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February 6, 2025

### **New York State Joint Legislative Budget Hearing on Transportation**

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Thank you very much Senator Krueger, Assemblymember Pretlow, Senator Cooney, Assemblymember Magnarelli, 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 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. These are 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.<sup>1</sup>

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, the highest possible state Unemployment Insurance taxes, an exodus of workers from the labor force, rising insurance premiums, and the threat of costly lawsuits. In NFIB's latest Small Business Economic Trends report, 20 percent of small business owners report inflation as their single most important problem, and 35 percent of small business owners report job openings that could not be filled. The labor shortage continues to drive wages even higher with 29 percent of small business owners reporting that they raised compensation, and 24 percent plan to raise compensation in the next 3 months. Additionally, 24 percent of small business owners continue to report raising average selling prices<sup>2</sup>.

In NFIB's 2024 Problems and Priorities report, New York small business owners ranked 75 potential business problems, with the top ten 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.<sup>3</sup> Other critical problems higher than the national average include government regulations (4<sup>th</sup>), cost of natural gas, propane, gasoline, diesel, and fuel oil (5<sup>th</sup>), electricity rates (7<sup>th</sup>), workers' compensation (14<sup>th</sup>), minimum wage (15<sup>th</sup>), credit card payment processing costs (20<sup>th</sup>), and unemployment compensation (21<sup>st</sup>). 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 2.4 percent decline in employment in small businesses<sup>4</sup>. 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

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<sup>1</sup> NFIB Research Center, 2024 Small Businesses' Contribution to the Community, Nov. 2024. [2024 Small Business Contribution to the Community.ai](#).

<sup>2</sup> NFIB Research Center, Small Business Economic Trends, Dec. 2024. [SBET Report - NFIB](#).

<sup>3</sup> NFIB Research Center, 2024 Small Business Problems & Priorities, <https://nfib.com/wp-content/uploads/2024/10/2024-Small-Business-Problems-Priorities.pdf>.

<sup>4</sup> 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>

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 has an opportunity to help small businesses overcome their 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. One way to change the trajectory of the Empire State's economy and business climate is to delay the implementation of the Advanced Clean Truck (ACT) and Heavy-Duty Omnibus (HDO) rules, which are causing unnecessary stress and uncertainty for the transportation industry and small business community.

The implementation of these rules is premature given the lack of technological advancements and investment in necessary infrastructure. Effective January 1, 2025, the ACT rule requires an increasing percentage of medium and heavy-duty zero-emission vehicle (ZEV) sales. Beginning this year, required ZEV sales for class 7-8 trucks is seven percent, otherwise manufacturers who sell internal combustion engines (ICE) will face penalties. While the Department of Environmental Conservation has announced enforcement discretion for certain trucks through January 1, 2027, it does not address the underlying issue – New York State cannot and will not meet the percentages laid out in this rule.

The cost of a commercial ZEV is nearly \$500,000 compared to a diesel truck which costs up to \$200,000. Aside from the cost of the ZEV's, businesses also need extraordinary investments in charging infrastructure for their facilities, significant utility costs, and necessary retrofitting. A small trucking company cannot afford to purchase a new truck that is more than double the price, let alone fully finance the necessary infrastructure upgrades and investments. The price disparity is infeasible for a small transportation entity, especially given the limited range ZEV trucks can operate without needing to be recharged.

New York State has not made the necessary investments in ensuring that ZEV trucks can travel across the state. Between Buffalo and Long Island, there are only four publicly available heavy-duty chargers, which limits the practical usage of ZEVs. How can a ZEV truck carrying goods manufactured in Buffalo travel to a location in Yonkers? A single ZEV truck cannot make the trip; the charging infrastructure is not available, and the truck can only travel 200 miles on one charge. The reality is that ZEV medium and heavy-duty trucks can only be utilized for a limited time and for local deliveries in an exceedingly small radius.

Additionally, EV trucks are significantly heavier than diesel trucks, hundreds, or thousands of pounds more. This will result in serious safety issues and damage to roads, bridges, guardrails, and parking garages. A 2,000-pound increase in axle weight on a

truck can cause 50% more damage to pavement<sup>5</sup>. The extra weight of EV trucks will require increased road and bridge maintenance over time. New York's roads and bridges are already in desperate need of repair. State and local governments have not invested financially to ensure that both are safe and up to standards. From Buffalo to Long Island there are bridges and roads that EV vehicles, including trucks, will not be able to travel strictly based on weight requirements. This will stop the delivery of many necessary goods and services, and the added costs of necessary infrastructure improvements ultimately will be shouldered by the tax paying public. New York has a history of putting the cart before the horse, and this is yet another example of implementing regulations without consideration of what types of infrastructure upgrades are necessary.

A dependable, affordable, and practical transportation system is essential for New York's economy. Trucks haul over 96 percent of freight across the state, and every business, including small businesses, relies on trucks getting where they need to go in a timely and efficient manner. Over the last several years, this state and country have experienced the challenges of supply chain disruptions and the havoc it wreaks on the economy. New York cannot afford to cause substantial supply chain disruptions, significant cost increases to deliver goods and services, or bringing transportation to a complete halt – the impact on affordability, jobs, small businesses, communities, and the state's economy would be devastating.

NFIB thanks you for the time and consideration and urges the legislature to consider delaying the implementation of the Advanced Clean Truck (ACT) and Heavy-Duty Omnibus (HDO) rules in the Senate and Assembly one-house budget proposals.

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<sup>5</sup> Electric Vehicles in Focus, Part IV: Electric Vehicle Weight and Infrastructure. Sept. 23. <https://core.verisk.com/Insights/Emerging-Issues/Articles/2023/September/Week-2/Electric-Vehicle-Weight-and-Infrastructure>.