



## Relief and Recovery Agenda for SC Businesses

As South Carolina's economy begins to reopen, businesses are faced with an unprecedented level of uncertainty and financial distress caused by the coronavirus pandemic. Results from a recent [SC Chamber survey](#) of nearly 4,500 businesses of all sizes and sectors – but the vast majority small businesses (68% of respondents from businesses with 24 or fewer employees) - showed:

- 42% of businesses have furloughed workers and nearly half of those will not be able to rehire all employees.
- 47% of businesses cite lack of demand as their number one challenge, followed by the ability to cover payroll and debts, and access to supplies identified as the next greatest challenges.
- 66% of businesses applied for some type of federal small business assistance aid.
- 64% of businesses are worried about lawsuits related to workplace exposure to COVID-19.

Using the feedback we have received from our survey results and from our business members representing diverse industry sectors and sizes, we have identified several relief and recovery measures needed to help South Carolina businesses reopen or ramp up operations safely and effectively.

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**#1. WORKPLACE SAFETY:** South Carolina businesses need to operate safely for employees, customers, and the public to protect public health, limit the spread of COVID-19, and rebuild confidence in the public. The following measures are needed to help achieve this goal:

- **Clear, Common Sense Guidelines to Keep Workplaces Safe.** Businesses need clear guidelines on the proper use of personal protective equipment (PPE) for employees and customers, use of temperature checks or other diagnostics, and cleaning and social distancing guidelines in the workplace. Guidance should not be issued in the form of mandates because one size does not fit all businesses. If businesses are following these guidelines, they can be certified as “safe” by the SC Department of Health and Environmental Control (DHEC).
- **Access to Rapid-Results COVID-19 Testing.** There should be an ample supply of rapid-results tests across the state so that any person showing symptoms can be tested quickly to limit workplace spread. This will help raise the confidence of employees and customers that the workplace is safe.
- **Adequate Supply of PPE.** Businesses need an adequate supply of PPE, including masks, gloves, hand sanitizers, and cleaning supplies. PPE suppliers are now filling orders for large quantities first, which leaves many small businesses struggling to find PPE. Appropriate use of PPE and frequent cleaning will also improve employee and customer confidence.
- **Prepare for A Second Wave.** Employers and employees need to be prepared for future state restrictions that may be needed in the event of a resurgence of COVID-19. Businesses need time to plan for potential restrictions to mitigate financial impacts. One way to accomplish this is for the state to set health metrics (i.e. certain percentage of cases) that must be met before restrictions are ordered.

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**#2. ECONOMIC RELIEF AND RECOVERY:** South Carolina businesses have suffered unparalleled financial distress due to the pandemic. Both the federal and state government have provided relief to ease the distress and stabilize our economy, but more is needed. The state should:

- **Hold Harmless for Layoffs through the End of 2020.** Establish that any layoffs resulting from COVID-19 for the entirety of 2020 will not affect a business's experience rating for unemployment

insurance (*Note: current SC law allows for this to occur during a state of emergency, but it is likely that the state of emergency will end before the economy begins to recover*).

- **Mitigate Impacts on Businesses from Unemployment Trust Fund Insolvency.** With unemployment claims at historic levels and despite South Carolina’s strong reserves, our unemployment trust fund becomes less solvent every week. Increasing unemployment insurance taxes on businesses to replenish the trust fund will only further impede their recovery. The state should take steps to mitigate the costs to businesses and avoid tax increases.
- **Provide State and Local Tax Relief.** During this time of economic uncertainty many businesses are running on tight margins. Extending or delaying the deadline for tax payments allows businesses to keep much-needed cash on hand to stay afloat.
  - Extending state tax deadlines to July 15 has provided significant relief for businesses. State tax deadlines should continue to follow any further federal deadline extensions.
  - Local governments should also extend deadlines for local taxes ([business license tax](#), [business personal property collected by counties](#), and hospitality taxes).
  - Local governments should provide property tax valuation relief or temporary revaluation of property to account for times where the property was not operational or was operating at severely reduced capacity due to COVID-19-related issues (also apply this to property valued by the SC Department of Revenue (DOR)).
- **Pass H.4431 (Business License Tax Reform).** Now more than ever, we need to cut red-tape and reduce tax compliance burdens for small businesses. While some local governments have chosen to extend the tax deadlines, many others have not – meaning many businesses have the added burdens of high compliance costs and penalties for failure to pay during these trying times. H.4431, the Business License Tax Reform Act, currently resides in the Senate Finance Committee and should be passed immediately to fix this burdensome system.
- **Allow E-Notarization for Business Transactions.** Because social distancing has severely restricted physical interactions, small businesses, like financial advisors and real estate agents, have found it incredibly challenging to conduct financial and real estate transactions requiring notarizations. Currently 23 other states allow e-notarization and many governors have ordered it by executive order. S.486, which currently resides in the House Judiciary Committee, should be passed as soon as possible to allow businesses that rely on notarizations to continue to conduct business for their clients. If not passed soon, then the Governor can determine whether to issue an executive order, similar to other states’ governors.
- **Change Nexus Requirement.** As many businesses have shifted to having employees work from home it has become important, especially for businesses located in border counties and cities, to adopt nexus requirement changes to ensure people are paying taxes where they usually work and not where their homes are. The same should apply to apportionment and withholding standards to ensure people are not taxed in other states for work that would traditionally be done in South Carolina.
- **Extend Economic Development Tax Credits.** Almost all economic development tax credits are based on meeting a certain employee threshold in a particular time frame. Due to widespread furloughs and layoffs because of COVID-19 many businesses that receive these credits will be unable to meet the threshold requirements within the agreed upon time frame. The state should extend the time frame for economic development tax credits or incentives that are based on meeting or maintaining a certain headcount in order to negate the negative impact on employment caused by COVID-19.
- **Pass Tax Conformity (H.5365/ S.1152).** Tax conformity must be enacted this year to make filing taxes for South Carolinians simple and efficient. Additionally, any conformity bill should be amended

to proactively mirror the federal rules that exempt COVID-19-related funds and grants, like stimulus payments and Paycheck Protection Program (PPP) loans, from any type of state taxation.

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**#3. WORKFORCE AND EDUCATION:** The skyrocketing unemployment figures due to COVID-19 necessitate an even more urgent focus on workforce training and education. While certain fields have had to cut employees, others are ramping up production and need more people. South Carolina’s education and workforce pipeline must adapt to current conditions and make adjustments that will add resiliency to the system long-term should similar challenges arise in the future. South Carolina must:

- **Increase Statewide Broadband Access and Adoption.** Internet access is a necessity, not an option in our current home-bound environment and lack of access has taken on a new sense of urgency for students, employees, businesses, and those seeking medical care. The SC Chamber included broadband expansion as a key item on its 2020 Competitiveness Agenda and has been working with a coalition of stakeholders to create proposals to expand broadband in the state, to include:
  - Develop a state broadband plan to better access federal grant funds.
  - Create a state coordinating body for broadband planning and mapping.
  - Create incentives and grants to help fund broadband projects.
  - Increase internet capacity by passing **H.4262** – the “Small Wireless Facilities Deployment Act”. This bill has passed the House and is in Senate Judiciary Committee.
- **Provide E-learning Capability to Students.** A recent State Department of Education survey of school districts in the state shows that 147,089 households lack internet and 177,569 students and teachers are without devices (21.2% of all students and teachers). A student’s ability to learn in this current environment should not be limited by unavailability of devices. The state should provide resources to school districts to purchase devices for any student that cannot afford one and adopt policies to help expand broadband access for students.
- **Emphasize Reskilling and Retraining for the Unemployed Population:**
  - *Define Demand for Workers:* the state first needs data showing what fields need employees the most and what certificates/credentials/training are required.
    - **Pass a proviso enabling the enactment of the State Longitudinal Data System (SLDS).** A SLDS connects existing data from the Pre-K, K-12, higher ed, and workforce data systems so that stakeholders can analyze long-term trends.
  - *Develop a Steady Supply of Trained Workers for Those High-Need Fields:*
    - **Expand the number of registered apprenticeship programs** with additional businesses participating.
    - **Incentivize higher education institutions to partner with SC businesses** to model their curriculum to fit the needs of employers in high-need fields.
    - **Create a curriculum or pipeline for credentials/certificates** that can be used in all technical colleges.
    - **Support a career pathways model in grades 8-12** that exposes students to high-need fields and creates a curriculum that advances them toward those fields upon graduation – this may not entail a four-year degree.
  - *Broaden readySC™ to high-need non-manufacturing fields* such as IT and the life sciences: readySC™ has worked very well to help create a prepared workforce for manufacturing companies but does not generally work far outside that field. The model should be expanded to help prepare workers for other critical industries.
- **Allow for Innovative and Flexible Education Delivery Methods.** Both in K-12 and higher education, traditional class sizes and in-class instruction delivery methods are likely to be significantly altered for

quite some time. State regulations and requirements should be altered to allow for alternate modes of instruction and in-class time requirements, while continuously ensuring that students are set up for success as they progress to the next level.

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**#4. LIABILITY AND REGULATORY RELIEF:** Every industry – from small businesses to healthcare providers – undertake some risks by opening their doors during these uncertain times. Regardless of any precautions taken, as customers, patients and employees move in and out of our businesses, facilities and workplaces, these risks are unavoidable. South Carolina must recognize this and enact targeted and limited liability protections to reduce uncertainty and ensure our economy is not further devastated by COVID-19-related lawsuits during the recovery. The SC Chamber’s recommendations are as follows:

- **Limit Exposure Liability.** Protect businesses and industries acting in good faith and following federal and state laws and guidelines by clarifying workers’ compensation exclusivity and barring other liability from exposure or injury related to COVID-19 at a workplace or business absent clear and convincing evidence of gross negligence, willful misconduct or intentional infliction of harm exists. These protections are needed at the state and federal level to cover potential state and federal claims and should be temporary.
- **Provide Safe Harbor to Collect Health Information.** Provide employers with a safe harbor for collecting and exchanging critical information related to employees’ health status and for implementing reasonable measures such as temperature checks to combat workplace transmission of COVID-19.
- **Expand Good Samaritan Protections.** Protect manufacturers, designers, sellers and distributors of non-federally approved masks, respirators and other protective equipment from liability for state claims arising out of the use of these items absent a showing of gross negligence, willful misconduct, or intentional infliction of harm. Manufacturers across the state have completely redesigned their shop floors to produce critical materials like respirators, face shields, masks, gowns and hand sanitizer for the first time. Many companies which ordinarily manufacture this equipment have greatly increased their output to meet critical demand. The state should remove barriers to producing important materials and protect those who act in good faith.
- **Extend Regulatory Permit and Professional Licensing Deadlines.** Both DHEC and the SC Department of Labor, Licensing and Regulation (LLR) have helped relieve compliance burdens on businesses and licensed professionals by extending deadlines for permits and licenses. Current regulatory flexibility has allowed businesses and professionals to focus on staying in business and should be maintained during the crisis.

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#### FINISH THE JOB ON:

- **Workforce and Senior Affordable Housing (H.3998).** Construction developers are standing ready to build affordable housing if the tax credits made available by H.3998 are adopted this fiscal year. The bill has been passed by both bodies, and just requires a House vote to concur on the Senate amendments to be sent to the Governor’s desk. Waiting to pass this bill in the fall or later will mean construction will not begin until next year.
- **Reauthorize the Angel Investors Tax Credit (H.3210/S.185).** These bills reauthorize the tax credit for investments in tech startups. The Senate and House have both passed reauthorization bills, but they are stalled in committees. The original Angel Investors Tax Credit expired on December 31, 2019. This bill must be passed immediately as any further delay will result in start-up companies losing out on needed funding opportunities.