



AMERICAN
SUSTAINABLE
BUSINESS
COUNCIL

POLL REPORT

Small Business Owners' Views on Climate & Energy Policy Reform

BASED ON A SCIENTIFIC PHONE SURVEY OF SMALL BUSINESS OWNERS NATIONWIDE

June 2014





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The American Sustainable Business Council and its member organizations represent more than 200,000 businesses nationwide, and more than 325,000 entrepreneurs, executives, managers and investors. ASBC informs and engages policymakers and the public on building a prosperous economy based on stewardship of natural resources and shared economic opportunity for today and tomorrow.





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INTRODUCTION

As policymakers on both sides of the aisle often note, small business is the backbone of the American economy due to its high level of job creation and economic support for communities throughout the U.S. Small business owners' views on public policy issues are essential to decision-makers for both political and economic reasons.

Energy and environmental issues have once again come to the forefront of policy debate, spurred in part by the recent release of National Climate Assessment findings that climate change is already affecting every part of the United States. From the scientific perspective, the question of whether man-made climate change is occurring is settled; America's energy policy in response to that finding is not.

The Administration has proposed some steps to curb climate change; specifically, regulations that will require lower carbon emissions from both future and existing power plants. At the

state level, debate continues on renewable portfolio standards, regulations on hydraulic fracturing (fracking), and other energy issues. In the 113th Congress, debate has focused largely on approval of the Keystone pipeline extension, tax credits for wind energy producers, and energy-efficiency legislation. Absent vigorous, concerted Congressional action, other nations are seizing the leadership role in clean energy development and the job-creating benefits that flow from it.

Forward-looking small businesses understand that investment in clean energy and energy efficiency provides short-term utility bill savings to the bottom line and long-term economic growth for companies and their communities. Input from owners of small businesses in the clean energy debate is of urgent importance. The following report, based on a scientific study of small business owners conducted in June, 2014, should be required reading for those charged with setting energy and environmental policy in the U.S.



EXECUTIVE SUMMARY

This report is based on the results of a scientific, national phone survey of 555 owners of small businesses (2 to 99 employees) conducted in June 2014. The survey found that clear majorities of small business owners are concerned about how climate change will affect their companies, including its impact on energy costs, health care costs and the infrastructure they depend on. Survey respondents voiced strong support for government action to address climate change, specifically, efforts to limit carbon pollution from power plants which produce a third of all U.S. carbon emissions. Significantly, a plurality (43%) of business owners surveyed self-identified as either Republican or Republican-leaning Independent.

KEY FINDINGS FROM THIS SURVEY INCLUDE:

- **Eighty-seven percent (87%) of business owners named one or more consequences of climate change as potentially harmful to their businesses.** A majority (53%) said they were concerned about higher energy costs, 48 percent cited costs stemming from power outages due to stress on the power grid, and 37 percent cited a rise in health care costs.
- **Sixty-four percent (64%) of businesses believe government regulation is needed to reduce carbon emissions from power plants.** Majorities hold across party lines with Republicans supporting regulation by 55 percent, Independents by 65 percent and Democrats by 81 percent. Only 29 percent think power plants should be left to regulate themselves.
- **Fifty-seven percent (57%) of businesses said that the biggest carbon emitters should make the biggest reductions** in carbon emissions and bear most of the costs of reduction efforts.
- **Fifty-seven percent (57%) of businesses say they are concerned about carbon pollution** in particular and 53 percent are concerned about climate change in general.
- **Half of surveyed businesses support tighter EPA limits on carbon emissions.** Only 28% oppose them.
- **Fifty-three percent (53%) of companies think extreme weather has, or will have, negative impact on their businesses. One in five has already been hurt.** Among larger companies (20 – 99 employees), 71% think extreme weather has, or could have, negative impact, and only 21 percent think it won't.
- **A plurality (39%) of businesses said they would prefer to accept a 10 percent increase in energy costs rather than accept the consequences of climate change.** Another 35% said “neither” or “don't know”; only 25% said they would rather suffer the consequences of climate change than pay 10 percent more.

Business size in this scientific national telephone survey skewed toward smaller companies.

Forty-two percent (42%) were micro-businesses with 2 to 4 employees; 28 percent had 5 to 9 employees; 16 percent had 10 to 19 employees; and 14 percent had 20 to 99 employees.

Respondents were politically diverse, with a strong plurality Republican or Independent-leaning Republican.

Forty-three percent (43%) identified themselves as either Republican (29 percent) or Independent-leaning Republican (15 percent); 29 percent identified themselves as either Democratic (20%) or Independent-leaning Democratic (9%); and 19 percent identified as Independent.

DETAILED FINDINGS & CHARTS

These scientific survey results counter the argument that the business community generally resists action on climate change. It found the opposite, with small business owners particularly concerned about climate change's impact on their bottom line. The most commonly mentioned concern was higher energy costs, while higher health care costs also ranked among the top five concerns. Extraordinary storms and more frequent power outages, which impact a company's ability to operate, also made the top of the list.

Small businesses do not enjoy the ample financial resources of larger companies and are therefore much more vulnerable to effects of climate change. Indeed, nearly one in five surveyed business owners say they have already been harmed by climate change.

Currently, the major policy debate on climate change focuses on carbon pollution from power plants, the single biggest source of carbon emissions in the U.S. The Environmental

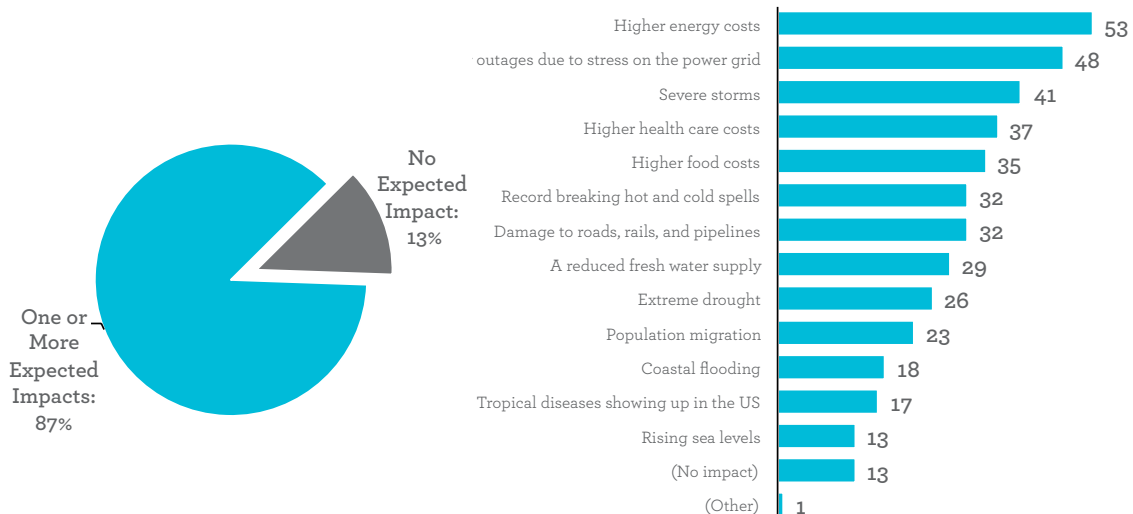
Protection Agency (EPA) has announced proposed limits on existing coal-fired power plants, which would complement proposed regulations on future power plants.

This survey shows that small business owners oppose letting companies self-regulate with respect to power plant emissions, a finding that was consistent among businesses of varying sizes and business owners of all political affiliations. Even when asked to consider both supporting and opposing views on the issue, half of all businesses -- including a plurality of microbusinesses and clear majorities of larger businesses -- said they supported tighter limits on carbon pollution from power plants.

Small business owners also agree that more significant reductions must come from those producing the most carbon emissions, specifically power plants, instead of requiring all businesses to cut their emissions by the same percentage.

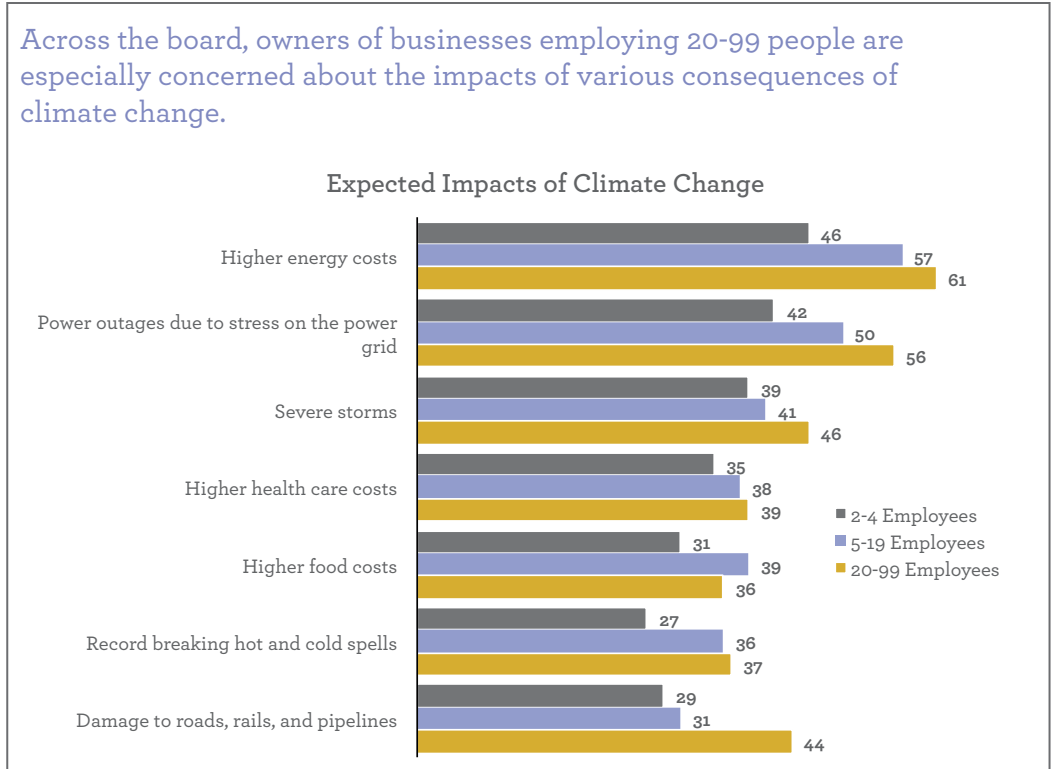
87% of small business owners believe that consequences of climate change could harm their business in the future. Higher energy costs, power outages due to stress on the power grid, and severe storms top their list of concerns.

Expected Impacts of Climate Change

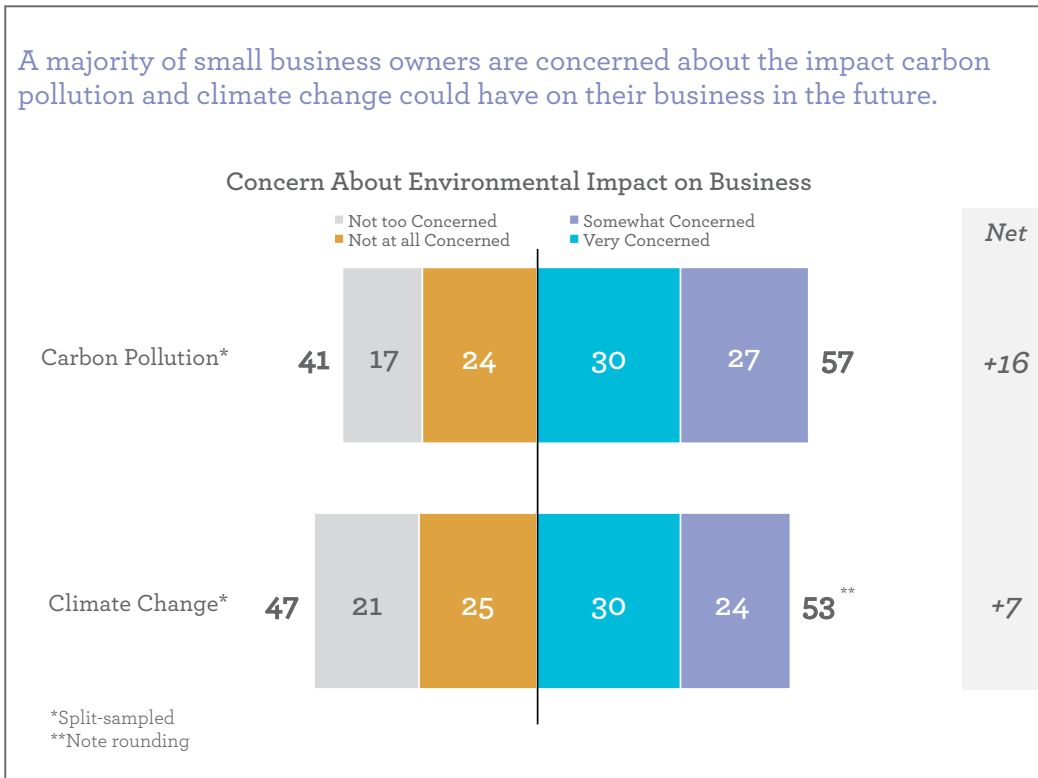


Concern about costly, disruptive consequences of climate change increases with the size of the business. A majority (61%) of owners of businesses employing 20-99 people cite concern about higher energy costs, 56% cite power outages due to stress on the power grid, 46% cite severe storms and 44% cite damage to roads, rails and pipelines.

Across the board, owners of businesses employing 20-99 people are especially concerned about the impacts of various consequences of climate change.

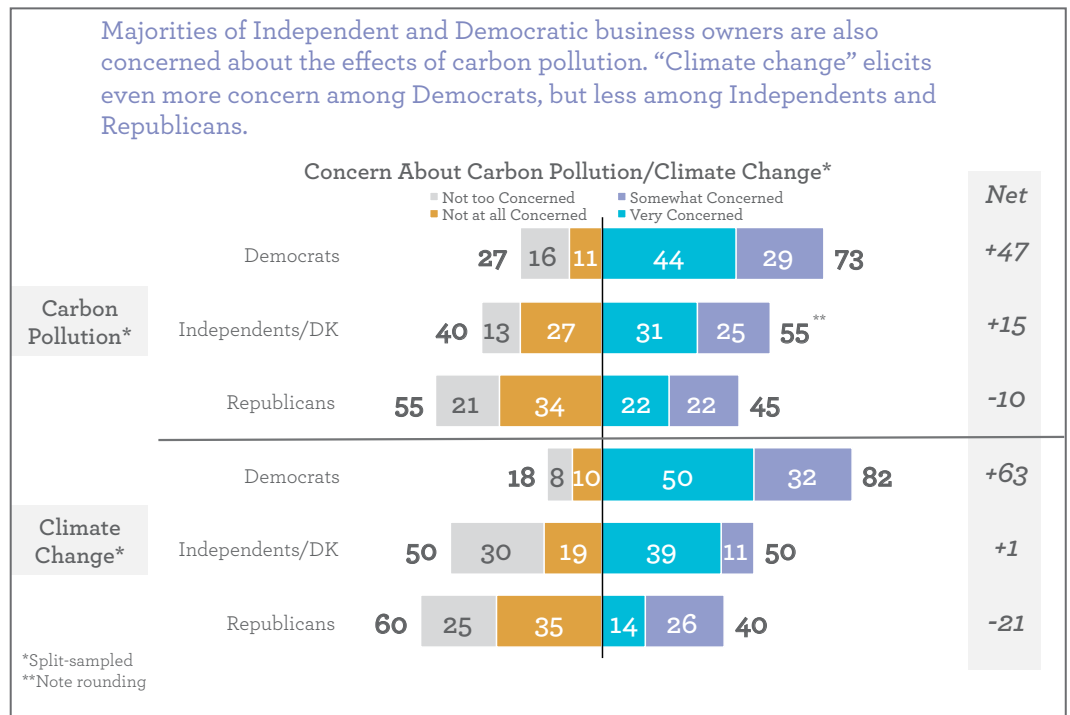


A majority of small business owners are concerned about the impact carbon pollution and climate change could have on their business in the future.

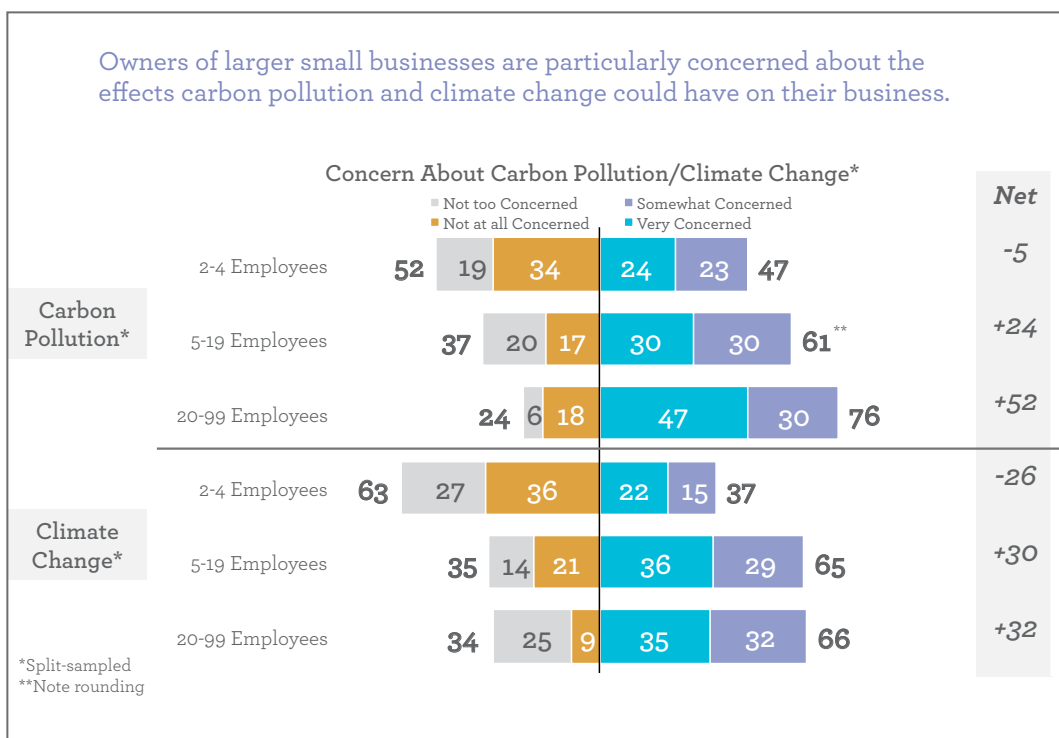


No matter which phrase is used, "carbon pollution" or "climate change," a majority of small business owners are concerned about the future impact on their businesses. Slightly more (57%) express concern about carbon pollution in particular, while 53% express concern about climate change in general.

Many small business owners of every political persuasion worry about how carbon pollution and climate change will impact their operations. Majorities of Independent and Democratic business owners are concerned about the effects of carbon pollution. An overwhelming 82% of Democratic business owners express concern about climate change in general. This concern is shared by 40% of Republicans and half (50%) of Independents.



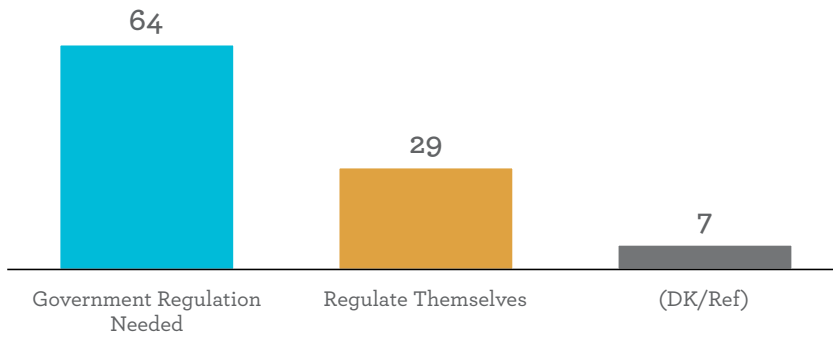
Owners of larger small businesses are particularly concerned about the effects carbon pollution and climate change could have on their business.



Among business owners with 5-99 employees, large majorities are concerned about the effects carbon pollution and climate change could have on their business. Concern increases with size of company, with more than three-fourths (76%) of those with 20-99 employees concerned about carbon pollution.

Nearly two-thirds of small business owners believe that government regulation is needed to reduce carbon emissions by power plants. Fewer than a third believe that industries will adequately regulate themselves in this area.

Is Government Regulation Needed?
Reducing Carbon Emissions by Power Plants

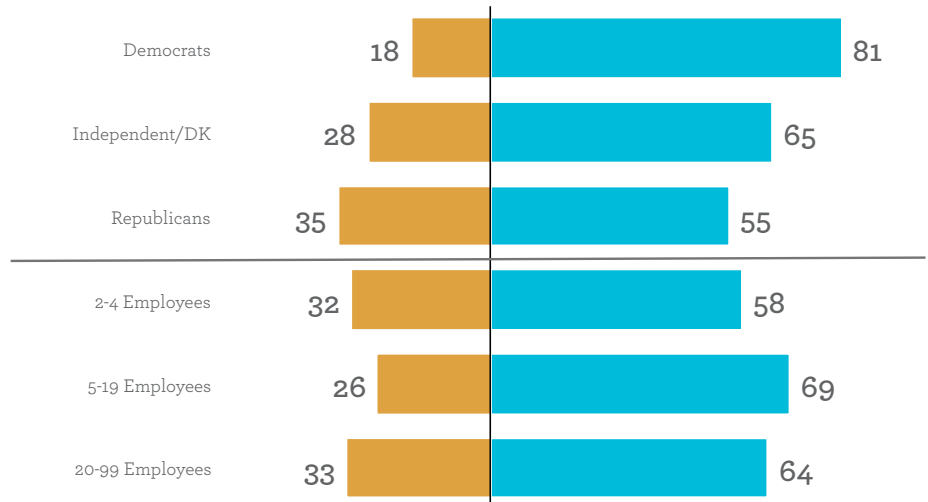


Sixty-four percent (64%) of small business owners say that we need government regulation to reduce carbon emissions by power plants. Only 29% of business owners think industries can be left to regulate themselves and reduce carbon emissions sufficiently on their own.

Regardless of political affiliation, a majority of small business owners believe that government has a role in regulating power plant pollution. A majority (55%) of Republican small business owners agree that government regulation is needed to reduce carbon emissions by power plants. Even larger majorities (65%) of Independents and (81%) of Democrats agree.

Even a majority of Republican small business owners agree that government regulation is needed to reduce carbon emissions by power plants.

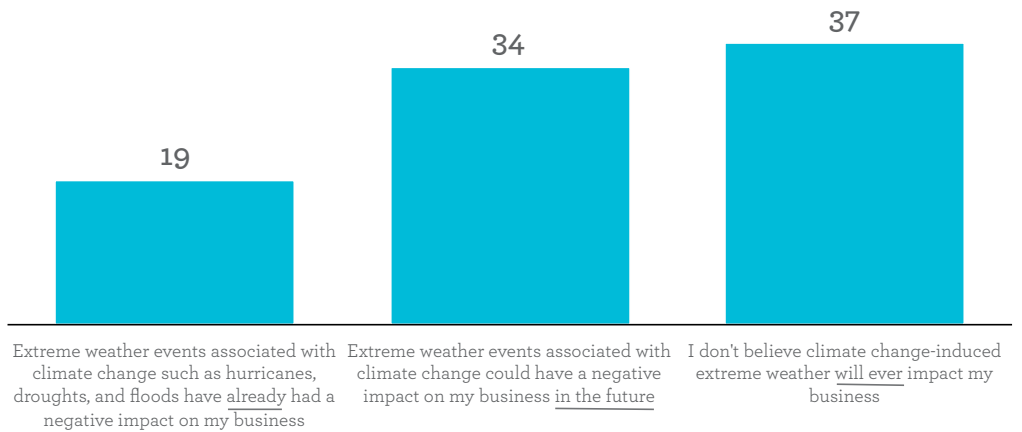
Reducing Carbon Emissions by Power Plants



More than half of small business owners report that extreme weather events associated with climate change, including hurricanes, droughts, and floods, have already harmed their business operations or could harm their business in the future.

A majority of small business owners report that extreme weather events associated with climate change either have already had a negative impact on their business or could have a negative impact on their business in the future.

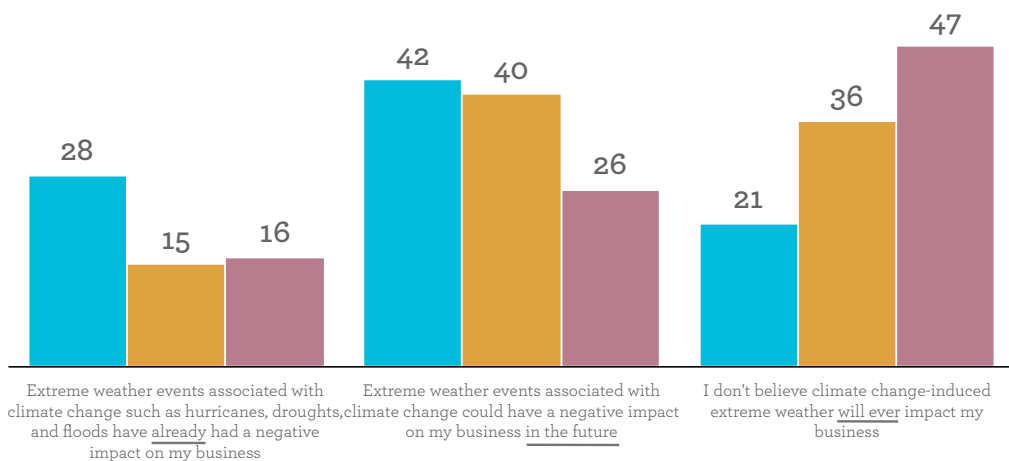
Climate Change Impact on Business



Self-identified Democrats are particularly likely to perceive the negative effects of climate change on their business.

Climate Change Impact on Business

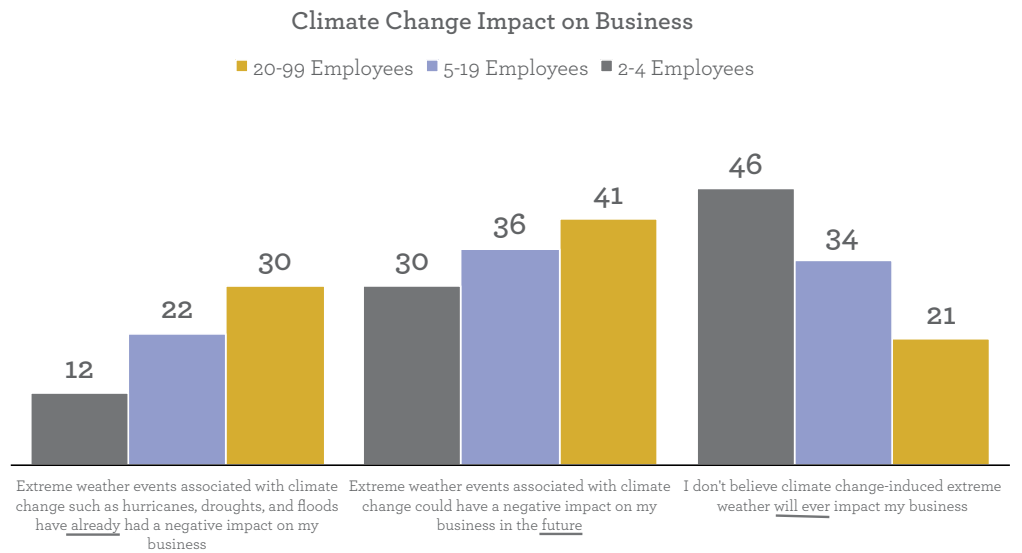
Rep Ind/Dk Dem



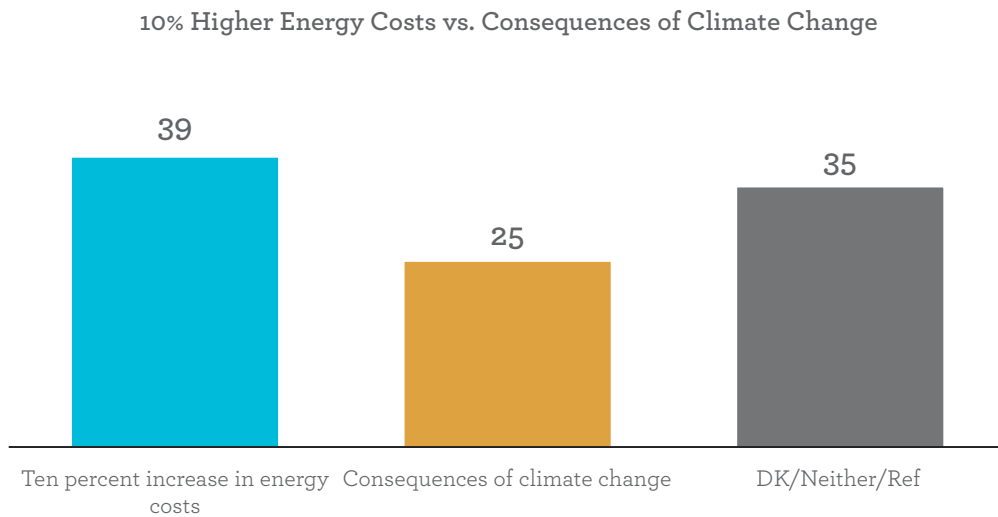
Small business owners who are self-identified Democrats are more willing than others to perceive extreme weather events associated with climate change as being harmful to their business.

Small businesses with more employees (20-99) are most concerned about climate change-induced extreme weather. Nearly three-quarters (71%) of these small business owners either report that extreme weather events have already negatively impacted their businesses or believe they could do so in the future.

Concern about climate change-induced extreme weather also correlates with business size: nearly three-quarters of small business owners with 20-99 employees believe that extreme weather events either have negatively impacted or could negatively impact their business in the future.



A plurality of small business owners would prefer a ten percent increase in energy costs to these negative consequences of climate change.



Energy cost is often cited as a reason not to curb carbon pollution, but a plurality of small business owners said they would prefer a 10 percent increase in energy costs rather than endure the consequences of climate change. About one-third of small business owners were not ready to decide, and only one in four would prefer to endure the negative effects of climate change.

To assure a balanced assessment of the pros and cons of the EPA setting limits on carbon emissions from power plants, business owners were given both sides of the argument, worded equally strongly. They were then asked whether they support or oppose tighter carbon emission limits.

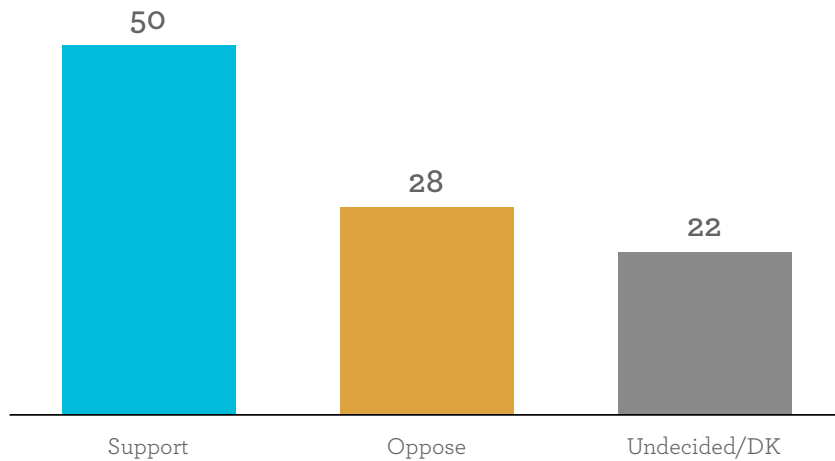
Text of Arguments about EPA Limits on Power Plants

Supporters of tighter limits say that electricity generation is the largest single source of carbon pollution in the U.S., accounting for more than a third of all U.S. carbon emissions. These carbon emissions worsen the dangerous effects of climate change, including stress on the power grid, higher health care costs, and damage to infrastructure, all of which hurt a business' ability to operate. Tighter limits are needed to reduce carbon pollution and to prevent its catastrophic effects.

Opponents of tighter limits say that federal government efforts to reduce carbon emissions from power plants will drastically increase the cost of doing business in the United States. Power plants will just pass the costs of compliance on to energy consumers, which will make energy costs skyrocket. Especially for small businesses already operating on tight margins, this increase in energy costs will be crippling.

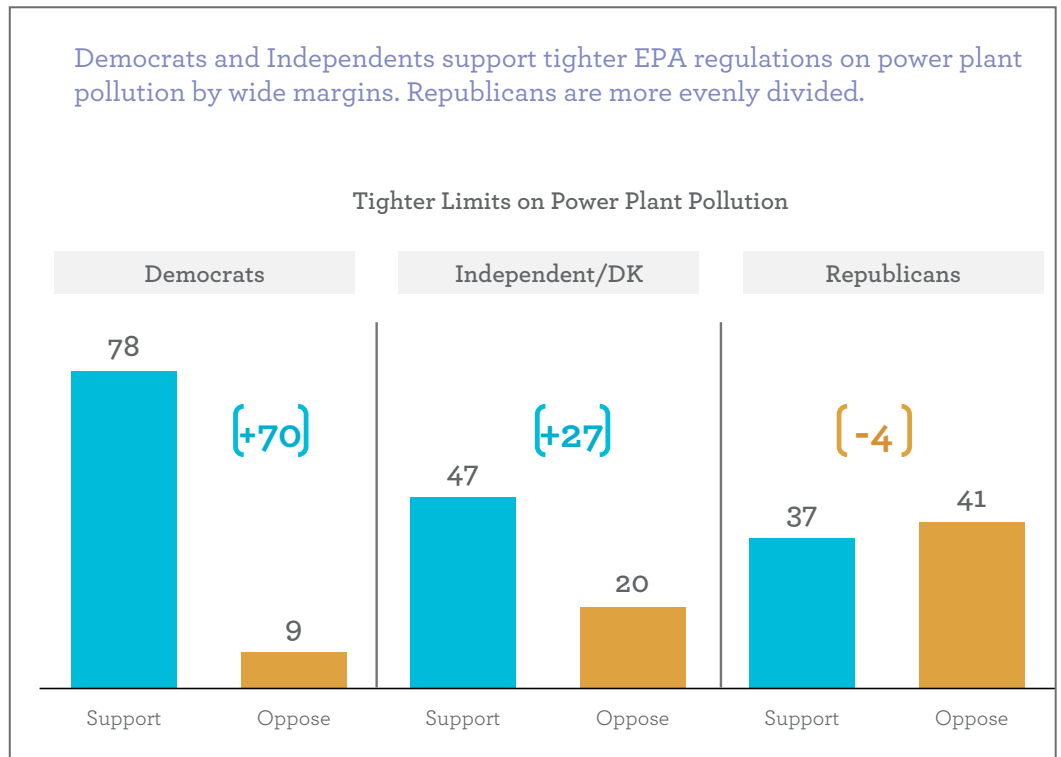
After hearing arguments for and against tighter EPA limits on carbon pollution from power plants, small business owners support tighter limits by a 22-point margin.

Tighter Limits on Power Plant Pollution

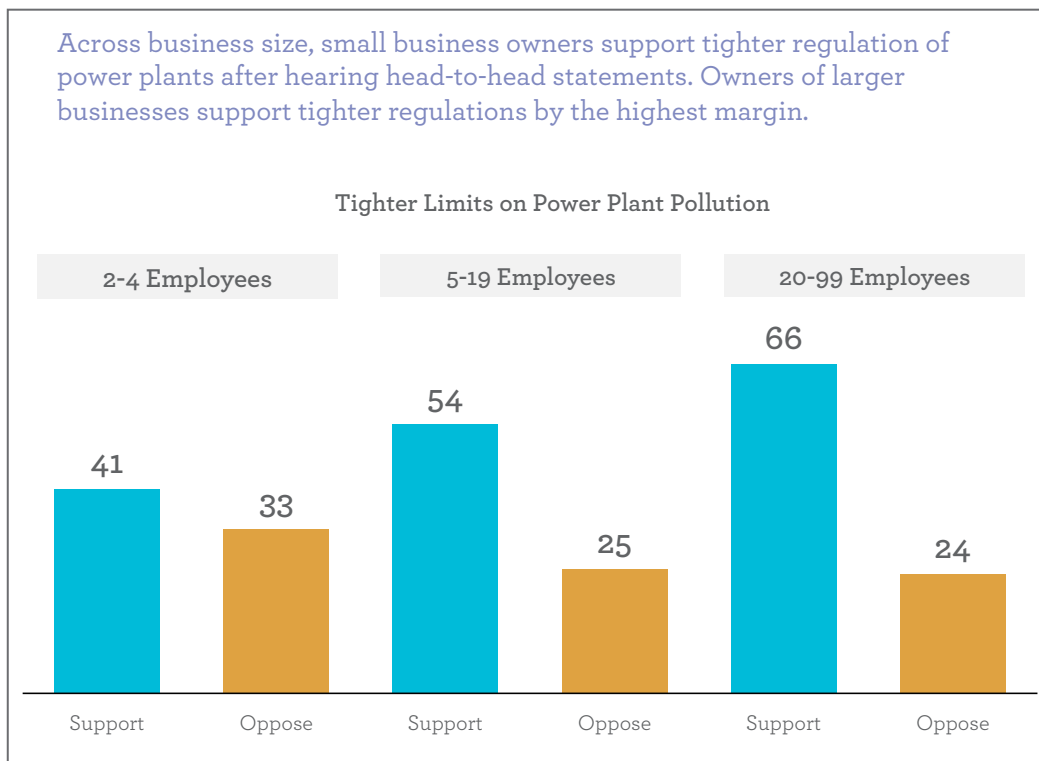


Immediately after hearing arguments for and against tighter EPA limits on carbon pollution from power plants, half of small business owners (50%) supported tighter limits, a 22-point margin over those who oppose tighter limits. More than 20% of small business owners are still making up their minds on the subject.

Much larger numbers of small business owners who are self-identified as Democrats or Independents support tighter EPA regulations to curb power plant pollution. Slightly more Republicans oppose than support carbon pollution limits.



Across business size, small business owners support tighter regulation of power plants after hearing head-to-head statements. Owners of larger businesses support tighter regulations by the highest margin.



Support for limits on power plant pollution increases with the size of the small business. A plurality (41%) of microbusinesses support regulations, as do a majority (54%) of those with 5-19 employees and an overwhelming 66% of those with 20-99 employees.

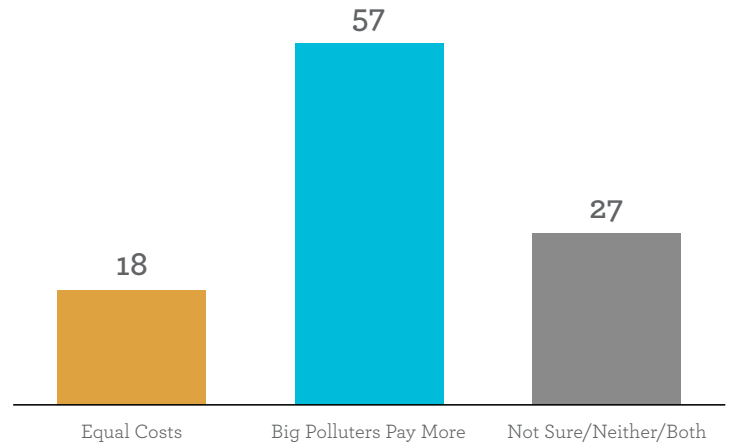
All businesses are often treated as a monolith whose needs and beliefs are the same, but a majority (57%) of small business owners agrees that big polluters should make the most emission cuts and bear most of the costs to reduce that pollution. Far smaller percentages feel otherwise.

By a 39-point margin, small business owners agree that the businesses that emit the most carbon pollution should make the largest reductions in their emissions, and bear most of the costs involved in reducing carbon pollution.

Statement A: All businesses, large and small, should be asked to cut their carbon emissions by the same percentage and should equally bear the costs involved.

Statement B: The businesses that emit the most carbon, like power plants, should be asked to make the greatest percentage reduction, and these big emitters should bear most of the costs involved in reducing carbon pollution.

Higher Costs for Bigger Polluters?



POLL TOPLINES

METHODOLOGY

Results reported here represent findings from a scientific, live, telephone survey of 555 owners of small businesses (2 to 99 employees) nationwide, conducted by Lake Research Partners, June 4-10, 2014. Survey respondents were a geographically stratified sample of small business owners from around the country. The data were weighted slightly by gender, region, ethnicity, and business size to match the sample to the national population of small business owners. The survey's margin of error is +/-4.2%.

FINAL TOPLINES

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
GENDER				
Men	67	64	67	75
Woman	33	36	33	25
	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
REGION				
New England	5	6	4	6
Mid-Atlantic	14	12	17	12
East North Central	15	15	14	18
West North Central	8	10	7	6
South Atlantic	19	17	19	26
East South Central	5	6	5	1
West South Central	11	11	11	12
Mountain	6	9	4	6
Pacific	16	15	18	14

1. Just to confirm, are you the owner of a “for-profit” business? (IF NO then terminate code 4; IF YES then continue)
 And as owner do you handle the day-to-day business management and operations or not?

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Owner (no or less management responsibility)	11	12	8	17
Owner (with management responsibility)	76	74	81	66
Both (volunteered)	13	14	10	17
Neither	TERMINATE			
Don't know	TERMINATE			

2. How many people are directly employed by your business, including yourself?

TERMINATE IF OVER 99 EMPLOYEES OR UNDER 2 EMPLOYEES

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
2-4 Employees	42	100	0	0
5-9 Employees	28	0	63	0
10-19 Employees	16	0	37	0
20-49 Employees	9	0	0	63
50-99 Employees	5	0	0	37

Now I'm going to read you some different environmental problems that some businesses are concerned about. For each one, speaking as a business owner, please tell me if you would be VERY concerned about the impact it could have on your business in the future, SOMEWHAT concerned, not too concerned, or not at all concerned about the impact it could have on your business in the future.

RANDOMIZE

3. _SSA: Carbon Pollution

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Very concerned	30	24	30	47
Somewhat concerned	27	23	30	30
Not too concerned	17	19	20	6
Not at all concerned	24	34	17	18
(DK/Ref)	1	1	2	0
Concerned	57	47	61	76
Not concerned	41	52	37	24

4. _SSB: Climate Change

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Very concerned	30	22	36	35
Somewhat concerned	24	15	19	32
Not too concerned	21	27	14	25
Not at all concerned	25	36	21	9
(DK/Ref)	0	0	0	0
Concerned	53	37	65	66
Not concerned	47	63	35	34

And now thinking about these different issues, for each one, please tell me if you think we should rely on industries to regulate themselves, or if government regulation is needed. [RANDOMIZE]

5. **Reducing Carbon Emissions by Power Plants**

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Regulate Themselves	29	32	26	33
Government regulation needed	64	58	69	64
(DK/Ref)	7	10	5	4

CLIMATE CHANGE

6. Thinking about the extreme weather events associated with climate change such as hurricanes, droughts, floods, and temperature extremes, which of the following three statements do you agree with the most? [READ IN ORDER]

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Extreme weather events associated with climate change such as hurricanes, droughts, and floods have already had a negative impact on my business	19	12	22	30
Extreme weather events associated with climate change could have a negative impact on my business in the future	34	30	36	41
I don't believe climate change-induced extreme weather will ever impact my business	37	46	34	21
(None)	4	5	3	3
(Don't Know)	6	8	5	6

7. Which of the following consequences of climate change do you think could harm your business in the future? Please select all that apply.

[RANDOMIZE. READ CHOICES. ALLOW MULTIPLE RESPONSES.]

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Higher energy costs	53	46	57	61
Power outages due to stress on the power grid	48	42	50	56
Severe storms	41	39	41	46
Higher health care costs	37	35	38	39
Higher food costs	35	31	39	36
Record breaking hot and cold spells	32	27	36	37
Damage to roads, rails, and pipelines	32	29	31	44
A reduced fresh water supply	29	24	31	35
Extreme drought	26	22	26	36
Population migration	23	19	23	34
Coastal flooding	18	15	19	26
Tropical diseases showing up in the United States	17	18	17	14
Rising sea levels	13	10	13	20
(Other)	1	1	1	1
(No impact)	13	18	8	8
(Don't know)	0	0	0	0
(Refused)	0	0	0	0

8. If you had to choose, would you rather accept [ROTATE]

_the consequences of climate change just described - OR-

_a ten percent increase in energy costs to reduce carbon emissions and prevent these consequences of climate change

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Consequences of climate change	25	25	26	25
Ten percent increase in energy costs	39	32	45	43
(Neither)	26	33	21	23
(Don't Know)	9	9	9	9
(Refused)	0	0	0	0

9. Next, I'd like to read you two different statements about proposals by the Environmental Protection Agency to set tighter limits for carbon pollution from power plants. [ROTATE STATEMENTS]

_Supporters of tighter limits say that electricity generation is the largest single source of carbon pollution in the U.S., accounting for more than a third of all U.S. carbon emissions. These carbon emissions worsen the dangerous effects of climate change, including stress on the power grid, higher health care costs, and damage to infrastructure, all of which hurt a business' ability to operate. Tighter limits are needed to reduce carbon pollution and to prevent its catastrophic effects.

_Opponents of tighter limits say that federal government efforts to reduce carbon emissions from power plants will drastically increase the cost of doing business in the United States. Power plants will just pass the costs of compliance on to energy consumers, which will make energy costs skyrocket. Especially for small businesses already operating on tight margins, this increase in energy costs will be crippling.

Now please tell me: Do you support or oppose tighter limits for carbon pollution from power plants?

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Support	50	41	54	66
Oppose	28	33	25	24
(Undecided/Don't know)	22	26	21	10
(Refused)	0	0	0	0

Now I am going to read you a pair of statements about business and the responsibility to protect the climate. Please tell me which statement you agree with more. If you are not sure, please say so.

[ROTATE STATEMENTS]

10.

STATEMENT A: All businesses, large and small, should be asked to cut their carbon emissions by the same percentage and should equally bear the costs involved.

STATEMENT B: The businesses that emit the most carbon, like power plants, should be asked to make the greatest percentage reduction, and these big emitters should bear most of the costs involved in reducing carbon pollution.

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Statement A	18	14	21	17
Statement B	57	56	55	64
Not sure	5	4	5	4
(Both)	8	8	7	9
(Neither)	14	19	11	6
(Refused)	0	0	0	0

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Finally, I would like to ask you a few questions for statistical purposes only.

11. Generally speaking, do you think of yourself as a Republican, a Democrat, an independent, or something else?

[IF REPUBLICAN OR DEMOCRAT:] Do you consider yourself a strong (Republican/Democrat) or a not-so-strong (Republican/Democrat)?

[IF INDEPENDENT:] Would you say that you lean more toward the Republicans or more toward the Democrats?

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Strong Republican	16	18	14	15
Not-so-strong Republican	13	12	15	13
Independent - lean Republican	15	17	11	18
Republican	43	47	39	46
Independent	18	16	23	16
Democratic	28	24	31	33
Independent - lean Democratic	9	7	9	11
Strong Democrat	11	8	12	14
(Other)	3	4	3	2
(DO NOT READ, BUT RECORD VOL: Libertarian)	3	5	2	2
(Don't know)	2	4	1	1

12. What is your age?

IF REFUSED: I am going to read you some categories. Stop me when we get to your category.

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
18-24 years	3	1	4	8
25-29	7	3	9	9
30-34	6	5	6	13
35-39	8	6	7	15
40-44	11	8	13	16
45-49	12	14	12	8
50-54	15	13	15	20
55-59	12	16	12	5
60-64	12	15	11	4
65-69	8	9	9	2
70-74	3	5	2	0
over 75	1	3	0	0
(Refused)	0	0	0	0

13. Just to make sure we have a representative sample, could you please tell me whether you are from a Hispanic, Latino, or Spanish-speaking background? [IF "NO", ASK:] What is your race--white, black, Asian, or something else? [DO NOT READ]

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
White/Caucasian	81	88	77	75
Black/African American	6	3	7	10
Latino/Hispanic	5	3	6	8
Asian/Pacific Islander	5	3	6	6
Native American	1	1	2	0
(Other)	1	1	1	1
(Don't know/Refused)	1	1	1	0

Minority owned flag on file

	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Yes	24	17	30	30
No	76	83	70	70



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Industry Code from File	Total N=555	2-4 Employees 232	5-19 Employees 243	20-99 Employees 79
Retail trade	16	18	17	12
Construction	15	16	15	16
Other services (except public administration)	13	17	10	9
Professional, scientific, and technical services	10	10	9	11
Arts, entertainment, and recreation	7	6	8	6
Real estate and rental and leasing	6	8	5	1
Health care and social assistance	5	2	7	6
Finance and insurance	5	3	5	8
Accommodation and food services	5	1	6	12
Manufacturing	5	4	5	5
Information	4	4	3	4
Agriculture, forestry, fishing and hunting	3	4	2	1
Wholesale trade	3	2	3	4
Educational services	2	2	3	2
Transportation and warehousing	2	3	1	2
Administrative and support and waste management and remediation services	1	0	0	3
Utilities	0	0	1	0
Mining, quarrying, and oil and gas extraction	0	0	0	0
Management of companies and enterprises	0	0	0	0
Public Administration	0	0	0	0
Industries not classified	0	0	0	0
No NAICS Provided	0	0	0	0