

The agenda for Virginia's entrepreneurs: 2020 Special Session

Small Business Majority has created a comprehensive state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy in Virginia during and after the COVID-19 pandemic. It's critical that state lawmakers enact policies to support and empower these entrepreneurs during these difficult times, guaranteeing they have access to capital to maintain and pivot their business, affordable and quality healthcare and the ability to sustain themselves in the short and long-term. To achieve these goals, policymakers should consider the following policy proposals.

Access to responsible small business lending

- Change the eligibility requirements of the REBUILD! VA Small Business Grant Program to allow recipients of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) to apply. Many small businesses, particularly women- and minority-owned businesses reported being underfunded by federal programs, which means they need other sources of capital to stay afloat.
- Significantly expand small business technical assistance programs with state funding, as [some states](#), have done to ensure current and aspiring entrepreneurs have the resources they need to adapt their businesses in response to the pandemic.
- Promote responsible lending practices by lenders and brokers as set forth in the [Small Business Borrowers' Bill of Rights](#).¹ This is a major concern during COVID-19 as small businesses struggle to stay afloat, particularly since the deadline to apply for PPP has expired and they are desperate for cash.
- Enact policies to strengthen and expand community bank lending, which provides more than half of all small business lending. For example, we recommend encouraging state and local governments to shift public funds into community banks and ensure those deposits are used to increase small business lending by requiring them to regularly report on small business lending.
- Establish state banks that make low-interest loans for infrastructure, agriculture, affordable housing, student loans and small businesses. These banks will spur economic growth and lead to thriving community banks with higher lending totals.

Expand healthcare access and affordability

- Continue the progress made during the regular 2020 legislative session to restrict short-term, limited duration insurance plans 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 are not required to cover essential health benefits like prescription coverage or mental health treatment and can come with hefty deductibles. Leaving them in place will cause younger and healthier people to leave the marketplaces and create an unbalanced risk pool that raises costs for everyone else who remains in the individual marketplaces.
- Continue to regulate association health plans (AHPs) in the light of new federal rules making it easier for groups to sell insurance across state lines. These plans would encourage younger, healthier groups to purchase inadequate coverage, thus increasing costs for most of the small group market and potentially cause a market death spiral. We recommend highly regulating AHPs by preventing self-employed individuals from accessing the small group marketplace for the purpose of joining an association health plan, as has been done in other states. This will allow

Virginia to maintain a healthy risk pool and a stable, competitive individual market that helps keep premiums low, which is vitally important during this time.

- Ensure that state Section 1332 "state innovation" waivers uphold the ACA's principles and do not encourage people to sign up for less comprehensive coverage or destabilize the insurance markets.
- Provide additional coverage options for consumers by allowing them to buy in to the state's Medicaid program.
- Address the rising costs of prescription drugs, as these costs are [hurting small business owners' bottom lines](#).

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

- Pass legislation to create a paid leave insurance programs 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.
- Support state efforts to establish publicly-administered retirement savings programs such as Secure Choice programs enacted in other states. We should similarly allow independent entrepreneurs to access Secure Choice programs, understanding many freelancers and self-employed individuals are unable to access traditional retirement benefits.
- Implement policies at the state level that would help more working parents afford child care, understanding this is essential to retaining a skilled workforce. For example, some states have considered making the existing Child and Dependent Care Expenses Credit refundable so low- and moderate-income working families could benefit from a tax refund that will help defray the rising costs of childcare.
- Support state and local efforts to enact higher minimum wages in areas with a greater cost of living—understanding that creating a fair minimum wage is essential to the vibrancy of the small business economy by boosting consumer demand, reducing the burden on public assistance programs and leveling the playing field for small businesses that understand the need for properly-compensated workers.

Support entrepreneurship and the freelance economy

- 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 to entrepreneurs as they're just starting their businesses and for those in low-margin industries.
- Conduct regular reviews of state and local business licensing requirements. For example:
 - [A new California law](#) legalizes the sale of home-cooked meals, with appropriate health and safety standards and revenue limitations.
 - [A new Missouri law](#) updates regulations around home hair braiding businesses.
- Amend state licensing and permitting costs in order to spur growth in key industries. Expand access to shared workspaces, accelerators and incubators that provide the physical and operational infrastructure for entrepreneurs to start and grow new businesses. State and local governments can create initiatives that assist with rent costs for start-ups at these workspaces, accelerators and incubators, especially those located in Opportunity Zones.

Increase investments in infrastructure and economic development

- Oppose state and local tax policies that amount to “giveaways” to large corporations at the expense of investing in Main Street small businesses in local communities.
- Fully disclose incentive packages offered to large companies that are interested in making job deals with communities. It is important that a community’s residents and small business owners are fully aware of what elected officials are offering and what the impact will be on affordable housing, public transportation and taxes.
 - 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, to assist policymakers in making informed decisions with a complete picture of the entire development budget.