



HOUSE BILL 168 – BUSINESS GRANTS

PROPONENT TESTIMONY

OHIO HOUSE ECONOMIC & WORKFORCE DEVELOPMENT COMMITTEE

MARCH 10, 2021

Chairman Edwards, Vice-Chair Powell, Ranking Member Upchurch and members of the Ohio House Economic and Workforce Development Committee thank you for the opportunity to provide proponent testimony on House Bill 168. My name is Chris Ferruso and I serve as Ohio Legislative Director for NFIB. We are grateful to Representatives Fraizer and Loychik for their sponsorship of this important legislation.

By way of background, a typical NFIB member in Ohio employs 20 or fewer and does less than \$2 million in annual receipts. Our members come from all industry types and each of the 88 counties. Our members range in size from sole proprietors to large operations employing hundreds.

At the onset of the COVID pandemic, our team was fielding hundreds of inquiries from members seeking clarification on what steps they needed to take to keep their businesses in operation and their employees working. Unfortunately, many of our members were unable to remain open or if they were open, it was in either limited capacity and/or facing a substantial drop in customers and thus revenue. The swift, sudden onset of restrictions and attempting to comply with those restrictions quickly turned to concern about ongoing viability. It became clear for a lot of our members that absent financial relief, they may be forced to lay off a significant portion of their workforce or in the worst-case scenario, permanently close their doors.

I believe we can all agree the COVID pandemic had and continues to have a significant financial impact on so many small businesses. I want to share some results of a survey we conducted of our members late last year on the impacts of the pandemic as I believe it will help set the stage for why House Bill 168 is so welcome.

- 77% of our members took some sort of government loan (PPP, EIDL, etc.)
- 88% of those that took a loan had used it up by late Q3 of 2020
- 70% said they would take advantage of a state program, like the Small Business Relief Grant Program
- 50% of our members indicated a need of \$25,000 or greater
- The greatest need was for wages and compensation, closely followed by utility costs
- 30% of our members were required to close because of executive orders
- 94% of our members were opened within 3 months
- 55% percent of our members experienced a year-over-year revenue loss of at least 20%
- 15% of our members experienced year-over-year revenue loss greater than 50%

We know significant resources came in the form of loans from the federal government. The Paycheck Protection Program (PPP) was a lifeline for businesses throughout Ohio and the country. Round one of PPP delivered over \$18.5 billion to nearly 150,000 Ohio businesses, an average loan size of roughly \$123,000.¹ As of February 28, 2021, round two of PPP in Ohio has brought an additional \$4.85 billion to over 64,000 businesses, an average loan size just under \$76,000.² As our members indicated, and as demonstrated by the large number of businesses that availed themselves of round two of PPP, the need for financial relief remains great.

The state of Ohio also allocated resources late last year through the Small Business Relief Grant program as proposed by Governor DeWine's administration and approved through the quick action of the Controlling Board, putting \$125 million into the hands of many small business owners. House Bill 168 builds upon this program by providing an additional \$150 million of grants to those businesses that attempted to access the initial program but were unable to because of depleted funds. One suggestion for consideration is to review who is eligible under the

¹ https://www.sba.gov/sites/default/files/2020-08/PPP_Report%20-%202020-08-10-508.pdf

² https://www.sba.gov/sites/default/files/2021-03/PPP_Report_Public_210228-508.pdf

provisions of House Bill 168. As the bill currently reads it is just those small businesses that applied for grants under the initial program by December 20, 2020. There may be businesses that elected to not apply but could certainly use the benefit of the grant program.

In addition to the Small Business Grant program, we are supportive of the New Business Grant Relief program. This program will provide \$10 million in grants for businesses that opened their doors after January 1, 2020. These new businesses generally did not qualify for other grant/loan programs as most required a demonstration of year-over-year revenue decline. Obviously, these new enterprises could not fulfill this requirement.

Finally, a separate grant program for indoor entertainment venues is welcome. We have members in this industry that were hard hit as a result of the pandemic. On behalf of these members and all businesses in this space, we appreciate the special recognition.

Mr. Chairman and members of the committee, in closing I want to reiterate how meaningful House Bill 168 will be to businesses. We appreciate the recognition that small businesses are still struggling financially. Providing grants will assist in the economic recovery for so many.

We urge this committee to move expeditiously on this bill. Thank you for the opportunity to provide testimony. I am happy to try and address any questions the committee may have.