Economic Impact on Small Businesses
Nicole Riley, Virginia State Director
Overview

• Impact of Natural Disasters & Flooding on Small Businesses

• Challenges facing Small Businesses

• Food for Thought
  • Rhode Island Study
  • Other ideas
Impact on Small Businesses

- Rebuilding after a natural disaster can be a long and difficult journey
- Recent events highlight the impact on small businesses
25% of businesses don’t open again after a disaster.
Challenges Facing Small Businesses

• Small Businesses are especially hit hard

• Business Continuity is biggest issue
  – Getting business open as soon as possible
  – Lost sales/revenue
  – Making payroll
  – Vandalism
Rhode Island Study
Recommendations

• 2016 Final Report from Rhode Island Study on Economic Risk Due to Flooding and Sea Level Rise

• Recommendation 4: Increase support for business continuity following natural disasters:
  – The Commission recommends a comprehensive review of state resources available to businesses following a natural disaster.
• **Recommendation 5:** Utilize risk assessment tools to understand statewide risk:
  - The Commission believes it is clear that Rhode Island needs to more fully understand the economic implications of sea level rise.
Other Ideas

• Preparation is Key to Recovery
  – Increasing awareness among small businesses & providing information

• Allow qualifying businesses to rehabilitate without going through the typical “development plan and review process.”
  – Encourage municipalities to adapt an expedited emergency permitting process
  – Reduce permitting fees for disaster recovery
• Strengthen laws against looting disaster sites

• Offer tax incentives for homes and businesses to raise their height or move inland.

• Waive sales tax on equipment replacement purchases

• Provide marketing and tourism support for
• Establish a rapid response emergency grant program where a town endorsed 501©3 nonprofit could apply for up to $20,000 in seed money to develop a business recovery campaign and leverage funds to aid recovery, save/restore jobs and get business generating taxes again

– Potential funding mechanisms:
  • Allocate money from the hotel/meal taxes generated by the disaster area to assist back into the region to fund recovery efforts
  • Department of Labor and Training - Justifiable as a Jobs Restoration Program
• Consider an Emergency Bridge Loan program for immediate financial needs until insurance or FEMA/SBA loans kick in
  – Example: Florida Emergency Bridge Loan provides interest-free loans to small businesses struggling to reopen after natural disaster