

items, including many essential business services, is a 'non-starter' for us," Anderson said. "Many of our members are struggling with slow sales in this economy. A new tax on services will only compound that problem by deterring consumers and businesses from buying and increasing the cost of doing business in the Commonwealth."

Another business owner, who has had to lay off employees in the past, is frustrated by taxes.

"I'd like to hire some folks to grow my business but payroll taxes are prohibitive, especially state unemployment taxes," he said.

GLIMMERS OF HOPE

There was mixed news about Pennsylvania small business' prospects for 2010. The survey found that none of the companies planned to grow substantially this year, although 23% expected to grow moderately and 67% expected its work force to remain the same. Less than 10% saw the need to cut jobs. Yet many small business owners also believe their revenues and profits will stay the same. Few say revenues and profits will fall sharply; even fewer expect substantial growth.

"It's a difficult climate we're in and we just have to stay the course, and keep the emotion out of things, and keep going without fear," said Intersource's Stein.

Another measure of growth – expectations of capital acquisitions during the year – is off the table for more than half of Pennsylvania small businesses that responded to the survey. Fifty-six percent said they wouldn't make a capital acquisition in 2010; 31% weren't sure. The difficulty of securing capital weighs heavily on the minds of many. The Federal Deposit Insurance Corp. recently reported that in 2009, lending by U.S. banks dropped by the largest percentage in 67 years. Small businesses are feeling the impact. Many are not able to secure the capital they need to grow their businesses. Nearly 40% believe that an inability to secure suitable capital, financing or credit is impacting their business.

SMC Business Council members completed the survey in February. The respondents included the self-employed (23%), businesses with 2 to 20 employees (50%) and businesses with more than 20 employees (27%). You can find out more details about the survey at smc.org. ▼

Legislative Report

Survey of Small Business Leaders on State Issues

By Eileen Anderson

Dear SMC Government Relations Committee,

Will the results of SMC's "Survey of Small Business Leaders on State Issues" sit on the shelf and gather dust? I always feel like time spent filling out surveys is like sending money down a rat hole.

—Overworked Small Business Owner

Dear Overworked Small Business Owner,

Rest assured SMC will take the results and convert them into ACTION!

—SMC Government Relations Committee

Here's How We Do It:

The survey helps us identify your top concerns. Those results are then used to develop our state legislative agenda and position papers. Escalating health care and insurance costs, slow sales, increasing tax burdens, and difficulty accessing capital have been identified as major challenges that stand in the way of small businesses' ability to create jobs.

Our message: If lawmakers work to create a more competitive, business-friendly environment in the Commonwealth, small business will help create the jobs needed to put Pennsylvanians back to work.

Every available opportunity will be taken to get the small business message heard starting with the PA House Commerce Committee hearing April 19. On Monday, May 3, SMC members will travel to Harrisburg and visit the offices of all southwestern and central PA lawmakers. State position papers will also be sent to house, senate, and gubernatorial candidates.

Here's what small business needs to get moving again:

■ Reduce Health Care Costs to Keep Health Insurance affordable for Small Businesses

The #1 concern among SMC members is high and continually rising health care costs. To bring down costs the incentives that govern spending must be changed. SMC will encourage the General Assembly to enact measures to contain health care costs.

■ Reduce Business Taxes

With Pennsylvania's unemployment rate at its highest levels since the 2001 recession, policymakers must recognize that our best strategy for recovery lies with competitive tax policies that will help retain jobs, keep facilities open and create new jobs.

■ Increase Access to Capital

The ability to secure a loan at affordable terms can make the difference between whether a small firm stays afloat, grows, modernizes, or shuts its doors. This is another front on which we must either stay competitive or risk losing business to other states, which may already have programs in place.

State position papers will be available later on this spring.

Plan on attending SMC's Grassroots Lobbying Trip to Harrisburg on Monday, May 3. Go to www.smc.org > Events or call Eileen Anderson at 412-342-1606. ▼

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