

Legislation Text

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Authorizing the Committee on Commerce and Economic Development to hold hearings examining the COVID-19 pandemic's impacts on Black-owned businesses and the disparity in rates of closure.

WHEREAS, Black-owned businesses are a significant driver of wealth; however, due to systemic disinvestment, Black business ownership, average revenue, and jobs per firm significantly trail white-owned businesses; and

WHEREAS, Research from Brookings found that "if the number of Black businesses matched the population size and the revenue of each of those firms matched non-Black businesses' revenue, then the total revenue of Black businesses would increase by \$5.9 trillion...and it would create more than 19 million jobs"; and

WHEREAS, Center City District found Philadelphia has the lowest business density and Black business density compared to Atlanta, New York, Boston, and Washington, D.C. Philadelphia has just 1.8 Black-owned firms per 1,000 Black residents; and

WHEREAS, Center City District also found Philadelphia lagged Atlanta and Washington, D.C. in average revenue for Black-owned firms - just \$854,000 in Philadelphia compared to \$1.3 million Atlanta and \$1.9 million in D.C.; and

WHEREAS, Roughly 58% of Black-owned businesses were already at risk of financial distress before the pandemic, compared with about 27 percent of white-owned businesses; and

WHEREAS, As of April 2020, 40% of Black business owners reported not returning to work after the height of the pandemic compared to 17% of white business owners; and

WHEREAS, PPP loans were granted to white businesses at a much higher rate than their Black counterparts, reaching almost 3 times as high, and when PPP loans were granted, Black-owned businesses received loans that were approximately 50% lower than white-owned businesses with similar characteristics; and

WHEREAS, In Philadelphia, the number of active Black business owners fell by 68% from March to July 2020, while the number of active white business owners fell by just 44%; and

WHEREAS, The Federal Reserve's 2022 Report on Firms Owned by People of Color found business owners of color were more likely to report continued financial challenges relating to the pandemic, including covering wages, rent, inventory costs, and debt payments, and it found that 36% of Black-owned firms reported they were in poor financial condition compared to just 17% of white-owned firms; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes the Committee on Commerce and Economic Development to hold hearings examining the COVID-19 pandemic's impacts on Black-owned businesses and the disparity in rates of closure.

