. The complete licensing extension guidance is available on our website and in multiple languages.³

My staff and I have also been in close contact with the City Council throughout the COVID-19 crisis. Our partnership facilitated a Mayoral Executive Order waiving consent fees for sidewalk cafés for the pendency of the State of Emergency. We are processing refunds as quickly as possible and are on track to complete final steps over the next few weeks.

Addressing Small Business Compliance with Workplace and Consumer Protection Laws

Even in these difficult times for businesses, DCWP's core function and mission to protect workers and consumers must persist.

In order to prevent stores from overcharging New Yorkers, I used my authority, on March 5th, to declare face masks temporarily in short supply. Subsequently, I expanded the short supply order to cover disinfectant wipes and hand sanitizer. By March 16th, our agency took further steps and issued an emergency rule making price gouging illegal for any service or personal or household good that is needed to prevent or limit the spread of, or treatment of COVID-19. Under the emergency rule, businesses have an opportunity to provide evidence to DCWP if prices were raised in excess of 10% due to increased costs to supply the item. DCWP has also subpoenaed several suppliers to investigate claims by businesses that they were being gouged. Thus far, the agency has reached out to several manufacturers of products to request assistance with positive results. Informational flyers for business compliance are available on our website and in multiple languages.⁴ On March 6th, DCWP physically distributed this flyer in various business districts including in Downtown Brooklyn, Lower Manhattan, Murray Hill, and Sheepshead Bay.

In late March, DCWP published updated COVID-19 guidelines for employers and employees as it relates to city, state and federal laws that govern New York City private sector workplaces. DCWP received appreciation from stakeholders on updated paid sick leave guidance that clarified obligations as it related to new emergency protections passed by the state and Congress. I also

² <https://www1.nyc.gov/site/dca/media/DCWP-Services-Available-Online-Only-to-Stop-COVID19.page>

³ <https://www1.nyc.gov/assets/dca/downloads/pdf/businesses/Does-Your-Consumer-Affairs-License-Expire-February-through-June-2020.pdf>

⁴ <https://www1.nyc.gov/assets/dca/downloads/pdf/media/COVID-19-Overcharge-Flyer-Business-English.pdf>

want to take this opportunity to thank Speaker Johnson for amplifying the regularly updated guidance which is now available in multiple languages on our website.⁵

Both the guidance for workplace laws and price gouging are the subject of ongoing virtual outreach events, stakeholder communications, and daily communication with sister-agencies, like SBS, that further amplify our work. To date, DCWP has participated in 14 outreach events for small business owners since the COVID-19 crisis began.

Legislative Proposals

Before I discuss the broader package of bills, I'd like to preface our legislative analysis with the sentiment that the Administration generally agrees with the issues the Council is trying to address. However, given the ongoing emergency and fiscal situation, it would be challenging for us to contemplate taking on broad new areas of regulation. With that said, we want to work with Council to figure out the best pathway forward and what we can do to help small businesses the most right now.

Introductions 1846, 1896, 1897, 1898, 1907, and 1908-A

This package of bills aims to regulate third party food delivery services.

We would like to work together on addressing fees, as addressed in Intro. 1908-A by Council Members Moya and Gjonaj. Intro. 1908-A would place a cap on the fees charged to restaurants during this crisis. We are discussing with City Hall to identify the best agency to tackle this pressing matter to protect small businesses and would like to continue the conversations with the Council to find a path forward.

Similarly, DCWP supports the intent of Intro. 1846 but we have several questions including, but not limited to, the prudence of only requiring these disclosures to consumers who use a third-party food delivery service and not to those that order directly from restaurants.

We are interested in working with you on the other bills as soon as the crisis is behind us.

Introduction 1916

Introduction 1916 waives all license and consent fees for sidewalk cafés that are due on or after January 1st 2020 until December 31st 2020. As noted earlier, DCWP worked successfully with the City Council to address sidewalk café consent fee concerns for the pendency of the State of Emergency by way of Mayoral Executive Order.

Circumstances resulting from COVID-19 are impacting the bottom lines of thousands of different types of businesses. DCWP, alone, licenses more than 75,000 business across over 50 business categories, and sidewalk cafés represent less than 1,000 of those businesses., As a

⁵ <https://www1.nyc.gov/assets/dca/downloads/pdf/workers/Complying-with-NYC-Workplace-Laws-During-COVID-19.pdf>

general matter, DCWP will continue to explore ways that we can help businesses tied to the pendency of the State of Emergency and we look forward to working with Council.

Preconsidered Introduction

The Preconsidered Introduction requires the Mayor to issue guidance on license renewal deadline extensions. The legislation also provides that no license or permit shall be required to be renewed until 90 days after the COVID-19 emergency ends. I should note that this legislation impacts licenses and permits beyond those under the purview of DCWP. The Law Department is currently reviewing the proposal, along with the other bills in this package, in totality.

Conclusion

I'd like to close with a note of gratitude. I am so grateful for the essential workers taking care of the sick and vulnerable and for those delivering a variety of services we normally take for granted. I am also grateful for the incredible sacrifices of our communities, the small businesses that had to close their doors, the New Yorkers who continue to abide by social distance rules, and our collective staff who have remained steadfast in working for the greater good of the city and on behalf of millions who are suffering in these trying times.

Thanks again for the opportunity to testify this afternoon and I look forward to hearing from you and answering any questions you may have.