

# CRAIN'S



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**NEW YORK BUSINESS®**

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## SPECIAL REPORT AGENDA FOR NEW YORK

### Don't harass small business, a vital economic contributor

**L**OREN MICHELLE, A BROOKLYN CATERER, SAYS THE CITY IS eating up her profits with absurd fines. Traffic cops ticketed her because the letters on her van were a quarter-inch too small. Practically on a daily basis, they issue tickets when she unloads in front of her Court Street business.

"It's like a witch hunt, and it's driving me crazy," says Ms. Michelle, the owner of Naturally Delicious Caterers. "How

is a small company supposed to conduct business with this kind of ironfisted enforcement?"

New York City has never been a particularly easy place to do business. Over the past four years, escalating fines, increased taxes and a general lack of regard from the Bloomberg administration have turned the city into a nearly impossible obstacle course for entrepreneurs.

"The government just isn't responsive to the complaints of small businesses because these companies don't (individually) affect the city's macro-economics," says Ira Davidson, director of the Pace University Small Business Development Center. "The city believes they'll go along for the ride even if the environment is hostile."

Small businesses are beginning to fight back. Aided by City

Council Speaker and mayoral hopeful Gifford Miller, business owners of supermarkets, restaurants, bars, newsstands and retail outlets are protesting a spate of recent unlegislated fine increases that have been slapped on businesses. These fines cover everything from garbage on the sidewalk to not showing up for a court hearing. They want the administration to stop lining its pockets with revenue derived from aggressive and petty fining.

#### Fines as business expense

"Fines should not be a business expense," says Sung Soo Kim, who heads up the Small Business Congress, an advocacy group. "The administration is draining the blood out of small businesses."

Mr. Kim, who is also the president of the Korean American Small Business Service Center of

New York, says, "The government should educate immigrant businesspeople, not treat us like criminals just to fill its coffers. This is not good government."

Resentment is also building among many of the city's 10,000

#### SMALL BUSINESS



#### TASK

End city government's animosity toward small businesses

#### PLAYERS

The Bloomberg administration, New York City businesses

#### OBSTACLE

Small businesses lack the clout to pressure the administration

small manufacturers. Rampant real estate speculation in industrial zones has made it difficult for manufacturers to find space, to sign long-term leases or to find the confidence to make capital investments.

These companies want Mayor Michael Bloomberg to delineate clear industrial zones and to put a moratorium on spot-zoning in the boroughs, particularly in Williamsburg, East New York and Red Hook, Brooklyn, and Long Island City, Queens.

#### Blind to big picture

"The administration has failed to protect small businesses against land-use pressures," says Jonathan Bowles, research director for the Center for an Urban Future, a policy think tank. "Manufacturers need to be able to sign a 12-year lease, invest in equipment and know that five years from now they won't be surrounded by yuppies complaining about traffic and noise."

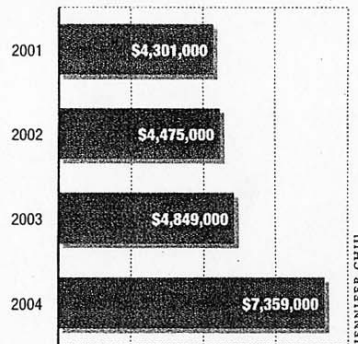
David Zuckerwise, vice president of Liberty Brass Turning Co., has put his Long Island City manufacturing facility up for sale. He says that his company can operate more competitively in New Jersey or on Long Island. "When you count the taxes and the cost of energy and parking fines, everything's off the charts," he says.

In fact, the mayor's Manufacturing and Industrial Policy, a recently announced initiative aimed at solidifying industrial zoning in parts of Brooklyn, Queens and the Bronx, offers very little to meet the need, advocates say.

There is also no relief in sight on taxes. New York has the high-

#### A Fine Way to Act

Department of Consumer Affairs collections division's fine collection totals by fiscal year.



Source: Department of Consumer Affairs

est tax burden in the nation, and it has grown even heavier during Mr. Bloomberg's first term in office.

While large businesses can sometimes win special tax treatment, and residential property owners have gotten some relief from tax rebates, small businesses are twisting in the wind.

They continue to sound the drum for a repeal of the commercial rent tax and a phase-out of the unincorporated business tax. Small businesses are also looking for the sales tax on clothing to be eliminated, as was scheduled. Such a move could generate more revenue for the city as citizens shop closer to home.

—TINA TRASTER

JENNIFER CHIU