

Small Business Commission

June 18, 2025, at 1:00 p.m.

General Assembly Building, House Committee Room B, Room 205

https://dls.virginia.gov/commissions/sbc.htm

The Small Business Commission (the Commission) met in Richmond for its first interim meeting of 2025. The meeting began with introductions and the election of Delegate David A. Reid to the position of chair and Senator Tammy Brankley Mulchi as vice-chair.¹ Following the election, the Commission adopted a virtual meeting policy. Materials presented at the meeting are accessible through the <u>Commission's website</u>.

State of Small Business in Virginia

Erik Rettig, Senior Manager of Global Policy and Regulatory Affairs, Intuit Data Analysis Platform

Simon Worsfold, Head of Data Communications, Intuit Data Analysis Platform

Mr. Rettig and Mr. Worsfold discussed the current state of small businesses in Virginia. Intuit Data Analysis Platform tracks small business employment and revenue in Virginia as well as other jurisdictions. More detailed information can be found in Intuit's "Small Business Index" published monthly, quarterly, and annually. Mr. Rettig and Mr. Worsfold also mentioned the notable increase in the use of artificial intelligence and its impact on productivity. Policy themes include (i) increasing digital adoption, (ii) accessing credit, and (iii) reducing barriers to entry.

Update on Small Business Distillers in Virginia

Scott Harris, Founder and General Manager of Catoctin Creek Distilling Company

Mr. Harris spoke on behalf of the Virginia Spirits Board. He noted that marketing and economic research undertaken by the Virginia Spirits Board in 2022 found that distilleries contributed \$1.1 billion to the Virginia economy and 86 of those distilleries are small business distilleries. Because of its relation to the agriculture and tourism industries, Mr. Harris considers whiskey to be an agricultural product. By way of example, he mentioned that the byproduct of whiskey production is cow feed that is donated to Virginia farmers ensuring that there is no waste. Mr. Harris also discussed the impacts of tariffs on the distillery industry and how the uncertainty of tariff implementation makes small business operations difficult internationally due to competition with Mexico, Canada, and Europe. He reported that a Quebec distribution contract was cancelled due to trade tariff uncertainty. Additionally, generational differences may be reflecting a decreased interest in alcohol, but Mr. Harris pointed out that interest in alcohol generally ebbs and swells over time.

¹ Members Present: Delegate David A. Reid (chair), Senator Tammy Brankley Mulchi (vice-chair), Senator Lamont Bagby, Senator Christopher T. Head, Delegate Kelly K. Convirs-Fowler, Delegate Debra D. Gardner, Delegate Delores Oates, Delegate Joshua E. Thomas, Delegate Thomas C. Wright, Jr., Melissa A. Ball, Harshad Barot, Giuseppe Lanzone, Lee Vogler

Members Absent: Senator T. Travis Hackworth, Thomas Leonard

Small Business Movie and Television Jobs in Virginia

Ramona Taylor, Virginia Production Alliance Steve Taylor, Virginia Production Alliance

Ms. Taylor discussed small business movie and television jobs in Virginia. The Virginia Production Alliance is a trade organization that advocates for the interests of film and media professionals in Virginia. Ms. Taylor noted that there are many small businesses in a number of different industries that remain in business due to the film industry. Not only does the film industry bring direct revenue to the Commonwealth through the creation of jobs, but it also brings indirect revenue due to film marketing—people want to visit the places in Virginia that they see in movies. Virginia films feed Virginia families by supporting Virginia businesses.

Mr. Taylor spoke more specifically on the impact that the film industry has on small businesses, noting that 90 percent of the small businesses hired for film production in Virginia have fewer than 10 employees. Virginia is currently 35th in the nation of the states that have a film incentive. Delegate Joshua E. Thomas asked a question regarding the goal for the expansion of Virginia's film incentive, and Mr. Taylor mentioned that extending the sunset date through legislation to avoid the expiration of the incentive would be immensely helpful, as well as expanding the amount of available funds through the Governor's Motion Picture Opportunity Fund. Mr. Taylor explained that increasing the amount of grants and incentives for the film industry will effectively send a message to film professionals that Virginia is ready to be a site for film production.

Legislative Priorities for the 2026 Session

Delegate Reid transitioned the meeting to a discussion of potential topics for the Commission to investigate for legislation for the 2026 Session.

Senator Christopher T. Head mentioned he would like the Commission to discuss SB 798 (Head, 2025 Session) that provides that retail franchise agreements be governed by the laws of the Commonwealth and prohibits any person from offering or entering into a franchise agreement that includes competition restrictions that extend beyond termination or expiration of the franchise agreement unless such settlement is approved by a court of competent jurisdiction.

Senator Mulchi also mentioned that she would like the Commission to discuss SB 983 (Mulchi, 2025 Session) that provides that the dealer discount deduction for state retail sales and use tax that the dealer accounts for in submitting his return and paying the amount due will be six percent of the first three percent of the tax imposed.

Next Meeting

Delegate Reid noted that the next meeting of the Commission will be in September or October.

For more information, see the <u>*Commission's website*</u> or contact the Division of Legislative Services:

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