

## The agenda for Virginia's entrepreneurs: 2026 legislative session

Virginia is home to more than [880,000 small businesses](#), employing 1.6 million people and accounts for 99.5% of all businesses in the state.<sup>1</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. As such, state governments must pass policies that address the new burdens that businesses are now facing. That is why 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 state. It is critical that state lawmakers enact both short- and long-term policies to empower entrepreneurs, remove barriers and to strengthen the small business ecosystem. To achieve these goals, policymakers should consider the following policy proposals.

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

- **Increase access to affordable healthcare**
  - **Address Medicaid cuts included in federal HR 1 law**
    - **Protect Virginia's Medicaid/CHIP program from harmful cuts**, ensuring the most vulnerable populations receive care. This will ensure entrepreneurs, their employees and their families have access to quality care.
    - **Guarantee the Save Local Pharmacies law is implemented on time.** The Save Local Pharmacies Act must be swiftly implemented to address the increase in pharmacy closures across the state by reining in Pharmacy Benefit Managers (PBMs) and award greater reimbursement through Virginia's Medicaid Program for drugs. This will help support rural entrepreneurs who need access to their prescriptions that come at a costly price. The Department of Medical Assistance Services must identify and contract with one transparent PBM, per the law, by July, to successfully implement the law.
  - **Encourage more providers to accept Medicaid clients** by increasing Medicaid reimbursement rates.
  - **Award the Attorney General's office and Virginia Department of Health greater oversight and power to block hospital mergers and acquisitions that are likely to increase patient costs.** Hospital consolidation leads to longer wait times for care, increased travel time and higher out-of-pocket costs, particularly for rural small business owners, with no improvements in quality of care. Rather than granting immunity to such mergers as the state has done in the past, Virginia should encourage enforcement of all federal and anti-monopoly laws to prevent further erosion in access to care, particularly for those in rural communities. Entrepreneurs need access to affordable care in their communities to effectively run their business.
  - **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 [hurt small business owners' bottom lines](#).<sup>2</sup> This legislation has passed both Chambers already in prior legislative sessions. It's critical the legislature does this again and the Governor-Elect signs it into law.
  - **As small businesses search for healthcare plans in the wake of the ACA's enhanced premium tax credits (EPTCs) expiration**, Virginia must communicate to enrollees about plans that are and are not compliant with the Affordable Care Act (ACA) standards. For instance, the state must clearly stipulate that limited benefit plans do not

meet the requirements of the ACA. These can include short-term plans, limited benefit plans, trade association plans, discount plans.

- **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.<sup>3</sup>
- **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 benefits 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 HB 176, legislation that would ensure more small businesses and entrepreneurs can participate in RetirePath VA.** Currently, participation in RetirePath VA is only available to businesses with 25 or more full-time employees. Employers under that threshold can't automatically enroll their employees in the program, so they can't take advantage of this retirement savings option for their employees. Based on the [2025 Office of Advocacy Report](#), employers with between 20 and 499 employees represented only 2% of all businesses across the state.<sup>1</sup> To ensure the program is an asset to more small businesses, who use retirement to attract and retain a workforce, the threshold for eligible employers should be lowered to employers with 5 or more employees, regardless of full-time or part-time status. This threshold is also based on best practices in other states.
- **Save entrepreneurs money with a new child tax credit and childcare cost-savings programs.** Virginia has made record investments for K-12 schools over the next several years. However, childcare in the state still needs additional funding to meet the demands of the workforce. The tax credit would be available when eligible taxpayers file their state income taxes.
- **Protect small business owner data, particularly immigrant-owned businesses.** Virginian small business owners rely on different state-run programs (ex: Medicaid), which is why the state must pass protections that would ensure business owner data from any state program is not misused to target immigrant-entrepreneurs.
- **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

- **Extend the ban on non-compete agreements.** Although the state has passed a law expanding the definition of low-wage employees under the state's existing prohibition on non-competes, it does not go far enough. Non-compete agreements are a significant impediment to entrepreneurship, create a non-level playing field and impede the ability of employees to maximize their skills in the Commonwealth. They are not only a barrier to entry for entrepreneurs, but they also prevent small firms from hiring the most diverse, qualified and skilled talent. Solely attributing this ban to low-wage employees does not go far enough.
- **Consider a comprehensive approach to price-fixing.**
  - **Amend Virginia's Antitrust Act to include consumer sales.** Currently, the law only relates to business-to-business transactions, but entrepreneurs may also rely on consumer purchases for their business.
  - **Educate small businesses on antitrust laws and develop a way to communicate violations to the AG's office.** Without understanding what antitrust laws are and how they are impacted, small businesses will not be able to identify when it happens to them. The

AG's office should consider how to regularly educate the state's entrepreneurs on existing regulations and offer them an easy-to-use platform to report violations.

- Ensure **the state is actively enforcing the Virginia Antitrust Act**. This law prohibits any person from discriminating in price between different purchases of commodities or services. Actively enforcing this law would ensure small retailers and businesses are not at a buying disadvantage compared to larger businesses.
- **Create a new tax bracket for earned income over \$1 million**. This would apply to a small number of Virginians with earned income over \$1 million annually, representing only 0.4% of tax filers in the state.<sup>4</sup> Revenue generated from this new bracket would include funding for childcare subsidy programs, which small businesses and their employees depend on.

## Increase access to capital and opportunity for entrepreneurs

- **Amend 2022's sales-based financing law so that it promotes responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#)**.<sup>5</sup> In 2022, Virginia passed legislation that attempted to ensure small businesses were protected through disclosure of financing costs. Unfortunately, the final version of the bill removed a requirement to disclose annual percentage rate (APR) 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.
- **Consider reallocating dollars to small business lending or grant programs to offset federal restrictions**. Recently promulgated rules now require that any SBA-backed financing is limited to businesses with 100% beneficial ownership by citizens of the U.S., U.S. Nationals, or Lawful Permanent Residents (LPRs). Businesses that have partial ownership by a non-U.S. citizen can no longer access SBA loans. Without support from state government in the form of more lending dollars or grant program dollars, small businesses will continue to feel the credit crunch. State governments should consider allocating dollars to their small business programs or create new ones as this will have long-term effects.
- **Create a short-term grant program or tax incentive to cover the cost of tariffs for equipment and materials during a transition period**. The status and rate of tariffs are now always changing and unpredictable, taking businesses by surprise when purchasing new equipment and materials. A grant program would alleviate some of the burden.
- **Strengthen education and outreach dollars for small business programs in lieu of Minority Business Development Centers and Women's Business Centers**. Staff and budget reductions for these two vital entities will continue to harm small business. The state must support the Financing Authority and the Virginia Department of Small Business and Supplier Diversity in offering multi-lingual resources to small businesses.

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<sup>1</sup> "2025 Virginia Small Business Profile," U.S. Small Business Administration, [https://advocacy.sba.gov/wp-content/uploads/2025/06/Virginia\\_2025-State-Profile.pdf](https://advocacy.sba.gov/wp-content/uploads/2025/06/Virginia_2025-State-Profile.pdf)

<sup>2</sup> "Small Business Owners Say Drug Prices Are Impacting Their Bottom Lines," Small Business Majority, December 2016, <https://smallbusinessmajority.org/press-release/scientific-opinion-poll-small-business-owners-say-drug-prices-are-impacting-their-bottom-lines>

<sup>3</sup> "Women entrepreneurs see access to reproductive health as essential to their economic security," Small Business Majority, June 2023, <https://smallbusinessmajority.org/our-research/women-entrepreneurs-say-reproductive-health-essential-to-economic-security>

<sup>4</sup> "Options to Make Virginia's Individual Income Tax More Progressive," JLARC, 2022, <https://jlarc.virginia.gov/pdfs/reports/Rpt564-6.pdf>

<sup>5</sup> "Small Business Bill of Rights," Responsible Business Lending Coalition, <https://www.borrowersbillofrights.org/setting-the-standards>