

Testimony in Opposition to H-7225 Budget Article 3 Section 22

Repealing the **Micro Business Act**

House Committee on Finance

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The Economic Policy Institute opposes Article 3 Section 22 of H-7225 which would repeal in its entirety the Micro Business Act.

Micro businesses are **genuinely small businesses, ones with ten or fewer owners and employees**, as defined by the Micro Business Act itself (whereas the Small Business Administration defines a small business as having fewer than 500 employees). These are the sorts of businesses the state should be doing more to assist.

Enacted in 2016, this Act called for the **collection of the data**, the creation of a **database** of micro businesses and **yearly reports** to the General Assembly and the Governor. So far as we know, this database has never been compiled, and no report has been produced, despite the statutory requirement. When the Economic Progress Institute inquired in 2023 about the database and reporting, the Department of Administration kindly found and provided some data on the numbers of micro businesses in the state, though this appears to have been outside the framework of the Act.

The Act also defines a **Micro Business Coordinator** as “the official designated to have overall responsibility for promoting, coordinating, documenting, and implementing efforts related to micro businesses.” The Act does not specify if this was intended to be a new full-time position or responsibilities assigned to an existing employee. Regardless, the position and its responsibilities appear to never have been implemented.

Instead of repealing the Micro Business Act, the state should take steps to implement and fund it – to collect data on micro businesses, including by race, ethnicity, gender, disability status, and veteran status. The state should then use the data to design programs to provide technical, financial, and other aid to micro business owners in the state.