

March 15, 2021

The Honorable Chuck Hufstetler
Chairman, Senate Finance Committee
121-C State Capitol
Atlanta, GA 30334

The Honorable John Albers
Vice Chairman, Senate Finance Committee
421-C State Capitol
Atlanta, GA 30334

RE: The addition of CAPCO language to HB 587

Dear Chairman Hufstetler, Vice Chairman Albers and Members of the Committee:

As a representative of the 30 million small businesses in America and the 1.1 million in Georgia, Small Business Majority writes today to ask you to remove legislation implementing a CAPCO tax credit program from HB 587, which would provide \$150 million worth of tax credits to “certified capital companies.” The CAPCO model is fundamentally flawed and this money would be much better spent directly supporting Georgia's small businesses.

Small Business Majority empowers Georgia’s diverse entrepreneurs to build a thriving and equitable economy. Along with our Georgia Small Business Council, we engage 3,300 small business owners across the state to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth. A key component of our work in Georgia involves outreach to small business owners on a range of small business issues, including access to capital, workforce issues, healthcare and more.

Georgia’s small businesses are still struggling one year into the COVID-19 pandemic. According to recent polling, more than half of impacted small business owners say it will take at least six months to recover.¹ Giving mass cash infusions to large capital companies is not the solution to fixing the shortage of capital in the state and will not directly benefit the businesses that are the foundation of our state’s economy. In other states where CAPCO has been adopted like Louisiana, Florida and New York, the program has been found to be expensive and even ineffective. In New York specifically, a study found that the state paid \$377,715 per job created. In Florida, it was found that jobs decreased after CAPCO laws were enacted.

A sustainable economic recovery does not lie in the hands of big money, but instead in the hands of our local small businesses—the lifeblood of our economy. I strongly urge you to vote against the addition of CAPCO in of HB 587 and instead supporting Georgia’s small businesses by providing more funding opportunities for local businesses, addressing healthcare costs, and expanding the earned income tax credit instead.

Sincerely,

Rachel Shanklin, Georgia Outreach Manager
Small Business Majority

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