

The agenda for Virginia's entrepreneurs: 2024 legislative session

Virginia is home to more than 800,000 small businesses, employing 1.6 million people and accounting for 99.5% of all businesses in Virginia. Small Business Majority has created a comprehensive state policy agenda to ensure small business ownership and entrepreneurship are at the center of a robust, equitable, and competitive economy for the Commonwealth. It is critical that state lawmakers enact both short- and long-term policies to empower entrepreneurs by guaranteeing that they have access to responsible capital, affordable, quality healthcare and essential benefits to help support and grow Virginia's small business ecosystem. To achieve these goals, policymakers should consider the following policy proposals.

Increase access to capital and opportunity for entrepreneurs

- **Ensure that the Virginia Small Business Financing Authority and the Virginia Innovation Partnership Corporation** are engaging key stakeholders to effectively disburse funding from the State Small Business Credit Initiative (SSBCI), particularly to reach underserved communities in the state.
- **Promote responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#).** In 2022, Virginia passed legislation that attempted to ensure small businesses were protected through disclosure of financing costs. Unfortunately, the final version removed annual percentage rate (APR) disclosures on small business loans. Without APR disclosures, small businesses cannot accurately compare financial products. This law should be amended to include important disclosures like APR for all small business financing products.
- **Enact policies that strengthen and expand community bank lending, which are a crucial resource for small businesses to thrive and grow.** Community banks receive the [highest rate of satisfaction](#) from small businesses in comparison to large banks or online lenders. Large banks and philanthropic lenders receive a credit for investing into a community bank fund, which could be structured to deliver tranches of capital to rural and low-middle income areas of the state.
- **Modernize state and local business licensing requirements that can be onerous, complicated and expensive.** While some of these regulations are essential for consumer safety, many can be improved and streamlined. Such a change would allow entrepreneurs the flexibility to maintain operations while reducing unnecessary red tape. For example:
 - **Implement Fresh Start Reform measures**, which would limit disqualifications for occupational licensing and give justice-impacted individuals the resources to secure licenses for work or entrepreneurship while having a previous record.
- **Ensure robust funding for Small Business Development Centers, Women's Business Centers, Minority Business Development Centers and other business resource centers** to support and guide the influx of new and current small business owners.

Bolster a Main Street-friendly workforce and the creation of quality jobs

- **Increase access to affordable healthcare**
 - **Enact a Prescription Drug Affordability Board that would ensure a fair market for consumer costs for prescription medications.** Following similar actions in states across the country, this Board would review certain high-cost drugs to determine if the price increases are justified. Additionally, the Board would seek to lower healthcare costs, particularly as these costs are [hurting small business owners' bottom lines](#).

- **Continue the progress made during the 2021 legislative session to restrict short-term, limited duration health insurance plans by limiting their timeframe to three months.** These plans are intended to fill gaps in an individual's coverage in the event of job loss or other life changes, but they are not required to cover essential health benefits like prescription coverage or mental health treatment and can come with hefty deductibles.
- **Properly regulate association health plans (AHPs).** These plans could encourage small businesses with younger, healthier workers to purchase inadequate health coverage, thus increasing costs for employers in the small group market. Regulating AHPs will allow Virginians to maintain a healthy risk pool and a stable, competitive small group market that helps keep premiums low.
- **Block hospital mergers and acquisitions that are likely to increase patient costs and facility inaccessibility while not improving medical quality or outcomes.** Hospital consolidation leads to longer wait times for care, increased travel time, and higher out-of-pocket costs, particularly for rural small business owners.
- **Block anti-competitive hospital contracting practices among insurance companies,** such as large hospital chains using their market power to force insurance companies to include certain high-cost providers in their networks.
- **Pass the constitutional amendment that was introduced in 2023 to enshrine abortion access as a fundamental right in Virginia.** Women entrepreneurs agree (92%) that it's extremely important they have the freedom to decide if and when to have children.
- **Enact benefit policies that support the small business ecosystem**
 - **Pass legislation to create a state-run paid leave insurance program so small businesses and their employees can access paid family and medical leave.** This would allow small businesses to provide their employees with access to paid family and medical leave without fully funding such a program themselves. The legislation passed in the 2022 session aimed to expand access to paid leave by offering the benefit to employers through private insurers, which has proven to be an ineffective, expensive and time-consuming model that has not served small business owners well.
 - **Pass legislation to ensure that sole proprietors and microbusinesses (10 employees or fewer) can participate in the RetirePath program.** Currently, only businesses with 25 employees or more are eligible to participate in the state retirement savings program. With most small businesses in Virginia employing fewer than 20 employees, it's vital to increase access to and offer essential benefits to their employees because it helps them attract and retain their workforce and compete with larger businesses for talent.
 - **Implement state-level policies that would help more small business owners and their employees afford childcare,** as this is essential to retaining a skilled workforce. For example, some states have considered making the existing Child and Dependent Care Expenses tax credit refundable so low- and moderate-income working families can benefit from a tax refund that will help defray the rising costs of childcare.
- **Remove barriers to entrepreneurship**
 - **End the criminalization of poverty and debt-based suspensions.** Debt-based suspensions disproportionately harm people of color and without licenses, they cannot commute to their jobs or even apply for one.
 - **Advance Clean Slate policies** to ensure that small businesses can tap into an underutilized workforce composed of justice-impacted individuals who have remained crime-free for non-sexual and non-violent crimes.

Foster a level playing field for Virginia small businesses

- **Enact disclosures of incentive packages that state and local governments offer to large companies for investing in certain communities.** It is important for residents and small business owners to be fully aware of what elected officials are offering and what the impact will be on small businesses and the local economy.
 - For example, Virginia can develop Unified Economic Development Budgets (UEDBs) that will streamline all economic development spending and provide transparent information to policymakers and taxpayers on tax expenditures. UEDBs include names of companies receiving subsidies, the amounts of the subsidies and program and agency-specific expenditures, among other valuable pieces of information. This helps to assist policymakers in making informed decisions with a complete picture of the entire development budget.
- **Make the Earned Income Tax Credit (EITC) fully refundable** to increase small business employees' incomes and allow self-employed entrepreneurs to claim the credit. This will be of particular benefit for entrepreneurs that are just starting their businesses and for those in low-margin industries.