



COVID-19 Relief and Recovery Plan for Connecticut's Small Businesses

By Louise DiCocco



The COVID-19 pandemic has had a devastating impact on businesses, most acutely on small businesses. While businesses in the hospitality, restaurant, aviation, and retail industries appear to be the most impacted, all small businesses are struggling to survive.

The following are policies and strategies that will provide much needed aid to small businesses, which are the backbone of our economy. Swift and strategic actions are necessary to provide relief to small businesses. To keep small businesses operating we suggest the following:

Halt or defer small business financial burdens. For businesses with little or no revenue during this pandemic, licensing fees, taxes and utilities remain a significant cost. The state should continue to defer business and occupation tax filings and payments, and waive any fines, fees, interest and penalties on sales tax payments due until the end of the pandemic.

Temporarily suspend the minimum wage increase set to take effect in September. In September, the minimum wage will increase to \$12 per hour from \$11 per hour. A one-year moratorium will provide great relief to small businesses recovering from the economic downturn resulting from COVID-19. In addition, it will make it easier for small businesses to maintain existing jobs.

Repeal the sales tax on safety apparel, including personal protective equipment, (PPE). The COVID-19 pandemic has resulted in small businesses encountering many unexpected challenges and costs in complying with state and federal laws regarding a safe workplace. The 6.35% state sales tax was adopted for “safety apparel” in last year’s budget, and the tax was collected starting Jan. 1, 2020. The state should suspend levying this tax for a year.

Utilize information obtained from small business surveys to evaluate the impact of COVID-19 and plan accordingly. The Connecticut Business & Industry Association, the National Federation of Independent Businesses and Connecticut chambers of commerce in cooperation with the Department of Community and Economic Development have circulated and utilized data assessing the challenges small businesses are encountering. Data should be utilized to craft public policy to support the state’s economic recovery.

Removing regulatory burdens is key to helping small businesses survive during and after the COVID-19 pandemic. Reducing the regulatory burden on small businesses will go a long way to ensure they survive during and after the COVID-19 pandemic. Lawmakers should identify the enormous number of regulations that are mostly geared toward big businesses and exempt small businesses from them. Regulations place a significant burden on small businesses, much more so than on large businesses.

1. Exempting small businesses from well-defined groups of regulations would reduce costs and remove barriers for small businesses. How small businesses fare during the coming months is of critical importance for our state and its economy.

2. Ease or waive any restrictions that may be in place regarding temporary signage. Small businesses need any and every opportunity to be creative and promote that they are open for business. Homemade signs, curbside signs, A-frame placards, banners, etc. should all be allowed.
3. Temporarily waive building permits for those few small businesses that may actually have the means to expand;
4. Temporarily waive local business licensing and permitting fees for small businesses;
5. Require each state agency to conduct a full regulatory review to assess the cost/benefit of all regulations.
6. Allow restaurants with plans for expanded outdoor seating to avoid planning and zoning or other local regulatory approvals. Instead, permit these changes “as of right” on a temporary basis, or perhaps so long as businesses in a municipality meet certain parameters.

Liability protections for small businesses: Small businesses are certain to be wary about not only the protocol necessary to keep employees and customers safe, but the liability they may face from potential COVID-19 claims. When reopening a business in Connecticut, both the Occupational Safety and Health Administration (OSHA) and the Centers for Disease Control and Prevention offer guidelines for keeping workplaces safe. In addition, Connecticut provided guidelines as well on its website dedicated to COVID-19 and provided a comprehensive checklist for businesses to re-open. To assist small businesses, Connecticut should:

1. Shield small businesses from liability brought by employees, customers and third parties unless the employee, customer or third party can prove the business failed to develop and implement a reasonable plan that adhered to OSHA and state guidelines to reduce the risk of COVID-19, and that failure caused the injury.
2. Impose fines on unscrupulous trial attorneys who bring frivolous COVID-19-related lawsuits. Most, if not all small businesses, do not have in-house counsel and the vast majority cannot afford to hire lawyers to defend their business in court. Trial lawyers are aware of this, so small business owners are easy targets for trial attorneys. Accordingly, they should be penalized for bringing any frivolous COVID-19-related lawsuits.

