



# S.1596-B (Sanders) / A.6407-B (Dickens)

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| <b>BILL</b><br>S.1596-B (Sanders) /<br>A.6407-B (Dickens)            |
| <b>SUBJECT</b><br>Creation of MWBE<br>Business Protection<br>Program |
| <b>DATE</b><br>March 01, 0022  |
| <b>SUPPORT</b>   |

The Business Council supports S.1596B (Sanders)/A.6407B (Dickens) which would establish the Minority and Women-Owned Business Protection Program. The program would provide grants from funding through the American Rescue Plan Act of 2021 to businesses that have hit especially hard during the coronavirus pandemic.

Minority businesses have long faced obstacles that have made it difficult to thrive. The COVID-19 crisis added to the burden they face to overcome significant challenges in the marketplace. Economic challenges, such as access to credit and capital, are some of the financial difficulties they must resolve. In an ABC News report, it was stated the pandemic lopsidedly affected African Americans and that those businesses would struggle to withstand another wave of economic uncertainty predated by decades of inequality. Reports show that these businesses closed at more than twice the rate of white-owned firms and had steep declines in their cash balances. Additionally, Latinx and Asian-owned businesses experienced the same effects.

Many minority businesses were impacted by the shutdowns and health-related consequences of the virus. A study from the Federal Reserve Bank of New York showed that they were twice as likely to close since they had pre-existing challenges such as weaker financial cushions and the difficulties that arose from receiving aid from the Paycheck Protection Program (PPP). Additionally, data shows that more than half of these business closures are now permanent and that Black owned businesses were hit the hardest as a result of the pandemic. They were were not able to pay staff, purchase inventory, or pay rent and utilities.

The aforementioned entities were confused by the federal effort to boost small businesses established by the CARES Act. Many of them were denied support and had lack of access due to banking relationships. Minority-owned businesses are smaller on average and unfortunately, the Paycheck Protection

Program and the Economic Injury Disaster Loans only helped a small number of these businesses. Although minority business owners saw a rise in PPP funding in 2021, many of them were without the needed aid that could help them survive the pandemic.

The legislation takes steps to provide relief for small businesses, including minority and women-owned businesses (MWBE'S). Businesses must have been in existence by the first day of the state disaster emergency declared by the Governor in 2020 and tax returns must have been filed from 2018 through 2020. It also provides grants that will equal 60% of the previous year's expenses, not exceeding \$100,000. While the state is reopening, we must not forget the businesses who are in desperate need of assistance who are smaller, have fewer employees, and lower average revenues.

Establishment of the Minority and Women-Owned Business Protection Program is a well thought out response to this issue and for these reasons, the Business Council strongly supports S.1596-B (Sanders) / A.6407-B (Dickens).