

SMALL BUSINESS COMMISSION EXECUTIVE SUMMARY

January 9, 2006

Introduction

The Small Business Commission was established to study, report and make recommendations on issues of concern to small businesses in the Commonwealth. The powers and duties of the Commission include:

- Evaluating the impact of existing statutes and proposed legislation on small businesses;
- Assessing the Commonwealth's small business assistance programs and examine ways to enhance their effectiveness; and
- Providing small business owners and advocates with a forum to address their concerns.

The Commission is chaired by Senator J. Brandon Bell, II of Roanoke. Jeffrey M. Frederick of Prince William serves as vice-chairman. The other members are Delegate R. Lee Ware of Powhatan, Delegate G. Glenn Oder of Newport News, Delegate William R. Janis of Goochland, Delegate Clarence E. Phillips of Dickenson, and Delegate Algie T. Howell, Jr. of Norfolk, Senator Nicholas D. Rerras of Norfolk, Senator Russell H. Potts, Jr. of Winchester, and Senator Frank M. Ruff of Mecklenburg. The gubernatorial appointees are Robert A. Archer of Salem, Lana Ingram Digges of Fredericksburg, Ronald V. Shickle of Winchester, and Marilyn H. West of Richmond.

2005-2006 Interim Activities

The Small Business Commission held three business meetings and a public hearing during the 2005-2006 interim.

April 6, 2005

The Commission convened on the morning of the General Assembly's reconvened session. Members identified the cost of providing health insurance to employees and the need to facilitate access to information about programs that exist to assist new and existing small businesses as two issues of primary concern to small businesses. The issue of access to information about programs encompasses both communicating information about programs to small businesses and assisting small businesses that are seeking state assistance in understanding the complex information about existing programs. The members also briefly discussed a proposal to develop a process through which the impact of proposed legislation on small businesses would be analyzed during legislative sessions. It was noted that such a pre-enactment evaluation of the impact of legislation on small business is conceptually similar to House Bill 1948, enacted in the 2005 Session, which directs the Department of Planning and Budget to conduct an analysis of the impact on small businesses of proposed regulations. Members also

discussed the issue of what the threshold for a "small" business should be. Various state and federal programs use thresholds of 100, 250, or 500 employees.

November 28, 2005

The Small Business Commission held a public hearing in Richmond on the evening of November 28, 2005, for the purpose of giving small businesses the opportunity to advise the Commission about issues of concern to them. During the two-hour hearing, 23 people addressed the Commission. Eleven persons raised concerns with government purchasing of goods and services from small businesses. Their comments involved the Commonwealth's small, women and minority (SWAM) procurement efforts, concerns with specific procurement programs, the lack of local government SWAM programs, using HUB zone certifications in procurement, and opposition to the SWAM's focus on women and minority-owned businesses over small businesses. An issue not previously considered involved a prime contractor that identified a SWAM business as a subcontractor during the bidding process, but then failed to use the SWAM business after getting the contract. Another issue identified by several speakers involved state assistance to small business development programs. Other topics mentioned included the cost and availability of health insurance for small businesses, economic growth, education, and workforce availability.

November 29, 2005

The Small Business Commission's second business meeting of the interim was held on November 29, 2005, in Richmond. After reviewing the issues identified at the previous evening's public hearing, the Commission received a report from Gordon Dixon of Virginia's chapter of the National Federation of Independent Businesses (NFIB) that contained the results of a poll of its members. The greatest concern of the NFIB's members was the cost of health insurance. The NFIB spokesman reported that 65% of the organization's members rated health insurance issue as critical. Rising costs are causing a decline in the percentage of employers that are offering health insurance to their employees, and start-up companies are particularly less likely to provide this benefit for their employees. Other issues identified by NFIB members included the cost and availability of liability and workers' compensation insurance; energy costs; property and income taxes; cash flow; and unreasonable government regulations. The meeting also featured a demonstration of the Department of Business Assistance's central Internet portal. The portal provides a single source of information for over 100 state business assistance and regulatory programs. The site connects users to resources for starting a business, running a business, business resources, and out-of-state businesses, and includes a "live chat" feature that allows users to obtain information from DBA staff. In the future, the portal may be expanded to include university programs and interactive matchmaking among vendors and purchasers.

January 9, 2006

The Small Business Commission met on the eve of the 2006 General Assembly Session to give all members of the Senate and House of Delegates an opportunity to present for discussion any legislation that they plan to introduce that is relevant to small businesses in the Commonwealth.

Mr. Dixon of the NFIB was also invited to provide input from the members of his organization regarding legislative issues he expects to be addressed in the 2006 Session.

Conclusion

Members agreed that the profile of the Small Business Commission should be raised. While it will endeavor to examine all issues of concern to small businesses, the Commission will attempt to avoid duplicating the work of other entities, such as the Joint Commission on Health Care. The Commission agreed to seek the inclusion in the next biennial budget of a line item appropriation for the expenses of the Commission. However, the Commission has decided not to seek funding for an independent staff at the present time.

The Commission does not intend to submit a further report for publication.