

May 5, 2020



To the AccelerateSC Committee:



Thank you for your work on re-opening our state's economy in a safe and responsible manner. As you know, the COVID-19 pandemic has developed into a major health crisis only rivaled by the devastating pain it has inflicted on South Carolina's economy. Few businesses have been spared from the impacts of the virus which have spurred emergency declarations and "work or stay home" measures that have precluded businesses of all sizes and sectors from normal operations and revenue opportunities. The effects have been compounded for smaller and disadvantaged establishments.



Demand for relief from the CARES Act has greatly exceeded the supply, and we have all seen stories about how our smallest businesses have been left behind by federal relief efforts. Our state's small, sole proprietor, and/or minority, veteran and women-owned establishments are a vital part of our economy and a large percentage of those businesses may dissolve without meaningful and accessible relief funding. The economic recovery of communities throughout South Carolina will be thwarted if too many of these small businesses are shuttered due to this pandemic.



Attached is a proposal from more than a dozen small, local, and metropolitan business groups that we believe will provide important resources to re-start small businesses in the coming weeks: resources for payroll, benefits, rents, and providing PPE to protect employees and customers.



Our state's small business community will play a vital role in South Carolina's economic recovery. The economic recovery of South Carolina will be thwarted if too many of these small businesses are shuttered due to this pandemic. Establishing this relief fund will boost our state's recovery efforts by helping small businesses rebound from the crisis while being a lifesaver for many small businesses.



If you have any questions or comments, please feel free to reach out to us so we can provide any assistance you may need.



(over)



Sincerely,

W. Carlos Phillips
President and CEO
Greenville Chamber

Carl Blackstone
President and CEO
Columbia Chamber of Commerce

Bryan Derreberry
President and CEO
Charleston Metro
Chamber of Commerce

Ben Homeyer
South Carolina State Director
National Federation
of Independent Business

Allen Smith, IOM, CCE
President & CEO
Spartanburg Area
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David Merhib
President & CEO
Greater Greer Chamber of Commerce

Pamela Christopher, IOM, CCE, CCEC
President & CEO
Anderson Area Chamber of Commerce

Frannie Stockwell
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Cherokee County
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Amanda Munyan
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Angelle LaBorde, CCE, CCEC, IOM
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Greenwood Area
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Susan Cohen
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Whitney Ferguson
President & CEO
Fountain Inn Chamber of Commerce

Cindy Hopkins
President
Greater Easley Chamber of Commerce

JoAnn Johnson
Executive Director
Oconee County Chamber of Commerce

Allison McGarity
President & CEO
Simpsonville Area
Chamber of Commerce

Sandra Stroud
President
Greater Travelers Rest
Chamber of Commerce

PROPOSAL: South Carolina Small Business Relief Initiative

Introduction

The COVID-19 pandemic has developed into a major health crisis that is only rivaled by the devastating pain it has inflicted on South Carolina's economy. Few businesses have been spared from the impacts of the virus which has spurred emergency declarations and "work or stay home" measures that have precluded businesses of all sizes and sectors from normal operations and revenue opportunities. The effects have been compounded for smaller and disadvantaged establishments.

Problem

While the federal government has provided financial assistance for businesses via the CARES Act, only 25% of South Carolina businesses have received such funding. Demand for those provisions has far exceeded supply, and the Small Business Administration and financial institutions have experienced capacity limitations in processing the loan requests. Because of these and other factors ~75% of Payroll Protection Plan applicants WILL NOT secure the funds for which they have applied. Unfortunately, most of these businesses are small, sole proprietor, and/or minority, veteran and women-owned establishments. A large percentage of those businesses will dissolve without meaningful and accessible relief funding. The economic recovery of communities throughout South Carolina will be thwarted if too many of these small businesses are shuttered due to this pandemic.

Solution

Over 90% of establishments in South Carolina are classified as small businesses. Individually, they do not have large employee bases, nor do they generate significant revenue. However, their collective impact on our state's economy is immeasurable. South Carolina should establish a statewide relief fund targeting businesses with less than 50 employees and/or generating less than \$5 million annual revenue that have experienced economic injury due to the impacts of COVID-19. Businesses owned by ethnic minorities, women, veterans and sole proprietors would be encouraged to apply. The funds would be delivered in the form of fully forgivable loans or grants with no obligation for repayment. Businesses would be considered for a grant through an application process with awards granted via a review by a newly formed SC Small Business Relief Council with representatives from throughout the state OR through a process developed by the South Carolina Department of Commerce.

Investment

The South Carolina Small Business Relief initiative would be funded via a \$100 million allocation from the estimated \$2 billion in federal funds the state received for coronavirus relief. Each South Carolina county would be eligible for a portion of the fund not to exceed their share of the state population (see attached). Funds must be used for business-related expenses (rents/leases, payroll, PPE or other business restart expenses). Businesses that are found to use the funds for unintended purposes will be required to repay those funds and could be subject to criminal charges. Additional parameters may need to be established, including guidance on a minimum or maximum grant value available per business, which could help define the potential number of business grants awarded and determine the potential impact to South Carolina's businesses and economy.

Suggested Allocation:

- \$2,500 for every \$1 million in annual revenue based on 2019 tax return:

- Up to \$1 million - \$2,500
- Up to \$2 million - \$5,000
- Up to \$3 million - \$7,500
- Up to \$4 million - \$10,000
- Up to \$5 million - \$12,500

Conclusion

Small businesses will play a vital role in South Carolina's economic recovery. The economic recovery of South Carolina will be thwarted if too many of these small businesses are shuttered due to this pandemic. Establishing this relief fund will boost our state's recovery efforts by helping small businesses rebound from the crisis while being a lifesaver for many small businesses.