

# THE STATE OF MAIN STREET

Oregon small business views  
on state and national public  
policy

October 2014



the  
**MAIN STREET**  
alliance of oregon



a big vision for small business



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## EXECUTIVE SUMMARY

This report is based on a survey of 443 small business owners throughout Oregon. The majority of these “Main Street” businesses were in rural cities from Hood River to Joseph, from Astoria to Brookings, from Monmouth to Ashland and in the Bend/Redmond area. Business sizes vary from 1-100 employees, with the majority below 25 employees.

Key findings include:

### THE ECONOMY, CAPITAL ACCESS & TAXES

- **Oregon small business owners believe increasing consumer demand is what is needed most to create more jobs and get the economy back on track.** Most small business owners report that more customers will help them to create more jobs, not lower taxes or fewer regulations.
- **Small business owners across Oregon continue to face challenges with access to credit.** Respondents reported they have been turned down for loans within the past year, decided to not seek bank loans due to being discouraged, and have had lines of credit called in. This has particularly impacted women business owners and business owners of color.
- **Oregon small business owners believe big corporations should pay more taxes, and strongly support closing corporate tax loopholes.** The majority of respondents said big corporations are paying less than their fair share of taxes. A strong majority sees closing corporate tax loopholes as an necessary revenue-raising opportunity, before making further budget cuts.
- **Small business owners support local banking and public policy encouraging local lending, like partnership banks by a factor of 9 to 1.** The vast majority of respondents support cities and counties moving public deposits out of Wall Street banks and depositing them in local community banks and credit unions.

### JOB QUALITY, HEALTH CARE & WORKPLACE ISSUES

- **A plurality of Oregon small business owners surveyed support a statewide sick leave standard for all employers.** The business community is divided on a paid time off standard, but supporters see it as a public health issue, and the right thing to do. Support for a state-wide standard was even higher from women business owners.
- **An increasing number of small business owners are offering insurance to their employees.** There is still need for more information about the health care law, how it works for small businesses, and how to access small business tax credits for offering a health care plan.
- **Small business owners in Oregon support further health care reforms to guarantee universal health coverage, beyond the Affordable Care Act.** Many are in support of a “single payer” or Medicare for All type of system.



## RETIREMENT SECURITY

- **Small business owners in Oregon call for more retirement saving options for their employees and their families.** The majority support the concept of the state creating a pooled retirement savings option for all Oregonians. Women business owners reported an even higher level of support for such a plan.

## IMMIGRATION REFORM

- **An increasingly strong majority of Oregon small businesses support comprehensive immigration reform that includes a path to citizenship for immigrants.** Respondents see the immigrant workforce as critical to the development, recovery and expansion of our economy.

## POLITICAL SPENDING AND ELECTORAL REFORM

- **Oregon small business owners are concerned about unlimited political spending in elections.** Asked if the Supreme Court's *Citizens United* decision freeing corporations to spend unlimited money in elections was good, bad or had no impact for small businesses, a clear majority of respondents said it was bad for small businesses.
- **Oregon small business owners support electoral reforms to limit the influence of money in politics.** Many support a constitutional amendment declaring that corporations are not people and money is not speech, as well as other reforms to fund elections with small private donations and public matching funds rather than relying on wealthy donors and corporate money.

## INTRODUCTION

Small businesses are the job creators in our economy, and in Oregon represent nearly 98% of the employers. Small businesses create jobs and deliver essential goods and services in communities across Oregon and the country; they help to bolster development of local economies. Seen as some of the most trusted messengers in our society, small business owners are a critical link holding our communities together.

As real-life experts on the economy, and the challenges and opportunities of running a business, small business owners have important perspectives on how to shape public policies to support strong local economies. This report focuses on the experiences and views of Oregon small business owners as documented in a rolling survey conducted between June of 2013 and July of 2014. The survey evaluated small business owners' experiences and views on the economy, taxes, access to credit, money in politics, banking, health care, retirement security, workplace benefits and immigration reform.

## METHODOLOGY

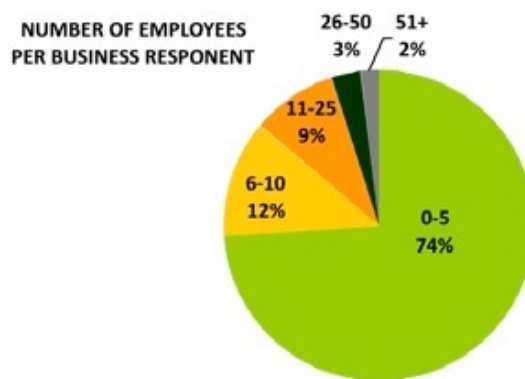
This report is based on a survey of 443 small business owners from a range of cities and towns—mostly rural and out of the Portland Metro area—across Oregon. Included are “Main Street” businesses from Ashland, Astoria, Bandon, Beaverton, Bend, Brookings, Burns, Canby, Cannon Beach, Clatskanie, Cloverdale, Coos Bay, Cornelius, Corvallis, Eugene, Garibaldi, Gold Beach, Gresham, Harbor, Hermiston, Hillsboro, Jacksonville, Joseph, John Day, Klamath Falls, La Grande, Lakeview, Lebanon, Manzanita, Medford, Myrtle Creek, Nehalem, Neskowin, Netarts, Ontario, Oregon City, Pacific City, Portland, Prineville, Redmond, Rockaway Beach, Salem, Scotts Mills, Seaside, Silverton, St Helens, Tualatin, Vale, Waldport, West Linn, Wheeler, White City, Wilsonville, Yachats, and Yamhill. Surveys were collected between June 2013 and July 2014, primarily through face-to-face interviews with business owners in their places of business. A small number of surveys were collected through email and over the phone.

Survey results reported here are rounded to the nearest percentage point.

## RESPONDENT INFORMATION

Among respondents to this survey, 74 percent had zero to five employees, 12 percent had six to ten employees, 9 percent had 11 to 25 employees, 3 percent had 26 to 50 employees and 2 percent had more than 51 employees.

Approximately fifty-six percent of the respondents were male and forty-four percent were female.



## REPORT FINDINGS

### THE ECONOMY, CAPITAL ACCESS & TAXES

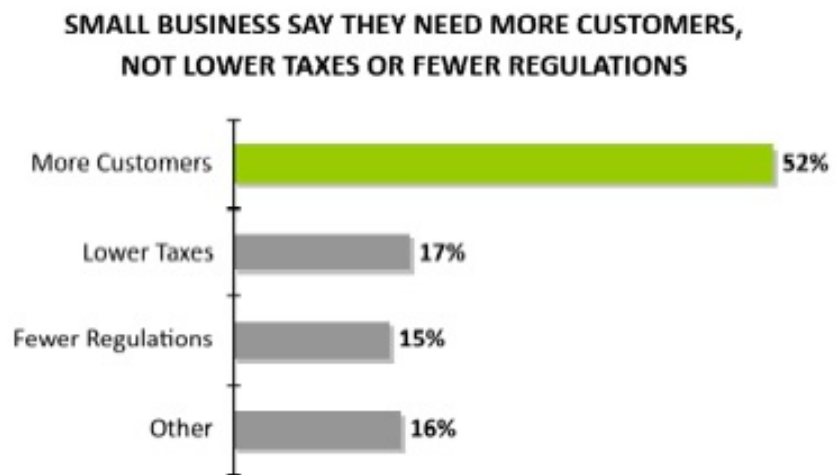
As the country's financial system continues to struggle to get back on track and the unemployment rate remains dangerously high, our local communities rely more than ever on the strength and growth of small businesses. To get a better sense of what is needed most to support those critical small businesses, business owners across Oregon were surveyed on various issues and policies aimed to bolster economic development locally and nationally. Anecdotally, the majority of small business owners expressed their top two concerns as increasing their customers' buying power and obtaining the capital they need to be able to grow their business.

#### What Small Businesses Need to Create Jobs and Get the Economy Back On Track

The survey queried small business owners about the economy and what small businesses need to create jobs. It posed the following question:

*“What do you believe small businesses need most to create jobs and help get the economy back on track?”*

- A. Lower taxes
- B. Fewer regulations
- C. More Customers
- D. Other”



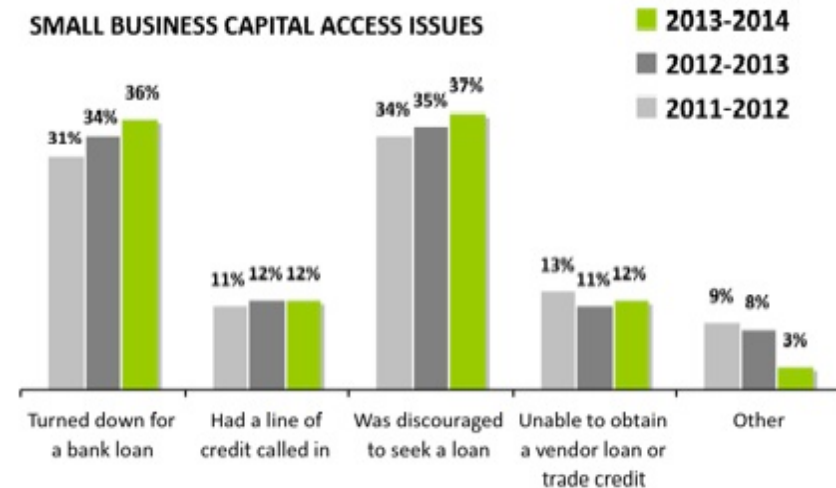
In response, 52 percent of participating small business owners said “more customers.” About 17 percent of respondents chose “lower taxes” and 15 percent chose “fewer regulations.” 16 percent chose “other.”

#### Access to Capital for Small Businesses

Access to capital is essential to small business growth and development across the U.S. and the story is no different in Oregon. This survey offered an opportunity to small business owners across the state to discuss their issues with access to credit, comment on the financial system, and give their opinions about capital access in general. Women business owners and business owners of color expressed even greater concern with obtaining capital for growth and development of their businesses.

## Experiences with Access to Credit

Over the past three years, The Main Street Alliance of Oregon has asked respondents if they've experienced problems with obtaining access to credit, capital or other financial issues. This year's survey again asked respondents to identify problems with access to credit or capital in the last year.



Most notably, 36 percent of respondents who reported a capital access problem within the last year had been turned down for a bank loan.

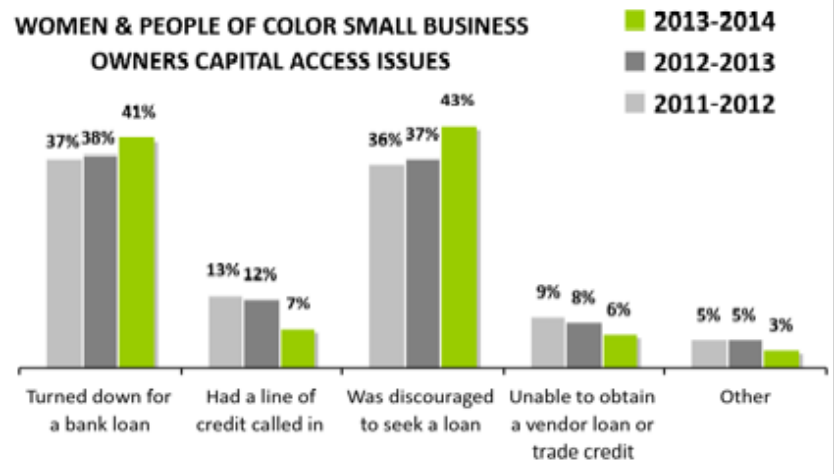
Additionally, 37 percent of respondents reported that they had decided not to seek a bank loan because they were discouraged.

Less common, but still significant were reports of having a line of credit called in and being unable to obtain sufficient trade credit or a vendor loan. Those who reported no challenges in access to credit acknowledged that they had

not tried to source capital or credit within the last year.

While the trends are similar, women business owners and business owners of color expressed an even more pronounced problem with accessing credit and capital.

In particular, people of color and women had a harder time accessing loans. Forty-one percent of those who experienced a problem accessing credit responded that they had been turned down for a loan, while 43 percent were discouraged from seeking a loan in the first place.



## Taxes and Tax Reform

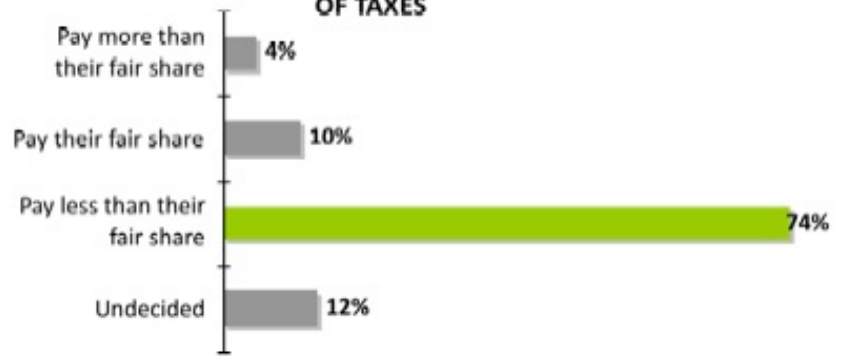
The survey also asked respondents about taxes and corporate tax reform. It posed the question:

*“Thinking about taxes, do you think big corporations currently pay more than their fair share of taxes, pay their fair share, or pay less than their fair share?”*



In response, 74 percent of small business owners surveyed said they think large corporations pay less than their fair share of taxes. Four percent of surveyed business owners said large corporations pay more than their fair share. Ten percent said they pay their fair share. Twelve percent were undecided, citing they do not know how much large corporations are paying in taxes.

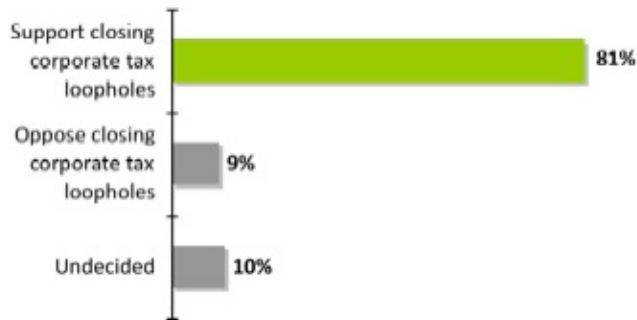
**MAJORITY OF SMALL BUSINESS OWNERS FEEL CORPORATIONS AREN'T PAYING THEIR FAIR SHARE OF TAXES**



The survey then asked:

*“Would you support or oppose closing corporate tax loopholes to increase revenues before making further budget cuts?”*

**SMALL BUSINESSES SUPPORT CLOSING CORPORATE TAX LOOPHOLES BEFORE MAKING FURTHER BUDGET CUTS**



In response, a vast majority, 81 percent of small business owners surveyed said they support closing corporate tax loopholes to increase revenues before making further budget cuts. Ten percent said they oppose this approach and nine percent were undecided on the issue.

## Banking

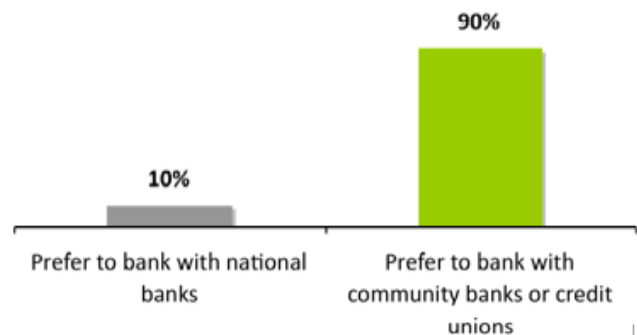
The final questions in the section focused on the economy were centered on banking. Overwhelmingly, small businesses in Oregon expressed a desire to bank locally, and encourage more local investment.

On the question:

*“Do you prefer banking with local community banks and credit unions rather than large national banks?”*

By a factor of 9 to 1, respondents replied they prefer banking locally.

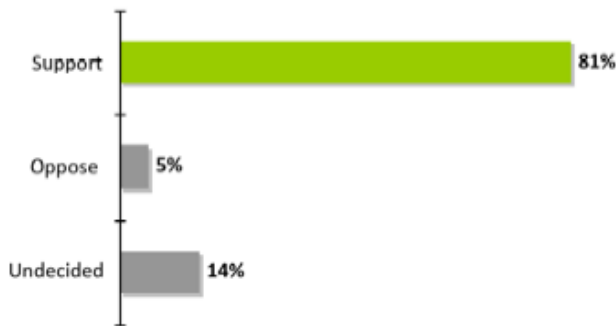
**SMALL BUSINESS PREFER BANKING WITH LOCAL BANKS & CREDIT UNIONS VS. WITH NATIONAL BANKS**



Anecdotally, many of those who replied in favor of national banks noted they personally bank with a community bank or credit union and would like to bank locally for their business as well, but due to the nature of their (sometimes international) business, some of the local banks or credit unions cannot fully support their business needs at this time.

On a related question,

**SMALL BUSINESS SUPPORT MOVING PUBLIC DEPOSITS OUT OF WALL STREET BANKS AND INTO LOCAL BANKS AND CREDIT UNIONS**



*“Some cities and counties have policies to move public deposits out of Wall Street banks and deposit them in local community banks and credit unions. Would you support or oppose this idea?”*

Another strong majority (81 percent) support local banking by their city and county governments. In fact, many responded that they think this would help to increase the amount of lending to small businesses.

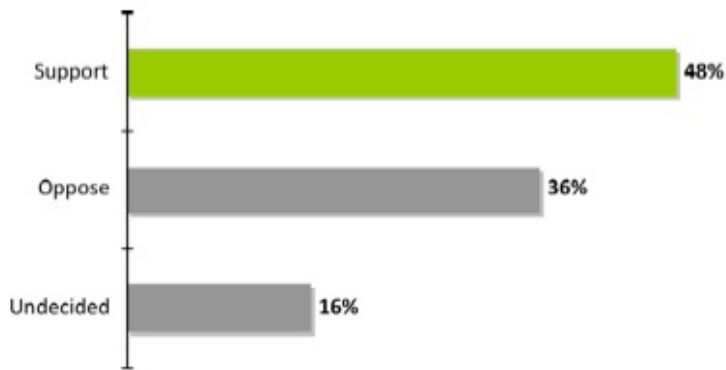
## **JOB QUALITY, HEALTH CARE & WORKPLACE ISSUES**

Transitioning away from questions focused directly on the economy, the following line of questions highlights issues surrounding job quality, health care and other workplace issues. There has been a growing trend of business owners around the country proudly promoting high road business practices in the workplace like offering health care, paid sick days (or other forms of paid time off), and finding other ways to invest in their employees. Support for these policies was even more evident in responses from women business owners and business owners of color. Oregon small business owners were asked a series of questions relating to their views of expanding policies to encourage all employers to follow these practices.

### **Earned Paid Sick Days**

A popular topic of debate is around workplace benefits; there have been discussions about paid time off, paid sick days, and family leave. This survey specifically asked Oregon small business owners about a paid sick leave standard for all employers in the state.

**PLURALITY OF OREGON SMALL BUSINESS OWNERS SUPPORT  
A STATEWIDE PAID SICK TIME STANDARD FOR ALL EMPLOYERS**



When asked:

*“Would you support or oppose a sick leave standard for all employers?”*

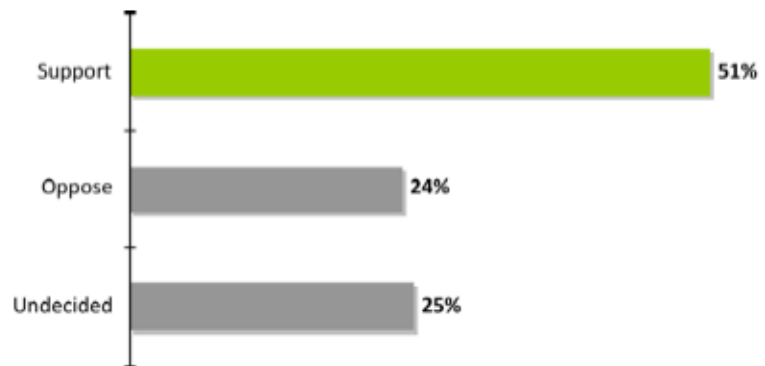
A plurality (48 percent) would support a standard for all employers, compared to 36 percent who would oppose such a standard. Sixteen percent were undecided.

Notably, support for a paid sick leave standard was even higher among women business

owners, with a 51 percent majority expressing support, 24 percent opposed, and 25 percent undecided.

While it was found that just over a third (34%) of respondents currently offer some kind of paid time off to their employees, many stated they would like to, as long as there is a standard for all employers, to ensure a level playing field. Additionally, although the business community is divided on a paid time off standard, supporters see it as a public health issue, and the right thing to do.

**MAJORITY OF WOMEN SMALL BUSINESS OWNERS SUPPORT  
A STATEWIDE PAID SICK TIME STANDARD FOR ALL EMPLOYERS**



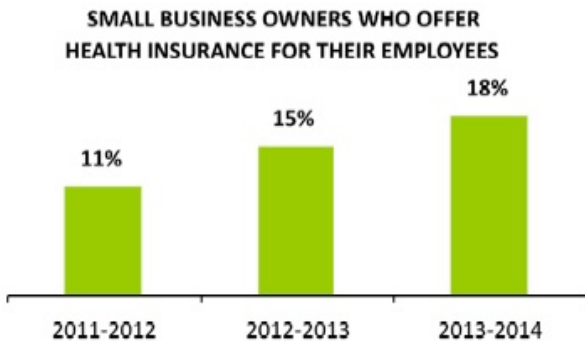
**Access to Health Care**

Another factor directly relating to public health, and the level of health in the workplace is access to affordable health care. It’s no surprise that small business owners have a desire to take care of their employees, and ensure they have access to health care to stay productive in the workplace, community and in their family life. However, there is an ever-growing need for more affordable health care, and an urgency to find ways for employers to not be solely responsible for their employee’s health care costs.

Since the passage of the Patient Protection and Affordable Care Act (ACA), health care policy and how the country deals with access to affordable health care has been in the media’s spotlight. Due to this continuing political debate, fact has often been overshadowed by emotion. And, with a lot of questions still unanswered about the future of health care access in Oregon, access to correct, up-to-date information is critical. Small business owners across Oregon were asked to weigh in on issues surrounding health care reform.

Over the course of the last three years, The Main Street Alliance of Oregon has surveyed on the number of small business owners currently offering health care to their employees. The survey asked:

*“Do you offer health insurance for your employees?”*

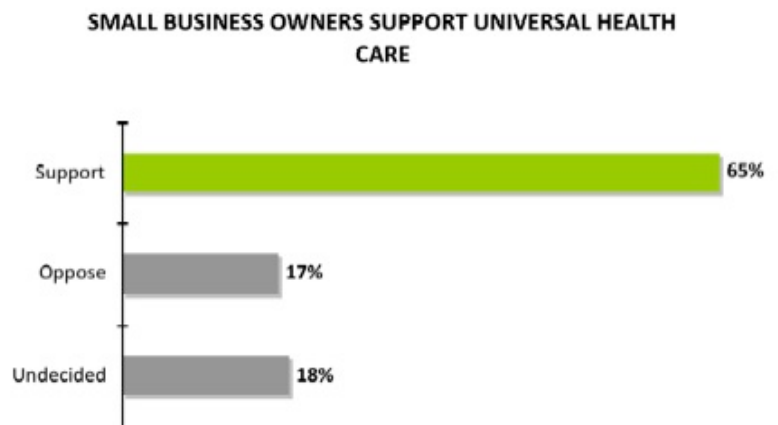


In 2011-2012, only 11 percent of respondents offered health care to their employees, from 2012-2013, that number grew to 15 percent, and in this last year there was another 3 percent increase to 18 percent. While this is a growing trend, there are still many employers who cannot afford to cover health care costs for their employees and there is a call for further health care reforms.

Relating to further health care reforms, a final question on health care queried support for a universal health care model:

*“Would you support or oppose a universal health care system, where employers are not solely responsible for health care costs, such as a “single payer” or Medicare for All model?”*

A majority (65 percent) of small business owners also supported this idea, which is an increase of 4% from prior responses. 17 percent were opposed (down 6%) and 18 percent were undecided.



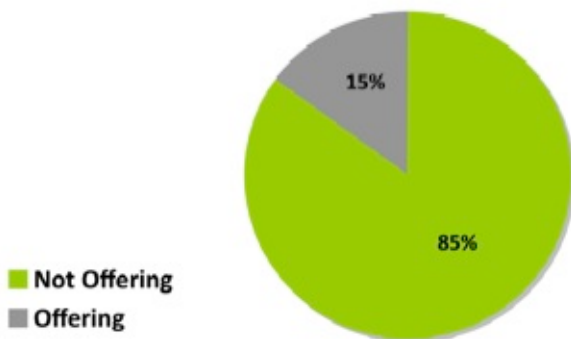
## RETIREMENT SECURITY

Small business owners know how challenging it can be to plan for the future and save for retirement. Some have been able to weather the raging economic storms over the past few years, but many have lost almost everything. Most end up putting every bit of profit right back into their businesses, so they can keep their employees in jobs and continue to provide the goods and services that their communities depend on. Small business owners agree, there is a real problem in Oregon, and across the nation and now is the time for action.

Attracting and retaining talented, educated, and dedicated employees was a common theme found in both rural and urban small businesses. One point that frequently came up in conversations with small business owners

across Oregon was a desire to have retirement savings options for themselves and their small businesses; not only to be able to help their employees plan for their futures, but also to be able to compete with Big Business for talented workers. There was a common understanding that today's retirement system is "risky, confusing and out of reach."

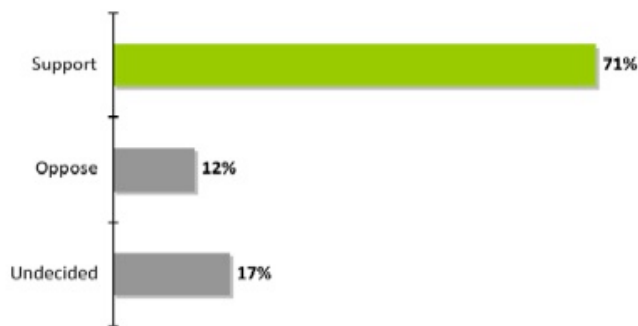
**SMALL BUSINESS OWNERS CURRENTLY NOT OFFERING A RETIREMENT PLAN FOR THEIR EMPLOYEES**



kind of retirement plan for their own family. However, when asked what that plan is, the number one response was "you're looking at it."

When asked if they currently offer a retirement plan for their employees, only 15% responded yes, while 85% did not. Following up with the same question about their own retirement, 61% responded they had some

**SMALL BUSINESS OWNERS SUPPORT POOLED RETIREMENT OPTION FOR ALL OREGONIANS**



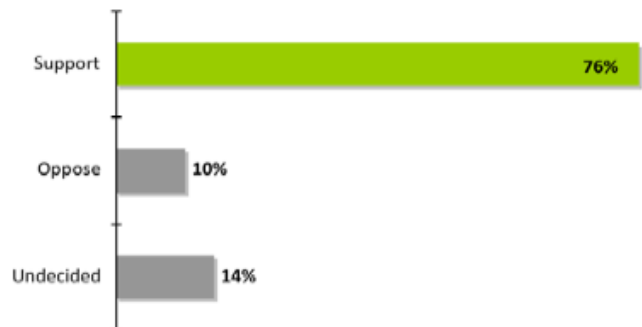
There is a clear need and demand for new forms of retirement savings options for small business owners and their employees. When asked if they would support or oppose:

a strong majority, 71 percent, responded in support, with 12 percent opposed and 17 percent undecided, requesting more information about what a plan would look like.

*"Oregon [is considering] creating a pooled retirement option for small business owners and their employees that would reduce administrative and financial liabilities."*

Again, as in the case of access to paid sick days, women business owners were even more supportive of Oregon creating a pooled retirement for all Oregonians. A stronger majority, 76 percent, were supportive, while 10 percent were opposed, and 14 percent undecided.

**WOMEN SMALL BUSINESS OWNERS OVERWHELMINGLY SUPPORT POOLED RETIREMENT OPTION FOR ALL OREGONIANS**



## IMMIGRATION REFORM

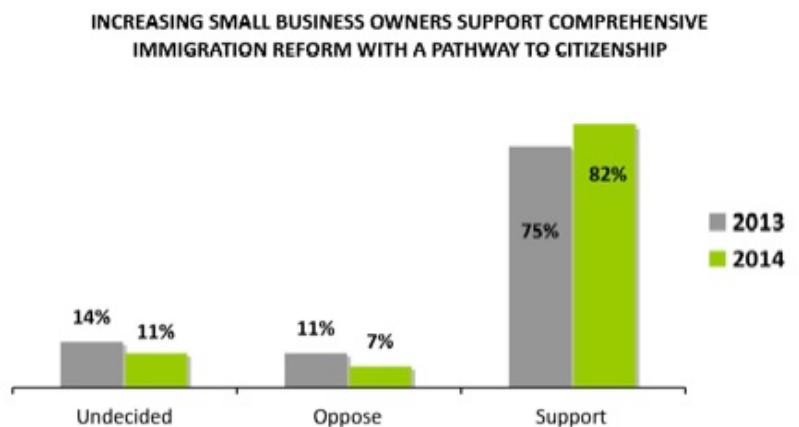
Immigration policy in the United States is a highly contested issue currently, and the debates over what next steps to take have been dominating the political landscape. With Congress failing to act on passing any kind of immigration reform, there has been a shift in focus to President Obama taking some kind of Administrative Action. On a more local level, there is a growing debate about reforms passed in state to allow for driver's cards for undocumented Oregonians.

Over the last two years, The Main Street Alliance of Oregon has given small business owners in Oregon a chance to weigh in on the larger issue of immigration reform.

The survey asked small business owners their opinions immigration reform:

*“Would you support or oppose a proposal for comprehensive immigration reform that combines enforcement of immigration laws with a path to citizenship for immigrants?”*

There is an increasingly strong majority, 75% in 2012-2013 up to 82% in 2013-2014, of Oregon small business support for comprehensive immigration reform that includes a path to citizenship for immigrants. Many of these supporters have voiced support for action to protect families and communities by reforming the current immigration system. Not only did respondents see the immigrant workforce as critical to the development, recovery and expansion of the economy, they also reported a growing number of immigrants starting their own small businesses and creating new jobs in their communities.



## POLITICAL SPENDING AND ELECTORAL REFORM

For a number of years, Main Street business owners have expressed a growing dislike for the amount of money being spent in elections. With concerns stemming from decisions granting corporations the rights of personhood, to the concept of money equating to speech, Oregon small business owners have been overwhelmingly supportive of electoral reform.

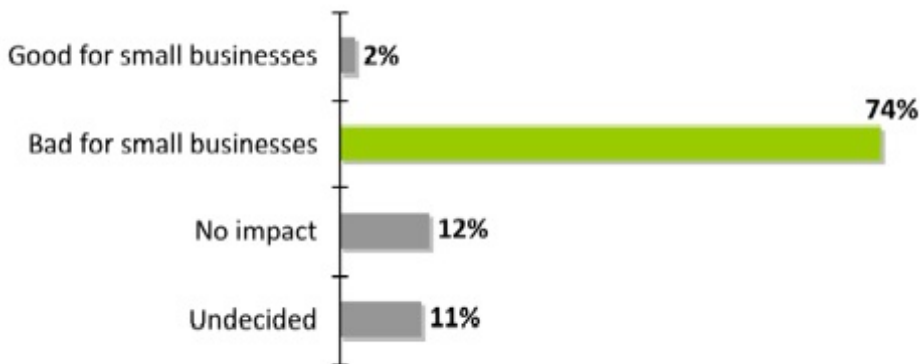
With the 2014 election season right around the corner, issues surrounding political spending and electoral finance continue to be a current topic of political discussion. This survey asked questions surrounding *Citizens United's* impact on small business, different methods of electoral finance reform and money in politics.

## The Citizens United Decision

The survey asked respondents the following question about the Supreme Court's *Citizens United* decision:

*"In January 2010, the U.S. Supreme Court ruled in its Citizens United decision that corporations are free to spend unlimited sums of money in elections. Do you believe this change is good for small businesses, bad for small businesses, or has no impact?"*

### SMALL BUSINESS OWNERS SAY CITIZENS UNITED DECISION BAD FOR SMALL BUSINESS



In response, 74 percent of participating business owners said they believe the *Citizens United* decision is bad for small businesses. Two percent said they believe the decision is good for small businesses, 12 percent said it has no impact and 11 percent were undecided on the issue.

## Constitutional Amendment

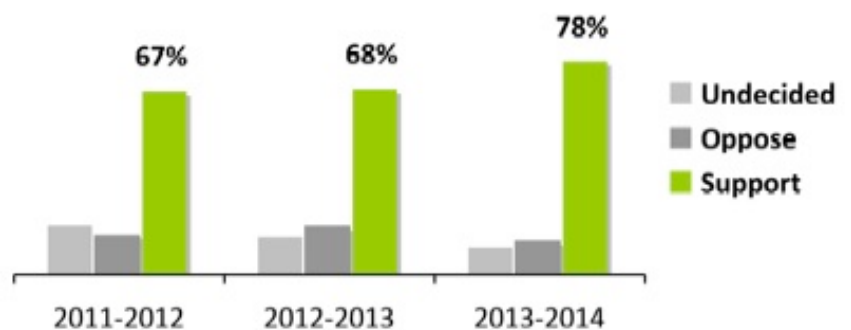
In the last three years of research, The Main Street Alliance of Oregon has surveyed small business owners on the question:

*"Would you support or oppose a constitutional amendment declaring that corporations are not people and money is not speech?"*

There has been a steady growth of support of the idea. In 2011-2012, 67 percent were in support of such an amendment; that support had grown one percent by the next year. This past year, the support jumped 10 percent, to 78% of respondents in support of an amendment to the Constitution declaring corporations are not people and money is not speech.

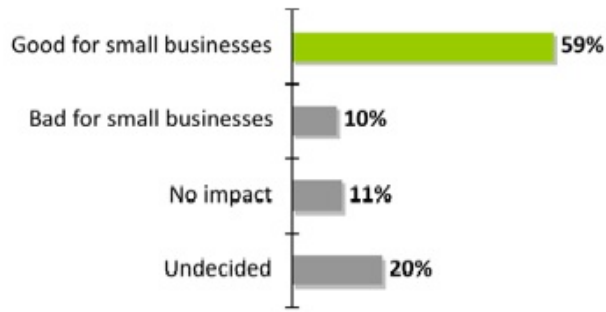
Oregon small business owners support additional electoral reforms as well.

### INCREASING SMALL BUSINESS SUPPORT OF A CONSTITUTIONAL AMENDMENT DECLARING CORPORATIONS ARE NOT PEOPLE AND MONEY IS NOT SPEECH



## Electoral Reform: Alternative Funding System

### SMALL BUSINESSES SAY PUBLICALLY FINANCED ELECTIONS GOOD FOR SMALL BUSINESS



*“Some states have set up systems to fund election campaigns without relying on wealthy donors and corporate money. Do you believe such systems are good for small businesses, bad for small businesses, or have no impact?”*

In response, 59 percent of participating small business owners said such systems are good for small businesses, 10 percent said they’re bad, 11 percent said they have no impact and 20 percent were undecided, requesting more information.



## CONCLUSION

Whether in rural areas, or in the urban centers of the state, small business owners are often perceived as anti-tax, anti-government programs, anti-regulations, anti-worker, and against initiatives like healthcare reform. This survey of 443 small business owners challenges these perceptions.

With the Legislature and Congress working to balance the budget, various ways to raise revenue to avoid more budget cuts are being examined. As Oregon Senator Ron Wyden and Congress embark on a mission to investigate the corporate tax code and improve the way our country works, they have a clear opinion coming from small business. Small business owners feel corporations and the wealthy should pay more taxes, believe they and their local governments should support local banks and credit unions as opposed to Wall Street, feel our electoral system was damaged and small businesses were hurt by the *Citizens United* Supreme Court decision and would support an amendment to the constitution declaring corporations are not people and money is not speech.

Leveling the playing field for small businesses must come in a variety of forms, with a particular attention to capital access for small business owners, especially for women and people of color. We must work together to find ways to support our communities, and the Main Street businesses that serve them. Increasing the ability for small businesses to grow and expand will allow them to create more jobs, and help to get the economy back on track. While access to capital plays a large role in investment in Main Street, increasing the buying power of customers is certainly a necessary piece of the puzzle.

Oregon small business owners are supportive of giving Oregon families a fair shot—real opportunities to succeed and prosper with policies like basic standards for paid sick days as well as safe, secure, and effective retirement savings vehicles for small business owners and their employees. Women small business owners and business owners of color are particularly supportive of these policies. There is a clear call from the small business community that it's time to rethink the “business as usual” agendas promoted by big business groups like the U.S. Chamber of Commerce. We need to move towards understanding the whole picture of how our businesses interact with the communities we serve.

As the debates over the complex and broken immigration policy in the U.S. carry on, small business owners believe Congress and President Obama must act. In Oregon, they *strongly* support comprehensive immigration reform with a clear pathway to citizenship.

When it comes to health care, small business owners are eager for more information but are lacking it right now. Here in Oregon, they support further healthcare reforms to guarantee universal health coverage, beyond the Affordable Care Act. Most are in support of a “single payer” or Medicare for All type of system.

The Main Street Alliance of Oregon hopes lawmakers, the media and other decision makers will look closely at the results of this survey in planning public policy. We encourage them to listen and respond to the *true voices* of Main Street.



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**The Main Street Alliance of Oregon creates opportunities for Oregon small business owners to speak for ourselves to advance policies that are good for business and the communities we serve.**

the  
**MAIN STREET**  
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a big vision for small business

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