

Small Business Commission
April 6, 2005
Richmond

The Small Business Commission was established in 1995 to study, report and make recommendations on issues of concern to small businesses in the Commonwealth. The Commission met on the morning of the General Assembly's reconvened session to identify issues for study this year and to schedule future meetings.

Issues for Study

Members identified two issues of primary concern to small businesses. First, the need exists to facilitate access to information about programs that exist to assist new and existing small businesses. At the Commission's meeting in January 2005, information was presented regarding a variety of programs administered by state agencies that are designed to support Virginia's small businesses. However, members agreed that they were not aware of an existing system to communicate the large amount of information about these programs to the persons who are intended to benefit from them.

The issue encompasses both communicating information about programs to small businesses and assisting those that are seeking state assistance in navigating the often-complex information about existing programs. It was reported that Virginia Tech is working with the Matt Erskine in the Office of the Secretary of Commerce and Trade and several other state agencies to develop a search engine that will help link businesses with the appropriate resources. It is anticipated that the search engine will be ready by November.

The second issue members identified as being of urgent concern to the small business sector is the cost of providing health insurance to employees. Mr. Archer noted that the Commonwealth has received federal funding for a program to identify how to assist small businesses in providing health insurance. A survey indicated that many uninsured persons are employed by small businesses, which are facing rising costs for health insurance premiums.

The members also briefly discussed a proposal that a formal process be developed 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. The Commission is currently charged, in § 30-183, to evaluate the impact of existing statutes and proposed legislation on small businesses.

Members addressed a threshold topic of how to define a small business. The Commission's enabling legislation does not define the term. Various state and federal programs use thresholds of 100, 250, or 500 employees. House Bill 1948 from the 2005 Session defines "small business" as a business entity, including its affiliates, that employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million. Mike Eisenman, Director of the Department of Business Assistance, noted that using a cut-off of 250 employees would include 99.1 percent of

business establishments and 59 percent of employees in Virginia. Edward Hamm, Director of the Department of Minority Business Enterprise, suggested separate thresholds for small and "micro-sized" businesses, on grounds that very small firms face unique problems.

Future Meetings

One statutory duty of the Commission is to provide small business owners and advocates with a forum to address their concerns. Members agreed that conducting public hearings would provide small businesses with an opportunity to identify additional issues with which they are concerned. In addition, such hearings would increase the visibility of the Commission and thereby let small businesses know that the Commission is available as a resource for relating their concerns to state government.

The Commission discussed conducting a public hearing jointly with the Governor's Small Business Advisory Board. In addition, Mr. Hamm of the DMBE offered the assistance of his agency and the Department of Business Assistance in holding meetings around the Commonwealth.

The Commission intends to hold its first public hearing, which will serve as a pilot, in Hampton Roads in June. A business meeting will be held in conjunction with the hearing. Other public hearings are intended to follow in other regions of the Commonwealth.

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