

# **Small Business Commission**

Executive Summary of 2022 Interim Activity

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

Pursuant to the powers and duties authorized under § 30-183 of the Code of Virginia, the Virginia Small Business Commission (the Commission) held two meetings during the 2022 interim with Co-Chairs Senator John J. Bell and Delegate Christopher T. Head presiding. Materials presented at the meetings are accessible through the *Commission's meetings webpage*.

The Commission's meetings occurred on October 11, 2022, and November 28, 2022. Pursuant to HJR 687, which was enacted by the 2019 Session of the General Assembly, the Commission studied information and policy proposals related to matters affecting small businesses.

### **Commission Members**

Senator John J. Bell, Co-Chair Delegate Kim A. Taylor

Delegate Christopher T. Head, Co-Chair Delegate Thomas C. Wright, Jr.

Senator Lynwood W. Lewis, Jr. Jay M. Atkinson Senator Jennifer L. McClellan Melissa A. Ball

Senator Frank M. Ruff, Jr. Jay Challa
Delegate Karen S. Greenhalgh Lee Vogler
Delegate Suhas Subramanyam Jorge Yinat

# October 11, 2022, Meeting

The Small Business Commission (the Commission) met on October 11, 2022, in Richmond for its first interim meeting of 2022. The meeting began with introductions and opening remarks, followed by the election of Co-Chairs Senator John J. Bell and Delegate Christopher T. Head, presiding. Materials presented at the meeting are accessible through the <u>Commission's meetings</u> <u>webpage</u>.

### Discussion and Planning

Senator Bell introduced the Commission members and offered a focus on recalibrating the Commission's work. The Senator noted that the previous year's interim work was targeted on COVID-19 impacts on small businesses, particularly business closures, and he asked the Commission to raise small business topics and priorities moving forward to the following: (i) challenges facing small businesses today; (ii) how to increase the work pool, increase labor participation, and ascertain why individuals are turning down jobs but continuing to collect unemployment; (iii) in a post-COVID world, identification of those areas in which businesses

Members Absent: Delegate Kelly K. Convirs-Fowler.

<sup>&</sup>lt;sup>1</sup> **Members Present:** Senator John J. Bell (co-chair), Delegate Christopher T. Head (co-chair), Senator Lynwood W. Lewis, Jr., Senator Jennifer L. McClellan, Senator Frank M. Ruff, Jr., Delegate Karen S. Greenhalgh, Delegate Suhas Subramanyam, Delegate Kim A. Taylor, Delegate Thomas C. Wright, Jr., Jay M. Atkinson, Melissa Ball, Jay Challa, Lee Vogler, and Jorge Yinat.

continue to struggle; and (iv) legislative ideas based on what businesses need now and will need in the future.

Delegate Head discussed the still lagging recovery of the workforce in the home care industry that is operating at about 50 percent below pre-pandemic levels. The Delegate mentioned the disparity between the large availability of jobs and the low level of unemployed candidates showing up for interviews. Noting these and other systemic issues, Delegate Head posed the question of where the workforce went and the need to review which statistical metrics will give the Commission a truer sense of the health of Virginia's workforce, unemployment levels, labor participation, and the broader economy for small businesses. Additionally, Delegate Head noted that many small businesses that applied for federal programs, such as the employee retention credit, in a timely fashion are still waiting on that assistance and some have not even received an update from the federal government on their application. He asked why the money is not flowing to small businesses despite its prior, settled appropriation.

Delegate Thomas C. Wright, Jr., identified a large issue for prolonged, limited labor participation as being the minimal obligations to provide ongoing evidence that one is looking for employment. He expressed an interest in more tracking from businesses on the jobs for which people are applying and interviewing, increasing training opportunities in specialized trades, encouraging employment for teenagers and young people, and providing sufficient incentives to rekindle pride in performing a job. Senator Bell noted that updated statistics and data from the administration would be helpful in identifying the industries and demographics most in need of aid and legislative action.

Senator Jennifer L. McClellan noted that the requirement to search for work while collecting unemployment had been reinstated by operation of law. She agreed with the need for a way to accurately track why people were not participating in the workforce and discussed the lack of affordable childcare and lack of paid family medical leave (and caregiving obligations at home) as key reasons for the current state of employment in Virginia, especially for women.

Jay Challa raised the impasse between a lack of skilled workers in emerging industries, such as computer science and cybersecurity, and the huge demand for workers in those fields that usually command high wages. He advised that bridging the gap should start with more partnerships at community colleges and businesses to develop a more skilled workforce. Mr. Challa also referred to last year's Joint Legislative Audit and Review Commission's (JLARC) report regarding the performance of the Virginia Department of Small Business and Supplier Diversity (DSBSD) not meeting its small business goals and the absence of set-aside mandates in Virginia resulting in larger companies getting the majority of public contracts. He noted that the focus on small business procurement should be one encompassing all geographic areas and markets in Virginia.

On those points, Senator Bell suggested that Virginia reinstate its seminar series on "how to do business with Virginia" and that the Commission concentrate on identifying the industries with the greatest need for jobs and providing transitional tools for getting people qualified and into such positions. Delegate Head added that there is a need to avoid having small businesses rely solely on the Commonwealth for revenue and in that regard he noted the importance of stimulating private sector success and finding ways to avoid "farming out" contracts to out-of-state entities to the detriment of qualified Virginia businesses.

Delegate Kim A. Taylor spoke about the concerns with workforce development, the need for increased funding into successful existing programs, and the need to establish new targeted

programs, such as a partnership between advanced manufacturing companies and local schools. She also noted that individuals are neglecting the development of "soft skills" and how important they are to productivity and advancement in any industry. Senator McClellan agreed that soft skills education is important, is generally no longer part of the kindergarten curriculum, and usually only accessed at young ages by those families with the means to afford early learning and pre-kindergarten programs.

Jay M. Atkinson noted that even prior to the pandemic Virginia was facing workforce development issues, some cyclical and some structural in nature. The primary concerns he identified include providing small businesses with opportunities to work with state government and making incentives available once baselines for small, women-owned, and minority-owned business (SWaM) goals are exceeded. He suggested a mentorship program run by large contractors to build and support the smaller businesses such that they could "graduate" and sustain growth sufficient to qualify for a small business designation. Senator Bell agreed and hoped to have a company speak to the Commission about the implementation and benefits of such a mentorship program.

Lee Vogler discussed the positive feedback from businesses on changes to the law that allowed alcohol-to-go during the pandemic. HB 2266 and SB 1471 (2021, Sp. Sess. I) permitted localities to designate "outdoor refreshment areas" (ORAs), but small businesses have had difficulty working with the Virginia Alcoholic Beverage Control Authority and faced increased costs in doing so when trying to implement the ORAs. He sees the main issue as one where the desire (and presumed intent of the legislation) is to allow for the establishment of permanent ORAs, but the current permitting process is far too restrictive and cumbersome.

Senator Frank M. Ruff, Jr., expressed concern with the motivations of people gaining an education for fields and jobs that are not in high demand. He encouraged the Commission to find more data and more programs that connect individuals with training and educational opportunities directed more toward those industries most in need of workers.

Delegate Suhas Subramanyam raised the issue of prime contractors and large businesses utilizing SWaM and small businesses generally to win a public contract bid but essentially dropping the small businesses from the projects thereafter. He requested that the Commission revisit the definition of a "small business" in the Code of Virginia with a goal of improving small business opportunities in Virginia. Delegate Taylor agreed that the "small business" definition in the Code should be revisited and noted the inconsistent SWaM requirements currently in place depending on which agency or entity is contracting with them. Additionally, she noted that the SWaM certification and renewal process is overly burdensome and requires a large amount of legwork from small businesses that seems unnecessary.

Senator Bell addressed the qualification metrics for small businesses and noted that some relatively large companies were still deemed small businesses under the law. He asked the Commission to consider whether there should be a time limit for a small business to graduate and, if a downturn arises, how a business could qualify again as a small business. Senator McClellan said that the Commission should turn to the JLARC report on the small business definition, and Mr. Challa asked the group to consider the workability of following the federal Small Business Administration's policies.

Mr. Atkinson highlighted the issues with the unnecessarily burdensome requirement that the owner of a small business be a natural person or individual. He explained that otherwise eligible small businesses can be made ineligible solely due to ownership; for example, an LLC that has

huge legal costs and hurdles just to regain eligibility. He also addressed contract flow-down requirements, such as requirements that small businesses with a small percentage of a large contract must also carry disproportionately high liability insurance coverage, and expressed hope for greater visibility into the operations of small businesses by increased tracking of small business metrics on contracts.

Delegate Karen S. Greenhalgh felt that the inability to utilize available tax credits for childcare and pre-kindergarten programs run by a church is a component of the problem with finding workers. She noted the success of the Achievable Dream initiative in Virginia Beach where a public-private partnership developed training of soft skills, set high expectations for students, and provided strong training and apprenticeship opportunities as an alternative to traditional undergraduate education. Senator Bell agreed that there is value in skill positions that do not require a college degree and that Virginia should improve its marketing for skill-based jobs and careers. Jorge Yinat also expressed that private industry should drive such skill-based training programs because they know the needs of their sectors best and can see the value in recruiting, training, and retaining prospective employees.

Delegate Head noted that the General Assembly used to have a business development caucus that would travel around the Commonwealth for roundtables to provide information on and receive feedback from small businesses on legislative proposals. He proposed that the Commission consider adopting that approach to gain input, listen to small businesses, and rapidly implement changes based on new information and perspectives gleaned from those discussions. Senator Bell concurred and asked the members to bring one "pain point" for small businesses to the next meeting, to consider having Commission meetings across Virginia, and to identify specific legislative proposals for review. Delegate Wright noted that the Commission should better understand what efforts the administration is taking to bring the workforce back, what policies have been successful, and what additional steps legislators can do to help.

#### Public Comment

Chris Stone from the Hampton Roads Chamber of Commerce asked the Commission to consider changing the definition of a small business, noted the conflict between federal NAICS codes and Virginia's system, and asked for a review of whether qualifying as a small business should also require active licensure in Virginia.

# Next Meeting

Senator Bell proposed several action items for the next Commission meeting:

- 1. A presentation from the Virginia Employment Commission with updates on the employment statistics generally, a discussion of how it tracks unemployment in the Commonwealth, and how many Virginians are not participating in the workforce;
- 2. A conversation with the administration focusing on workforce participation numbers, the utilization of the employee retention tax credit, and workforce training initiatives;
- 3. The feasibility and benefits of providing small business grants to those creating jobs;
- 4. What solutions might address the absence of soft skills in younger employees;
- 5. Reinstating "How to Do Business with Virginia" seminars;

- 6. Reviewing SWaM percentages, whether Virginia's goals are being met, and how those work performance percentages are addressed in the relevant contracts;
- 7. Considering easing ownership requirements that mandate a natural person be the owner of a small business;
- 8. The issue of childcare and identifying existing deficits in the system, its costs, and what ways people can access childcare aid programs;
- 9. How remote workers and expanding broadband access affect small businesses in Virginia; and
- 10. The barriers to workforce participation and how people can afford to remain out of work despite the expiration of enhanced unemployment benefits that were in place during the pandemic.

The Commission decided to meet again at the end of November, but no date was set.

# November 28, 2022, Meeting

The Small Business Commission (the Commission) met on November 28, 2022, in Richmond for its second interim meeting of 2022. The meeting began with introductions and opening remarks from the Co-Chairs Senator John J. Bell and Delegate Christopher T. Head, presiding.<sup>2</sup> Materials presented at the meeting are accessible through the *Commission's meetings webpage*.

• Updates from the Virginia Employment Commission (VEC)

Carrie Roth, Commissioner of the Virginia Employment Commission and Advisor to the Governor for Strategic Initiatives.

Commissioner Roth discussed the small business impacts of VEC's work focusing on unemployment insurance, workforce services, and the state of the labor market.

### **Unemployment Insurance**

Commissioner Roth reported that Virginia's Unemployment Insurance Trust Fund (the Trust Fund) balance has returned to pre-pandemic levels in excess of \$1.4 billion and weekly claims likewise have fallen to pre-pandemic levels. Solvency has passed a key level and the reduction for the Trust Fund builder tax will become effective in January 2023. Therefore, Virginia will not have a Trust Fund builder component in unemployment taxes next year, which will help Virginia small businesses.

The General Assembly froze the other two taxes that make up the Trust Fund for the next two years to shield employers from the impact of pandemic-related claims. Delinquent employers will remain subject to the maximum rate for taxes and the annual tax notices will be issued to employers in December 2022. Commissioner Roth noted that 70 percent of employers in 2022 were paying the lowest level of tax rates and 16 percent of those paying in are new employers, a significant increase over 2021 numbers.

Members Absent: Delegate Kelly K. Convirs-Fowler.



Virginia Division of Legislative Services

<sup>&</sup>lt;sup>2</sup> Members Present: Senator John J. Bell (co-chair), Delegate Christopher T. Head (co-chair), Senator Lynwood W. Lewis, Jr., Senator Jennifer L. McClellan, Senator Frank M. Ruff, Jr., Delegate Karen S. Greenhalgh, Delegate Suhas Subramanyam (electronically), Delegate Kim A. Taylor, Delegate Thomas C. Wright, Jr., Jay M. Atkinson, Melissa Ball, Jay Challa, Lee Vogler, and Jorge Yinat.

The Unemployment Employer Self-Service Account (ESS account) is an online account portal where employers are required to register with VEC for reporting wages and remitting unemployment insurance taxes. Recent legislation passed during the 2022 Session required all communications between employers and VEC related to unemployment insurance claims to be electronic. Employers are notified about separation reports through their ESS account and are provided 10 days to complete separation reports on any claim filed against their business. Failure to complete the reports may result in payment of claims and liability assigned to the employer. Employers are required by law to submit separation reports electronically unless granted an exemption by VEC. The separation reports and active employer participation in their submission are important in helping VEC to prevent unemployment insurance fraud.

Senator Bell asked the Commission members to communicate and provide outreach to their communities emphasizing the process and importance of small businesses staying on top of separation report submissions. Commissioner Roth explained that many small businesses use third-party payroll providers and that constant communication is needed between employers and these providers on tax rates to ensure they are properly paying taxes and do not fall behind in a manner that would result in higher rates and detrimental impacts to the business. Delegate Head found the fact that 70 percent of employers were paying the lowest tax rate to be an encouraging sign of the quality of employment where individuals are not losing their jobs indiscriminately and that employers are keeping up with their tax payments.

### **Workforce Services**

Commissioner Roth noted that Virginia has 34 Career Works Centers that serve as one-stop centers for job seekers to find training and education resources and is staffed by both VEC employees and partner program employees from the Department for Aging and Rehabilitative Services, the Virginia Community College System, and the Department of Education, among others. Any individuals on unemployment are required to be in the Virginia Workforce Connection that helps them build resumes and connects them to employers seeking certain skill sets. VEC is also hosting job fairs locally and statewide trying to assist employers in finding new hires and getting the unemployed back to work.

VEC also provides rapid response assistance for mass layoffs that includes assistance with unemployment insurance and implementation of best practices that are enhanced by close working relationships with those employers. In addition, the Virginia unemployment viewing system allows employers to update their lists in anticipation of mass layoffs and in such a case separation reports would not be necessary. VEC also provides reemployment services and job-matching services to affected workers.

Senator Bell inquired about the sufficiency of VEC funding moving forward now that the pandemic has passed. Commissioner Roth noted that the administration will have several legislative and budgetary requests for the upcoming session that specifically focus on strategies to (i) reduce the backlog, (ii) transform the agency, and (iii) create an agency that is resilient and responsive to the economy of the future. The backlogs are eliminated or close to being eliminated with the exception of appeals.

Commissioner Roth then detailed the Work Opportunity Federal Tax Credit that provides up to \$9,600 to employers for hiring workers from prioritized employment groups, including veterans, long-term recipients of other public assistance, and previously incarcerated citizens. VEC has been working with the Department of Corrections to get individuals re-entering their

communities into the Virginia Workforce Connection, with \$169.9 million in credits approved this year.

Additionally, Commissioner Roth noted that refusing a suitable offer of work can serve as the basis for ineligibility to claim unemployment insurance. The VEC website<sup>3</sup> contains a link to a form to report an employee or individual who refuses an offer of work that is used to adjudicate such claims.

#### **State of the Labor Market**

Commissioner Roth informed the members of the very low unemployment rate in Virginia (2.7 percent compared to a national rate of 3.7 percent). Virginia's unemployment reached its peak of 11.6 percent in April of 2020 and Virginia has experienced steady employment growth over the past year. The Commissioner also reported that in the first quarter of this year there were over 306,000 employer establishments in Virginia, 607 of which employed 500 or more employees, and of that 607, 250 employed more than 1,000 employees. Gaps remain with the labor force in Virginia currently standing at 4,348,072 compared with 4,476,110 in January of 2020 and the labor force participation rate standing at 63.6 percent compared with 66.3 percent in January of 2020.4 Senator Jennifer L. McClellan asked about age breakdowns on these statistics and Commissioner Roth noted that VEC could provide that information and that female labor participation remained roughly the same pre-versus post-pandemic, while male labor participation fell five percent. The administration remains committed to improving labor participation and addressing labor shortfalls moving forward for employers and the unemployed.

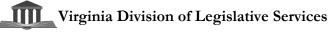
Senator Bell proposed an action item on what the Commission and VEC could do collectively, and legislatively, for those regions of Virginia requiring more focus and targeting given their relatively weaker employment recoveries, in-demand employment opportunities, and concern that not filling these labor gaps will lead businesses to seek employees outside of Virginia. Commissioner Roth agreed and noted that the greatest disruption to employers seeking labor revolved around people starting their own businesses and/or leaving large employers for their own "gig" jobs.

Delegate Head inquired about (i) how these "gig" workers are counted as they are not direct employees and (ii) of the population currently outside of the workforce and those not looking, how are they paying the bills. Commissioner Roth discussed the role played by data received from employers and household surveys, the latter of which captures those "gig" positions and that the decisions made to leave employment or start a new business were dependent on the means of respective households.

Senator Frank M. Ruff, Jr., asked for information on VEC statistics on the attendance and success rates of VEC-sponsored job fairs, and Commissioner Roth detailed the reporting of those job fair statistics that produce positive employment outcomes for job seekers and committed to providing that data to the Commission.

Senator Bell noted that Virginia generally lags behind competitor states in employment statistics, and Commissioner Roth agreed that although Virginia's labor participation rate is growing and at a higher percentage than competitor states, we still face a larger gap compared to pre-pandemic levels than our competitor states. Senator Bell also asked how small businesses can facilitate a strong partnership with VEC. Commissioner Roth encouraged communication with small

<sup>&</sup>lt;sup>4</sup> Labor market information and community profiles can be found at *virginiaworks.com*.



<sup>&</sup>lt;sup>3</sup> https://www.vec.virginia.gov/employer-path

businesses that VEC Workforce Connection is a resource and tool for small businesses that is generally free to fully utilize. She was unsure of the number of Virginia employers using the Workforce Connection tool, but an issue is that employers are not fully aware of the tools available and that marketing those positive aspects to promote employer engagement will yield benefits throughout the employment system and broader Virginia economy.

Senator Ruff raised an issue with VEC filling a small percentage of open job positions and whether there exists a more effective way to accomplish employment goals, possibly through utilizing private sector recruiters but ultimately focusing on the goal of getting people to return to work. Senator Bell reported that his personal experiences dealing with VEC were very positive and he wants to encourage more businesses to use VEC as a resource to address outstanding hiring gaps.

Delegate Head sought demographic data of those currently on unemployment and looking for jobs and specific statistics on who is applying, the jobs to which they are applying, etc. He additionally posited a potential recalibration of VEC to center its efforts around employers rather than employees to achieve better results.

Lee Vogler asked whether we are tracking people leaving the workforce through a form of exit interview to determine why people are ending job searches and turning down jobs because that information would be particularly helpful in addressing trends and finding solutions to the problem. Senator McClellan agreed that the Commission has been seeking those answers for some time and proposed requiring that such data be collected. Commissioner Roth committed to finding what the currently collected data shows and was open to considering revising what data is collected so that more targeted and specific information could inform the Commission and members of the public. Senator McClellan noted that comparing a wide swath of demographic data over time would help the Commission understand whether trends are due to a natural flow of demographic changes in age brackets or some other factors that need to be addressed.

Delegate Thomas C. Wright, Jr., asked whether VEC collected data on "walk-in" employment inquiries or applications that could be especially important for assisting small businesses with only a few employees who face severe strain and have to consider ending operations because of losing a single employee. Commissioner Roth reiterated VEC's commitment to implementing modern and novel strategies fit for the modern economy and transforming VEC to improve Virginia employment outcomes through such creative measures. She also said her team would explore the numbers and what is documented on walk-in applications and its effects on unemployment statuses.

Jay Challa questioned whether, given the difference between job openings and job recovery, Virginia has or is exploring a job matchmaking service that, especially after the pandemic and its changes to various industries and work-from-home positions, would more effectively retrain and get people back to work in the sectors most in need of employees. Commissioner Roth agreed on the need to focus on the outcome issues and identified existing training programs that are conducted within certain companies, but also in conjunction with partners at Virginia Workforce Centers and local community colleges as the baseline. Mr. Challa felt that more focused training opportunities is crucial moving forward and that encouraging people to relocate from dense urban communities to less populated areas of the Commonwealth is something to explore given the job demands in those areas.

Jay M. Atkinson asked for more details and expected outcomes from the proposed transformative reforms at VEC and the Department of Labor. Commissioner Roth noted VEC's focus on

reducing the number of unemployment insurance backlogs, implementing recommendations from the Joint Legislative Audit and Review Commission and outside consultants, scaling up successful ideas and programs, and empowering talent at VEC to propose creative solutions.

Delegate Kim A. Taylor wanted to know how VEC is holding job seekers accountable and how government is ensuring that these individuals are actually following through on their job searches. Commissioner Roth emphasized the importance of employers submitting reports on offer refusals and VEC audits detailing specific data but that it remains a challenge.

Jorge Yinat wanted more information on how mass layoffs are defined and what the response to them entails. Commissioner Roth noted that the response is dependent on the business and industry involved but that there are triggers that require notice to VEC and they provide assistance for both temporary and permanent layoffs. The best service is provided when there exists open communication with VEC to address unemployment and reemployment issues.

# Legislative Priorities for the 2023 Session of the General Assembly

### **Penalties and Interest on License Taxes**

Delegate Karen S. Greenhalgh expressed concern about a constituent who missed a BPOL tax payment, thereby accumulating penalties and interest, but never received notice that the payment was due. She noted that there exists no legal obligation for notice that penalty and interest is accruing on a missed BPOL payment. Delegate Greenhalgh presented a bill draft to the Commission that caps the maximum amount of penalties that may be assessed on unpaid license taxes or tangible personal property taxes owed by a business at five percent of the amount due. The bill provides the same cap for penalties assessed for failing to apply for a license or file a return on time for such taxes. The bill requires the assessing official, upon assessing any such penalty, to notify the affected taxpayer of the amount of such penalty, any interest assessed, and the total amount of tax owed. The Commission adopted the proposal as its first recommendation.

#### **Labor Force Workforce Development**

Senator Bell raised a proposal outlined by the Secretary of Labor at the annual meeting of the Senate Committee on Finance and Appropriations regarding reorganizing and streamlining work force development and unemployment response efforts. Commissioner Roth said she commended the effort because it would place all of the initiatives and efforts to address unemployment in a single office that would centralize communication for Virginians and the government agencies. The Commission adopted the proposal to streamline the actions concerning the Department of Labor and employment seekers in concept as its second recommendation.

### **Other Comments**

Mr. Challa asked for an update from the administration regarding agencies failing to meet the 42 percent agency spending goal with respect to small businesses.

Mr. Atkinson highlighted the differences between responding to an RFP and when the award is actually made with respect to small business spending goals. He found that there are no enforcement mechanisms in place to ensure enough of the post-award contract goes to the small business and also raised the possibility of increasing the small business set aside and amount thresholds moving forward. He provided a document for the Commission's consideration discussing structural impediments to small business success in Virginia.

Mr. Vogler noted the issues with establishing outdoor refreshment areas, and the Commission members agreed that they expected some sort of legislation that would address those issues.

Senator Bell asked that the Commission members review and provide testimony on bills affecting these matters when they come before committee.

#### Public Comment

A citizen working with a moving company in Stafford found VEC's job-finding program and courses to be very helpful. She noted that there are still issues with hiring employees and that many job seekers are only looking for side gigs. She noted that Supplemental Nutrition Assistance Program Education (SNAP-Ed) provides education and training opportunities that help people get into, stay, and advance in the workforce.

# Next Meeting

The Commission agreed to hold its next meeting during the 2023 interim in Virginia Beach, but no date was set.

### **Recommendations Adopted by the Commission**

Recommendation 1: A bill to cap the maximum amount of penalties that may be assessed on unpaid license taxes or tangible personal property taxes owed by a business at five percent of the amount due. The bill provides the same cap for penalties assessed for failing to apply for a license or file a return on time for such taxes. The bill requires the assessing official, upon assessing any such penalty, to notify the affected taxpayer of the amount of such penalty, any interest assessed, and the total amount of tax owed.

<u>Recommendation 2 (adopted in concept)</u>: A bill to create and implement a Workforce Development Optimization initiative proposed by the Secretary of Labor that would create a single workforce ecosystem hub that streamlines and consolidates the capabilities of Virginia's workforce development system through a workforce development and advancement department.

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

Stephen Kindermann, Attorney, DLS skindermann@dls.virginia.gov 804-698-1880

Rebecca Schultz, Attorney, DLS rschultz@dls.virginia.gov 804-698-1863