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Testimony of

Christopher Carlozzi, NFIB State Director
Supplemental Request to Amend FY 2022 Appropriations Act
Before the House Committee on Finance
October 20, 2021

Chairman Abney and Members of the House Committee on Finance:

My name is Christopher Carlozzi. I am NFIB's state director in Rhode Island. A non-profit, non-partisan organization, NFIB is the nations and Rhode Island's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from throughout Rhode Island. On behalf of those small and independent businesses in the state, I urge lawmakers to use American Rescue Plan Act funds to help struggling small employers.

While we appreciate Governor McKee bringing attention to some of those industries hardest hit by the pandemic, including hospitality, events, and tourism, we feel more should be offered to provide both short-term and long-term support to employers. Small businesses offer countless employment opportunities for Rhode Island residents and bring significant amounts of revenue into state coffers. The state-mandated shutdowns and restrictions disproportionately impacted local, neighborhood businesses the most, resulting in lost revenue, excessive layoffs, and in some unfortunate cases, permanent closure. It is vital that downtowns throughout the state remain vibrant, and that can only happen when the small businesses that comprise Rhode Island's Main Streets thrive.

Lawmakers must seriously consider using a portion of the federal funding to shore-up Rhode Island's unemployment trust fund. While Rhode Island is in a far better position than most states (including our neighbors in Massachusetts who are facing a projected \$7 billion unemployment fund deficit) earmarking a portion of the ARPA money for UI would provide much-needed tax relief for employers. More than 30 states have already committed either CARES Act or ARPA money to help replenish beleaguered UI trust funds, but Rhode Island has yet to pledge any federal dollars. Instead, the state will rely solely on employer tax contributions to maintain the UI fund. These are businesses that are attempting to recover from pandemic-related revenue losses, businesses that were forced to seek loans to stay afloat, businesses that are struggling to bring back their workforce. Reducing payroll taxes could encourage employers to create new jobs and speed the state's overall economic recovery.

Funding should be made readily available to small employers that are still very much at risk. Ensuring aid is easily accessible and open to businesses hardest hit by the pandemic is essential. It is important to remember many of these businesses were forced to close their doors for extended periods of time due to state mandated orders. These businesses complied with the rules set by Rhode Island in order to help stop the spread of the virus, despite the negative financial ramifications. Small businesses should have access to capital through grants and loans. Workforce training should continued to be prioritized ensuring businesses can adequately staff their companies with trained workers. Currently, half of small businesses surveyed in NFIB's latest jobs report cannot fill open positions. Business owners find it even more difficult to find *qualified* applicants for many of these open jobs. Rhode Island should strive to ensure employers are able to fully staff their businesses with skilled and trained workers.

NFIB asks that legislators remember the struggles small businesses faced over the past year-and-a-half and allocate significant portions of federal money to help shore-up the unemployment trust fund, train Rhode Island's workforce, and provide access to capital. The state will only fully experience an economic recovery when small businesses recover. Small employers create the vast majority of new jobs in Rhode Island, so it seems appropriate that federal funds be allocated for small businesses as they attempt to recuperate and head down the path towards normalcy. Thank you.