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### **Green America's Priorities for Expanding Green Business**

Green businesses nationwide can play an important role in revitalizing the economy, creating jobs and pioneering sustainable solutions that will keep America's economy competitive in the 21<sup>st</sup> century. Small, *green* businesses – companies with fewer than 500 employees that focus on providing environmentally sustainable products and services while maintaining high labor standards – provide a growing array of highly skilled jobs and innovative products in the apparel, travel, food, energy, building supplies, fair trade, office products, education, and investment industries, as well as many other.

Small businesses are the largest source of employment in the US, representing 99 percent of all employer firms and employing roughly half of all private sector employees. Studies demonstrate that at least twice as many dollars spent at local businesses stay in the community as compared to dollars spent at chain stores, and that green businesses give the most back to their communities with local multipliers.

Small, green businesses pioneered several major industries that are growing rapidly: organic food and clothing, fair trade foods, social investing, community investing, eco-tourism, renewable energy and energy-efficiency products and services, and green building. All sectors of the green economy are growing faster than their conventional counterparts.

However, small green businesses have been hit hard by the economic downturn and credit crunch, with less access to credit and at higher interest rates than larger firms.

The federal government can play a vital role in assisting and growing small, green businesses:

#### **LOAN, GRANT AND TECHNICAL ASSISTANCE PROGRAMS**

- Green Business Expansion Fund: The new Obama Administration Innovation Team or the Small Business Administration could create a new fund to make grants and loans, and provide technical assistance to two key small business segments: (1) Green companies so that they can survive, thrive and create more green jobs during this economic crisis, and (2) All small businesses to help them go green – and hire people getting training for green jobs. This would be ideal for a public-private partnership. Groups such as RSF Social Finance could run the fund; organizations like Green America, B-Corp, Social Venture Network and Businesses for Local Living Economies could help vet the companies and provide the technical assistance for the companies to succeed.
- The Small Business Administration (SBA) could expand its existing loan guarantee programs to include loans specifically targeting green companies, can fast track loans for such companies, and work with private lenders to provide preferential rates for green businesses
- The SBA's microloan program could be expanded to provide loans up to \$35,000 to small green businesses, and businesses working to become green, to specifically fund the implementation of green technologies and practices, including energy efficiency technologies.

- The federal government could spur the creation of and capitalize revolving loan funds nationwide with preferential criteria for green businesses. These loan funds would provide relatively short term loans at preferential rates to provide financing for development and financing to green entrepreneurs.

## **GRANTS**

- US Department of Housing and Urban Development (HUD) could provide block grants to states and municipalities to create “green enterprise zones” that would foster the development of small green businesses. Roxbury Boston’s Government Center Growth District, a sustainable development zone that supports green industries, is a model of such development.
- HUD and other government agencies can partner with foundations, financial services corporations and nonprofits to support the development of green business programs through CDCs. This could be modeled on the Living Cities: the National Community Development Initiative (NCDI) that was launched nationwide in the 1990’s and has invested more than \$543 million in 23 cities, and produced nearly \$16 billion in economic development. Such green businesses development programs could provide lending and training to small green businesses.

## **MARKET BUILDING**

- Federal government purchasing programs, including the EPA’s Environmentally Preferable Purchasing Program could be expanded to provide preferences to small green business owners and for businesses that engage in a cradle-to-cradle approach to manufacturing.
- Federal agencies can fund incubator programs: partnerships between local universities and businesses to create green business educational programs and networking.

## **TAX INCENTIVES**

- The federal government could provide tax deductions, rebates, and other incentives to small green businesses, including tax incentives tied to employment.
- The federal government could enhance tax credits for consumer purchasing of green products, including energy efficiency products and services.

## **PROMOTION OF FEDERAL PROGRAMS**

- The federal government – in partnership with state and local governments and nonprofits – should promote existing and new programs that can provide assistance to small green businesses to ensure these businesses take full advantage of the programs available to them. These companies are not used to having a welcoming partner in the Administration. It will be necessary to reach out to them to let them know what opportunities exist and how to take advantage of them.

**Next Steps:** Green America would be honored to provide further details on the program ideas outlined above and input as these or similar programs are developed. We would be honored to offer our expertise and screening criteria for green businesses to help vet businesses for these programs. And we would be honored to offer our services to provide technical assistance or outreach to green businesses on behalf of these programs.

*Green America (formerly known as Co-op America) is the national green economy nonprofit organization, celebrating 25 years of mobilizing economic solutions to our nation's most serious social and environmental problems. Green America's constituents include 120,000 consumer members and 5,000 green businesses that have passed Green America's strict standards for social and environmental responsibility.*