

The Agenda for Georgia's Entrepreneurs

Small Business Majority has created a comprehensive state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy in Georgia. The state's 1 million small businesses comprise 99.6% of all businesses in the state, and they employ 1.6 million residents—nearly half of all Georgia employees. This is why it's critical that state lawmakers enact policies and programs to support and empower these entrepreneurs, guaranteeing they have access to capital to start and grow their business, affordable and quality healthcare and benefit programs that will make it easier for them to attract and retain talented employees.

Invest in small business resiliency

Despite their importance to the state's economy, Georgia small businesses have been greatly impacted by the COVID-19 crisis and have struggled to access the financing and tools they need to weather storm. [Recent polling](#) from Small Business Majority found 6 in 10 Georgia small businesses have been negatively impacted by the pandemic, and more than half of those whose revenue declined last year say it will take at least six months to recover.¹

With a current balance of \$4.9 billion in COVID-19 State Fiscal Recovery Funds and a \$2.2 billion budget surplus, there will be a keen focus on how to best support our community of entrepreneurs in Georgia.

- **Support equitable appropriations and deployment of state-based pandemic disaster relief and non-pandemic capital** through grants, low-cost loans and innovative equity capital coupled with business finance counseling. This funding should place an emphasis on supporting owners located in low- and moderate- income areas, as well as the capital needs of the self-employed and businesses with less than 20 employees.

Increase tax fairness for small businesses

Policymakers should take steps to level the playing field for small businesses and drive economic growth by implementing tax policies that will help all entrepreneurs. This should include simplifying and correcting existing tax policy to ensure ease of compliance for small business owners, as well as proactive solutions that would further boost and incentivize Main Street small businesses.

- **Pass legislation that would establish a state Earned Income Tax Credit (EITC)**, which would bolster the economic security of low to moderate-income entrepreneurs and small business employees. This is particularly important to Georgia's economic success because the majority of small businesses are solo enterprises, and the median income for self-employed individuals at their own unincorporated firms was just \$25,064 in 2018, according to the U.S. Small Business Administration. [Recent polling](#) from Small Business Majority found nearly 6 in 10 (58%) Georgia small business owners support establishing a state Earned Income Tax Credit (EITC) program for low-income employees and self-employed business owners, modeled on the federal EITC program.
- Pass legislation that would **provide income tax credits for certain investments to be limited to investments in entrepreneurship programs, centers and initiatives of historically Black colleges and universities** (HBCU's) in the state.

¹ Small Business Majority, "Georgia small business owners continue to face setbacks from the pandemic, identify policy solutions to support their businesses." March 2021. <https://smallbusinessmajority.org/our-research/georgia-small-business-owners-continue-face-setbacks-pandemic-identify-policy-solutions-support-their-businesses>

- Pass legislation that would **provide income tax credits for certain qualified investments** to encourage individual investors to invest in early-stage, innovative, wealth-creating businesses.

Expand access to capital, infrastructure and economic development

Entrepreneurs—particularly women, people of color and other underrepresented populations—face significant hurdles accessing capital. Increasing access to capital and expanding opportunities for marginalized communities is key to driving more inclusive economic growth. State policymakers can address funding barriers in the financial market by adopting these policy recommendations:

- **Continue state investments into federally-matched business support services**, such as Small Business Development Centers (SBDCs) and Women Business Centers (WBCs). These centers provide low and no-cost critical counseling and assistance by professional staff to all entrepreneurs, especially to women and people of color, helping small business owners maximize their potential for creating a positive economic impact.
- **Establish an Entrepreneurship Learner’s Permit program through the Georgia Department of Economic Development to assist individuals seeking to form new businesses in the state.** This would support first-time entrepreneurs by providing waivers for filing, permitting, or licensing fees associated with the formation of new businesses and provide education and training for prospective permit holders and current permit holders.
- **Pass legislation to create a Division of Supplier Diversity in the Department of Administrative Services** for the award of state contracts. This legislation would establish purchasing goals with disadvantaged businesses (MWBE/DBE) in the purchasing of goods and services by all state agencies. Georgia will benefit by identifying industry practices to improve the state’s contracting process while supporting more local small businesses.
- Pass legislation that would **require the Department of Banking and Finance and financial institutions to conduct community reinvestment evaluations.** These evaluations would examine banking institutions’ efforts to communicate the credit services they provide, the extent of banking institutions’ marketing and special credit-related programs to make members of community aware of programs, and banking institutions’ participation including investments in local community development or technical assistance programs for small businesses owned by minorities, women and veterans.
- Establish a **state agency requirement to provide an entrepreneurship impact statement** for businesses that have been operating for less than five years.

Expand healthcare access and affordability

Georgia is one of only 12 states that has yet to expand its Medicaid program, and 1.4 million Georgians do not have health insurance. Many Georgia entrepreneurs and small business employees struggle to access healthcare as they fall into the so-called “coverage gap” (individuals whose income is above Medicaid eligibility but falls below the limit for marketplace premium tax credits). Georgia can address its remaining uninsured rate and ensure more affordable healthcare for the small business community through the following policies to strengthen healthcare markets and expand health coverage.

- **Expand Medicaid eligibility coverage.** Closing Georgia’s coverage gap would extend health insurance to more than 500,000 Georgians and create 56,000 new jobs. And a recent survey found 6 in 10 Georgia small businesses support expanding the state’s Medicaid program.

- **Revise Georgia’s 1332 waiver to once again allow consumers to enroll in health coverage via Healthcare.gov.** More than 480,000 Georgians purchase private coverage through Georgia’s health insurance marketplace. In 2020, the federal government approved Georgia’s request to eliminate the use of HealthCare.gov, making Georgia the only state without a single one-stop-shop marketplace for consumers in need of private health insurance. Many small business owners utilize HealthCare.gov to find affordable insurance, and this will limit their ability to easily access coverage and to receive financial assistance they may be eligible for.
- **Rescind work requirements and premium authorities as part of a limited coverage expansion in Georgia’s 1115 waiver.** The current 1115 waiver would let residents with incomes at or below the poverty line qualify for Medicaid coverage only if they meet a [work requirement](#) of 80 hours per month and begin paying premiums before they’re enrolled. There would be no exemptions, so those who cannot work due to a disability, serious illness, or caregiving responsibilities could not get coverage.
- **Address the rising cost of prescription drugs**, which is hurting small businesses’ bottom lines, by passing the Prescription Drug Consumer Financial Protection Act. This bill would require all health insurers to pass along no less than 80% of all prescription drug rebates to enrollees.
- **Increase price transparency for prescription drugs** by passing the Truth in Prescription Pricing Act. This legislation would require private health insurers and their pharmacy benefit managers (PBMs) to disclose the true net cost and final net cost of drugs to consumers at the pharmacy counter and directs PBMs to disclose the full rebate amount they receive from drug manufacturers and to pass along 100% of the rebate to the consumer. This will reduce prescription drug costs for Georgians at point of sale, which would in turn reduce costs for small businesses.

Support Georgia’s rural small business community

- **Expand broadband access to rural communities.** As small businesses pivot their business models due to the pandemic, access to broadband is now more important than ever. Expanding rural broadband access would give small businesses the opportunity to participate in the e-commerce market and would positively impact local economies.
- Pass legislation that would **establish the Black Farmers Restoration Office within the Department of Agriculture** to support current Black farmers, and to encourage the growth of more Black farmers in Georgia.

Support Georgia’s robust women-owned small business community

Georgia ranks second in the nation in the number of women-owned small businesses with more than 520,000 women-owned firms that employ 283,100 people, contributing roughly \$56 billion to the state’s economy. However, the COVID-19 pandemic has had a disproportionate impact on women-owned businesses and has caused many to close their doors and leave Georgia’s workforce. Women-owned businesses represent more than half of Georgia’s small businesses and are a critical component of the state’s economy. State lawmakers should support these businesses by implementing the following policy recommendations:

- Pass legislation that would **provide income tax credits for certain qualified investments to encourage individual investors to invest in women-owned businesses.**

- **Update regulations to make it easier for home-based childcare providers to maintain and grow their businesses.** Administering up-to-date regulations and providing more education about business licensing could incentivize individuals to begin childcare businesses, the majority of which are owned and operated by women. We recommend that lawmakers study how existing regulations both help and harm home-based childcare providers and develop an action plan based on the findings.
- **Pass legislation that would establish an early childcare scholarship program,** which would provide further support for entrepreneurs who may not make enough to afford childcare. Additionally, this would positively impact qualified childcare and family childcare facilities by providing more business opportunities throughout the state.
- **Increase childcare affordability and accessibility.** The COVID-19 pandemic has caused many women small business owners to close their doors and leave Georgia's workforce. Lawmakers must address these issues and pass legislation that will improve eligibility for child care assistance.
- Small business owners and employees would benefit from providing workplace accommodations for pregnant and postpartum women, which in turn will **increase employee retention and morale as well as a reduction in turnover.**

Ensure Georgia entrepreneurs and small business employees have access to paid family leave, retirement and other benefits they need for their success

Entrepreneurs and small business employees need a level playing field with larger companies that offer benefits that smaller businesses struggle to provide. Lawmakers must address the particular challenges small business owners face in being able to offer benefits that are crucial to finding and retaining skilled workers and close a critical gap in independent entrepreneurs' access to retirement and paid family and medical leave. And these proposals find wide support among Georgia small businesses.

- **Pass legislation to create the Georgia Secure Savings Plan,** establishing and implementing a state-run retirement savings program to help more small businesses, their employees and independent entrepreneurs access retirement plans. The plan would be funded through modest employee deductions, helping Georgia's small businesses provide access to a critical program without taking on the expense or administrative burden.
- **Create a paid family leave and medical leave insurance program** that would allow small business employees and the self-employed to access parental leave or to handle serious health conditions for themselves and family members. Such programs have been implemented in several states, and research has found they have not placed a burden on small businesses, allowing them to facilitate access to benefit that small businesses typically cannot afford.