



TESTIMONY OF VOLUNTEERS OF LEGAL SERVICE
New York City Council Committee on Small Business: Preliminary Budget Hearing
March 23, 2026

Good afternoon, Chair Thomas-Henry and members of the Committee on Small Business.

My name is Adrian Smith, and I am the Director of the Microenterprise Project at Volunteers of Legal Service (VOLS). For over 40 years VOLS has partnered with community-based organizations and the private bar to provide free civil legal services to New Yorkers who otherwise cannot afford or access representation. Our five core projects serve small business owners, individuals accessing benefits, immigrant young people, incarcerated mothers, and older adults in every borough.

The Microenterprise Project's (MEP's) core mission is to help existing and aspiring small business owners access high-quality, *pro bono* legal services. Working closely with community-based partners to reach underserved neighborhoods, we leverage the transactional expertise of volunteer attorneys to help small businesses reduce legal expenses and reinvest those crucial funds into their operations. *Pro bono* transactional legal services are a critical resource for micro-entrepreneurs on the often-challenging path of starting, maintaining, and protecting a small business.

I am here today to urge the Committee to support both the Department of Small Business Services (SBS) and legal service organizations such as VOLS that provide transactional legal services to small businesses. Legal issues are business issues, and for small business owners, legal and operational challenges are deeply intertwined. They cannot be addressed in isolation, particularly when so many businesses are operating under real economic strain. According to NYCEDC, in the second quarter of 2025, about 3,500 businesses opened in New York City while about 8,400 closed, for a net loss of 4,900 businesses — the weakest quarter of net business formation in five years. At the same time, the City's economic growth has become increasingly concentrated in only a few sectors, adding to the uncertainty facing neighborhood businesses, nonprofits, and workers.

In that environment, SBS and legal service organizations play a critical role. Small businesses do not just struggle with market forces. They also struggle with permits, licenses, compliance, financing, contracting, and the day-to-day difficulty of operating in a high-cost city. For many entrepreneurs, these are not separate business and legal challenges but overlapping realities that shape whether a business can open, remain compliant, hire employees, and grow sustainably.

Programs like NYC BEST matter because they help business owners cut through red tape and navigate City processes more efficiently, removing barriers that might otherwise prevent a business from opening or moving forward. Executive Order 11 similarly recognizes the need to

reduce startup fees, penalties, and delays, reflecting the broader reality that small businesses need help overcoming regulatory and administrative barriers to entry and growth. Those reforms are vital, but they only matter if SBS has the capacity to implement them fully and if business owners have access to the support needed to understand and respond to changing requirements. The NYC Future Fund is a key step toward expanding access to capital, but financing alone is not enough. Small business owners also need legal guidance to evaluate terms, understand obligations, manage risk, and make informed decisions about how to use that capital in ways that support long-term stability.

For New York City to achieve stronger commercial corridors, more resilient neighborhood businesses, and more opportunity for the next generation of entrepreneurs, I encourage this Committee to continue investing in both SBS and the legal services organizations that help small businesses open, adapt, and sustain themselves.

VOLS respectfully requests that the Committee on Small Business support the Microenterprise Project in our ongoing efforts to provide legal services to New York City's small businesses and entrepreneurs by supporting our request for \$150,000 in funding for FY27.

Thank you.