

## The agenda for Illinois' entrepreneurs: 2026 legislative session

Illinois is home to more than 1.4 million small businesses, employing 2.4 million people and accounting for 99.6% of all businesses in the state.<sup>i</sup> They play a significant role in our state economy and workforce. However, national economic uncertainty coupled with an especially fast-changing business landscape has required small businesses to adapt, yet again. State governments must implement policies that address the new and historic burdens small businesses now face. This is why Small Business Majority has created a comprehensive policy agenda for Illinois to ensure small business ownership and entrepreneurship are at the center of a robust, equitable and competitive state economy. It's critical that state lawmakers enact both short- and long-term policies to empower entrepreneurs, remove barriers and strengthen the small business ecosystem. To achieve these goals, policymakers should consider the following policy proposals.

### Expand affordable access to capital and financial opportunity for all entrepreneurs, including immigrants and economically disadvantaged small business owners

The rising cost of doing business resulting from tariffs and high interest rates, plus a higher cost of living, is putting undue financial strain on Illinois' small businesses. Meanwhile access to affordable capital to mitigate these growing problems remains a critical challenge, particularly for underserved entrepreneurs. Increasing access to capital and expanding opportunities will drive more inclusive economic growth. State policymakers can address funding barriers in the financial market and strengthen lending protections by adopting these policy recommendations:

- **Pass the Small Business Financing Transparency Act/APR for All bill (HB744 - HA #1).** This legislation would ensure fair lending practices and combat predatory lending through clear disclosure requirements that will close a loophole in the federal Truth in Lending Act that excludes small business owners from receiving transparent pricing when borrowing money. This bill requires non-banks, including out-of-state financing companies, to disclose the annual percentage rate (APR) on loans and debt-based products, and it promotes responsible financing practices by both lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#).<sup>ii</sup> Without APR and estimated APR disclosure, small business owners are unable to make "apple to apple" comparisons on lending products and may unknowingly be charged anywhere from 100% to over 4,000% APR. APR is mandated by law on credit cards, home loans, student loans and car loans and is backed by courts as the legal standard. APR disclosure would provide small business owners with information to compare the true cost of financing a business loan/debt over time, just like for consumer lending.
- **Consider re-allocating dollars to small business lending or grant programs to offset new federal restrictions, which have reversed lending rules that have helped to strengthen income and job growth for decades.** New rules implemented under the administration to the Small Business Administration's (SBA) loan programs have made it challenging for small business owners to secure SBA funding. For example, the 7(a) and 504 loan programs now require businesses to be 100% owned by U.S. citizens or permanent residents of at least six months; this new citizenship requirement also applies to key employees like officers, directors and managers. Without state support for lending dollars or innovative grants that foster growth, small businesses will continue to feel both a credit and a staffing crunch upon their operations and sustainability.
- **Strengthen education and leverage outreach dollars for small business development assistance programs, considering severe reductions in federal agency staffing, including locally based federal staff in Illinois.** Federally funded state small business resource programs continue to face budget cuts and scrutiny, and many have been either completely

eliminated or harshly weakened. Reductions in staff and budgets for vital agencies and programs will continue to harm small businesses by dramatically decreasing access to capital and support for operations, workforce, procurement and international trade. Illinois must shore up its ecosystem investments to fill the gaps and expand no-cost counseling, navigation and technical assistance.

- **Protect small business owners' digital data, particularly for sensitive information, by amending Illinois' Personal Information and Privacy Act to include small businesses.**

Given the speed and acceleration of growth in the fintech and artificial intelligence sectors, the state must pass comprehensive safety protections that would ensure small business owner data of sensitive personal information from any state-operated or state-supported program—especially those in which federal taxpayer-funds are allocated—is not misused to target entrepreneurs based on income, religion, race/ethnicity, immigration status or business location.

Thousands of Illinois small business owners and their staff rely on state-run programs. The state must include a plan to protect businesses it contracts with and to address how state-run programs that receive federal dollars will be affected by access to sensitive, private information.

- **Support and collaborate with the Illinois Department of Commerce and Economic Opportunity (Illinois DCEO) in ensuring State Small Business Credit Initiative (SSBCI) dollars continue to reach under-resourced small businesses that have faced systemic barriers in accessing capital through small-dollar loans.**

## **Bolster a Main Street economy that's affordable, creates quality jobs and expands financial prosperity**

Illinois lawmakers must address the challenges small businesses face in finding and retaining skilled workers. The struggle is especially difficult for microbusiness owners with fewer than 10 workers who have limited capacity and serve as the sole person who recruits, trains, and manages workers and their benefits. Small businesses are on an unequal playing field with larger corporations that have the resources for additional staff to oversee employee management and to offer robust benefits that small businesses struggle to access on their own.

### **Healthcare**

- **Counteract Medicaid cuts for the most vulnerable populations so healthcare, including behavioral mental health services, continue to be affordably accessible.** In the wake of federal Medicaid cuts, state policymakers must ensure that Medicaid access is protected for the most vulnerable individuals, which includes a sizeable number of independent contractor entrepreneurs and their small business workers. One way to do this is to direct the Illinois Department of Human Services (IDHS) to conduct specific outreach to the self-employed (including those self-indicated on the state's Medicaid/ABE applications), given they comprise of a large share of the working uninsured.
- **Lower the cost of healthcare for small businesses owners and employees with a policy that implements reference-based pricing models and benchmarks.** Reference-based pricing models will limit how much hospitals can charge insurance based on a standardized benchmark for reference—which is commonly based on Medicare reimbursement rates—that has been shown to lower premiums and out of pocket costs<sup>iii</sup> to access health services.
- **Protect businesses and launch measures to educate small businesses on skimpy healthcare plans that do not comply with the Affordable Care Act (ACA), and have historically correlated with debt, bankruptcies and worse health outcomes.** As small businesses search for healthcare plans in the wake of the ACA's enhanced premium tax credits (EPTCs) expiring at the end of 2025, IDHS must clearly stipulate that certain benefit plans do not meet the requirements of the ACA. These can include short-term plans, limited benefit plans, trade association plans and discount plans.

## Small business growth opportunities via workforce development

- **Remove barriers for under-resourced, including immigrant-owned, businesses to affordably participate in workforce development opportunities** (e.g., women; low middle and limited incomes; rural-based; returning citizens). Workforce development for the “smallest of the small” businesses has historically lacked robust program investments. These gaps are especially pronounced for immigrant entrepreneurs and economically disadvantaged workers who face disproportionate barriers to obtaining licenses, contracts and workforce development opportunities. Time and participation costs further limit participation in workforce development programs. We urge Illinois to invest in new, innovative small business workforce development programs that integrate in-person, applied hands-on and affordable technology-enabled solutions for small businesses that need the most assistance—especially those with fewer than 10 employees, gross revenues under \$500,000 and operating in industries with a high need for workforce development (e.g. family-owned businesses; manufacturing; service-based industries; skilled building and care service trades). Programs like traineeships, externships, apprenticeships, co-op education, fellowships and independent contracting roles should be more systematically prolific and easily accessible and affordable.
- **Promote the Illinois Returning Citizen Credit state income tax credit available to employers who hire individuals who were previously incarcerated.** Starting with tax years ending on or after December 31, 2025, employers may claim a credit equal to 15% of qualified wages paid during the employee’s first year of work, up to \$7,500 per employee. For this program to be successful and truly benefit small business owners and returning citizens alike, there must be a statewide initiative to educate business owners on this tax credit.
- **Ensure Illinois’ economic growth by protecting small business owners and employees from current federal immigration policies no matter their immigrant or citizenship status by amending the Illinois Bivens Act (Public Act 104-0440).** This law allows any Illinois resident to file a civil lawsuit against anyone who, while engaged in civil immigration enforcement, knowingly violates the Illinois or U.S. Constitution. These protections should extend to:
  - a) *Small business care operations that are licensed long-term care facilities, licensed nursing homes and licensed home health businesses:* Extending the bill—which currently addresses “sensitive locations” of businesses that are hospitals and licensed small business daycare centers—to these three categories of small business care facilities would protect employers’ investments in their business and workforce. The healthcare industry has the highest segment of immigrant workers in Illinois.<sup>iv</sup> For home healthcare businesses, protections should also cover workers in-transit to and from the office and between the patients’ homes, as well as the patients’ homes as a place of business.
  - b) *Small businesses in industries such as manufacturing and the construction and building trades:* Manufacturing and the construction and skilled building trades are Illinois’ top two largest “hard infrastructure industries,” with more than 25% of the workforce comprising of immigrant workers.<sup>v,vi</sup> Protecting the state’s recent hard infrastructure investments, especially those highly employing immigrant workers, would prevent economic disruption.

## Promote a level playing field for agricultural and rural based small businesses to compete equitably and enhance market affordability from fair competition

Independent businesses play a vital role in creating jobs and economic opportunities in local communities throughout Illinois. However, over several years there has been substantial consolidation in many markets, while the tax code and other economic policies continue to further concentrate economic power into the hands of large corporations, making it harder for small businesses to compete and driving higher prices through monopolized conditions.

- **Amend the Illinois Antitrust Act to expand the state and Attorney General’s office review of farm and livestock monopolies in the agricultural ecosystem that unfairly**

**shuts out, bankrupts and shutter rural small businesses.** Decades of trade and tariff policies combined with big national and international corporations' agriculture business expansion have created unfair competition in Illinois. In 2019, federal tariffs exacerbated unfair competition and small family business bankruptcies, and we are seeing this again with the current administration's tariffs. Coupled with barriers of access to capital, small agricultural and rural businesses need modernized economic protections to compete equitably. We urge consideration in updating the Act to include the Illinois Department of Agriculture, the Attorney General, Illinois DCEO, and small farm and livestock businesses.

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<sup>i</sup> 2025 Small Business Profile: Illinois. U.S. Small Business Administration, Office of Advocacy. [https://advocacy.sba.gov/wp-content/uploads/2025/06/Illinois\\_2025-State-Profile.pdf](https://advocacy.sba.gov/wp-content/uploads/2025/06/Illinois_2025-State-Profile.pdf)

<sup>ii</sup> Responsible Business Lending Coalition. <https://www.borrowersbillofrights.org/>

<sup>iii</sup> Reining in Hospital Prices: Capping Hospital Payments. United State of Care, September 2025. [Reining-In-Hospital-Prices-Capping-Hospital-Payments-.pdf](https://www.unitedstateofcare.com/wp-content/uploads/2025/09/Reining-In-Hospital-Prices-Capping-Hospital-Payments-.pdf)

<sup>iv</sup> Immigrant Workers Impact on the Illinois Labor Force. The Project for Middle Class Renewal and the University of Illinois. 2021. <https://lep.illinois.edu/wp-content/uploads/2021/08/Immigrant-Workers-Impact-on-the-Illinois-Labor-Force-website.pdf>

<sup>v</sup> The Project for Middle Class Renewal and the University of Illinois. Ibid. 2021. <https://lep.illinois.edu/wp-content/uploads/2021/08/Immigrant-Workers-Impact-on-the-Illinois-Labor-Force-website.pdf>

<sup>vi</sup> Cities Where the Construction Industry Depends Most on Foreign Workers. <https://constructioncoverage.com/research/cities-where-the-construction-industry-depends-most-on-foreign-workers>