



**Testimony Regarding Legislative Response to COVID-19**  
**Mr. Daniel Murray**  
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**Special Committee on Economic Recovery**  
**August 13, 2020**

Chairwoman Lynn and members of the committee, I am pleased to submit comments related to the recovery of small businesses in the COVID-19 pandemic. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its almost 4,000 members in Kansas.

The impact from this pandemic, including government stay-at-home orders and mandated non-essential business closures has had a devastating impact on the small business economy. Small businesses, which make up half the U.S. and Kansas economies and account for nearly half of all jobs, have been the hardest hit during this unprecedented COVID-19 pandemic. The challenges they face are not of their own making, and small businesses across the country are doing everything they can to take care of employees, reopen their businesses, and help their communities. Relief efforts by the federal government and at the state level have allowed many to remain afloat, but there is still more work to do. Below I will review NFIB's Phase Four Legislative Priorities. Before I do, though, I would like to update you on the current mood of the small business sector.

In our Business Economic Trends Survey<sup>i</sup> released this week, small business optimism fell 1.8 points to 98.8 in July, near the survey's historical average. Overall, 4 of the 10 Index components improved, 5 declined, and 1 was unchanged (See Chart on Attachment). Owners continue to temper their expectations of future economic conditions as the COVID-19 public health crisis is expected to continue.

The current economic conditions are putting significant stress on small business owners struggling to balance lower sales, expenses, and longer-term sustainability. Even for those owners who have exhausted their PPP loan, the economic conditions have not yet returned to levels that can support business activity for many. The NFIB Research Center released a member survey in late July that highlights the state of small business owners amid the pandemic and the government's response.

Key findings from the survey include:

**The majority (71%) of small business owners have now used their entire PPP loan.**

- The 29% still using their loan are likely not far behind.

**Some small business owners (21%) have or anticipate having to lay off employees after using the PPP loan.**

- This is generally unchanged from [NFIB's July 7th survey](#) at 22%.

**Almost half (46%) of PPP loan borrowers also anticipate needing additional financial support over the next 12 months.**

- Congress is currently negotiating additional support. NFIB issued a [Phase Four Legislative Priorities for Small Business Recovery](#), which includes near- and longer-term financial assistance for small businesses.

**Almost half of small business owners (46%) are nearly back to where they were with some exceeding pre-COVID sales levels.**

- Thirty-two percent report sales levels of 50-74% from last year.
- Twenty-one percent of small businesses still in operation have sales levels that are less than half of what they were this time last year.

**About 23% of small business owners report that they will have to close their doors if the current economic conditions do not improve over the next six months.**

- Another 22% of owners anticipate they will be able to operate no longer than 7-12 months under current economic conditions.
- Over half (56%) are better situated and do not anticipate any near-term problems.

**More small business owners find it difficult to pay their mortgage/rent/lease payments than any other expense category.**

- About 54% of owners rent their business property while another 40% own.
- Seven percent both rent and own property used for business purposes.
- About one-third of respondents own investment property and 77% of them collect rent from those properties.
- Just over one-third (34%) of those who have renters are experiencing more difficulty collecting rent than normal.

**Over one-third (35%) of small business owners are "very" or "moderately" concerned about contracting COVID-19 themselves while operating their business.**

- Another 35% are somewhat concerned.
- Most small business owners (86%) are 100% involved in the daily operations of their business with another 10% of owners more than 75% involved in daily operations.

**Most small business owners expect business conditions to improve to normal levels by the end of 2021.**

- Seventeen percent of owners anticipate conditions improving to normal levels by the end of the year with 2% saying conditions are back to normal now.
- Over half (52%) of owners anticipate it taking until sometime in 2021 and 25% are less optimistic and expect conditions not to fully improve until sometime between 2022-2024.

Now, back to what Congress and the Legislature do to help remedy the challenges and uncertainty facing the small business sector. Below is the list of priorities that NFIB released last week. These proposed legislative recommendations reflect our members' concerns and will help provide support and protection they so desperately need. While these are recommendations were crafted by our D.C. for presentation to the Trump Administration and Congress, these recommendations should inform you about what small businesses want to see happen at the state level.

The Phase Four Legislative Priorities NFIB issued last week includes recommendations that will help our country's smallest businesses, including securing financial assistance, creating strong liability protections, providing targeted tax relief, and reforming unemployment insurance:

1. **Financial Assistance: Secure near-term and longer-term financial assistance programs for the smaller businesses with continuing financial needs.**
2. **Liability Protections: Create strong liability protections that enable small businesses to reopen safely and smartly without the fear of devastating lawsuits.**
3. **Tax Relief: Provide tax relief for small businesses so they can recover faster, keep and hire employees, and bolster their communities.**
4. **Unemployment Insurance Reform: Reform unemployment insurance so small businesses can quickly fill open positions and get the economy growing again.**
5. **Regulatory Relief: Protect small businesses from additional regulatory requirements or expanding existing mandates.**

**NOTE:** Please see Attachment A to see Plan.

This summer has been challenging for many small business owners who are working hard to keep their doors open and remain in business. Small business represents nearly half of the GDP and we continue to see dips in optimism and widespread uncertainty. There is still plenty of work to be done to get businesses back to pre-crisis numbers.

Thank you for the opportunity to provide comments.

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<sup>i</sup> NFIB Small Business Economic Trends Survey: <https://www.nfib.com/surveys/small-business-economic-trends/>