

Small Business Commission  
November 29, 2005

The Small Business Commission's purpose is to study, report and make recommendations on issues of concern to small businesses in the Commonwealth. In its second meeting of the year, the Commission continued its work of identifying matters that concern the small business sector.

The Commission held a public hearing in Richmond on the evening prior to its business meeting. Twenty-three persons spoke at the public hearing. Members concurred that the public hearing was a success and expressed the hope to hold similar hearings in different regions of the Commonwealth next year.

Speakers at the public hearing identified several areas of greatest concern, including government procurement practices; aid to programs such as business incubators, the Small Business Development Centers Network, and the Virginia Small Business Financing Authority, that assist small businesses; and health insurance. Small Women and Minority (SWAM) procurement was an issue of much interest. Three persons urged the state to increase use of SWAM contractors. The General Assembly to codify the Governor's SWAM program that was instituted by Executive Order. 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.

Gordon Dixon of the National Federation of Independent Businesses provided the Commission with the results of a poll of the organization's members. Their greatest concern was the cost of health insurance. 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 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. He favored keeping the current free market system, and praised health savings accounts as a possible solution.

The Commission was asked by the NFIB state director to examine the 2005 regulatory flexibility legislation, which applies to firms with up to 250 employees; workers' compensation and liability insurance; health insurance mandates; and unemployment compensation taxes. Despite these concerns, the NFIB conceded that Virginia generally has a pro-business environment.

Wayne Waldrop, Director of Existing Business Services at the Department of Business Assistance, demonstrated the agency'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. A valuable feature is 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 of vendors and purchasers.

Members agreed that the profile of the Small Business Commission should be raised. While it will endeavor to examine issues of concern to small businesses, the Commission will attempt to avoid duplicating the work of other groups, 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 decided not to seek funding for an independent staff at the present time.

The Commission plans to meet again prior to the start of the 2006 General Assembly Session to review legislation that members will introduce pertaining to issues of concern to small businesses.

The Hon. J Brandon Bell, II, Chairman  
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