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NFIB MICHIGAN MAIN STREET AGENDA FOR 2022

NFIB is focused on policies that will help small business recover from the harm done during government closures and restrictions during the pandemic. Further, it will work to mitigate damage from current issues like inflation, labor shortages, and supply chain disruptions. NFIB will fight to halt any proposed policies or regulations that would hinder such a recovery.

NFIB will also be part of the conversation on how best to use one-time money received from the federal government and on-going budget surpluses to help small businesses thrive now and the future through broad based tax policy that returns money to taxpayers.

Finally, NFIB will be proactive in reminding lawmakers that the failed policies of the past such as confiscatory taxes, burdensome regulation, micro-management of the employer-employee relationship, and others, have not improved with age and must be avoided if Michigan is to return to prosperity and opportunity for small business and our citizens.

MITIGATE FUTURE UNEMPLOYMENT INSURANCE PAYROLL TAX INCREASES

Use Federal Recovery Funds to Deposit \$1Billion into the Unemployment Insurance Trust Fund

The Unemployment Insurance (UI) system is 100% funded by employers through a payroll tax and any shortfalls or deficits due to a negative Trust Fund balance will have to be made up by all employers through their mandated payroll tax. The UI Trust Fund was at approximately \$4.6B before the pandemic hit, and as of this writing, is now currently under \$1B. Michigan did not have to borrow money from the federal government because of efforts to boost the trust fund over the past decade and a total \$16B of payroll tax contributions. However, the Trust Fund is still in a precarious position, and NFIB is calling on the legislature and governor to use federal recovery dollars to make a \$1B deposit into the UI Trust Fund. Shoring up the Trust Fund prevents employers from tax increases in the event of an economic downturn and ensures that there is money for claimants who need the benefits.

USE ONGOING BUDGET SURPLUSES FOR BROAD-BASED TAX CUTS TO HELP SMALL BUSINESS

Tax cuts should not include new taxes or fees

In addition to the one-time federal money it has received, Michigan has been consistently running budget surpluses over the past two years. There are a myriad of proposals on how to best use this money that range from critical infrastructure repair, increases in the earned income tax credit, eliminating taxes on public pensions, and increases to education funding. However, NFIB believes we need to also return money to the taxpayers from which it came. This is why NFIB is committed to working with policy makers to pass meaningful broad based tax cut for small business without creating new taxes or fees and without picking winners and losers. NFIB welcomes all ideas, but is proposing one or more of the following:

Eliminate Commercial Personal Property Tax

NFIB scored a win at the end of 2021 when the small business exemption on commercial personal property (PPT) was increased from \$80M to \$180M. (As a reminder, per legislation in 2014, there is not PPT on manufacturing). In addition, by reimbursing local governments from the surplus, they would no

longer bear the regulatory burden of administering the PPT.

Rate Reductions in the Personal Income Tax and Corporate Tax

Approximately 60% of small businesses in Michigan are “pass-through” entities and taxed on their business income through their individual income tax. The remaining 40% are C- corps and therefore are subject to the Corporate Tax. NFIB supports current legislation that would reduce both tax rates and bring them in line with each other.

REIMBURSE LICENSE FEES AND PROPERTY TAXES FOR BUSINESSES THAT WERE FORCED TO CLOSE

Michigan currently requires licenses to operate for hundreds of businesses and occupations. Most licenses include fees that must be submitted for a business to continue operating. Failure to pay the fee would result in suspension of the license and an order to close the business. However, many businesses in 2020 and 2021 were forced to close or operate on a restricted basis by the Executive Orders of Governor Whitmer or various state departments. NFIB supports the passage of legislation that would reimburse license fees and property taxes for the time that the business was unable to operate due to government related restrictions.

HOLD THE UNEMPLOYMENT INSURANCE AGENCY ACCOUNTABLE AND ENACT SENSIBLE REFORMS

Reforms should be focused on running the agency efficiently, not favoring claimants or employers

The pandemic revealed the incompetence of those tasked with leading the Unemployment Insurance Agency (UIA). While there were significant challenges faced by the UIA, those in charge continued to make decision after decision that hurt both employers and claimants and wasted over \$8B of taxpayer money. In addition, each time the Agency was called before the legislature to account for the ongoing issues, they refused to take any responsibility and make significant changes. Because the Unemployment Insurance system is 100% employer funded, NFIB is engaged in legislation that holds the UIA accountable and places restrictions on decisions future department directors can make.

NFIB supports current legislation that would replace the \$250M of state UI Trust Fund money that was lost due the Agency's poor judgement and mistakes. It is only right that those funds should be replaced by the government that lost them.

FIGHT FOR SMALL BUSINESS IN THE ROAD FUNDING DEBATE

While small business owners recognize the importance of good roads, there is well deserved skepticism from small business towards proposals that claim to be for road funding, but the details reveal that much of the revenue raised would be diverted to other budget projects. Current proposals include legislation that allow local governments to create local gas taxes and vehicle registration fees for local roads. NFIB small business members have made it clear that they do not support this approach to fund roads. NFIB members also oppose any new or increases in taxes or fees for infrastructure as it relates to electric vehicles.

OPPOSE ATTEMPTS TO USE LICENSING AND RULES TO GET AROUND THE LEGISLATURE

Governor Whitmer is attempting to get through agency rules what she cannot get passed in the legislature. In the past, the governor has attempted to use rules to expand overtime eligibility for workers that is more than the recent federal increase. The Administration also tried to use rules governing the licensing requirements for a business to require labor union membership for their employees. Making laws via rules, through agencies run by unelected bureaucrats protected by civil service and unaccountable to voters, is a formula for disaster to Michigan's economic comeback.

HALT MICROMANAGEMENT OF THE EMPLOYER-EMPLOYEE RELATIONSHIP

Attempts to micromanage how an employer compensates, schedules, manages, and hires their employees has never been more prevalent at all levels of government. NFIB has successfully defeated efforts to micromanage employment hiring decisions, to interfere with the scheduling of employees, to mandate specific employee benefits, to require a union representative to meet with employees, and more. These kind of regulations and requirements are especially burdensome to small businesses that do not have the staff or money to dedicate to compliance and recordkeeping, let alone the payroll costs of the requirements. NFIB will continue to defend the rights of small business owners and their employees to have the flexibility determine what works best for them.

PREVENT POLICIES THAT CONTRIBUTE TO SKY-ROCKETING ENERGY COSTS

Includes Line 5 Shut Down, Prohibitions on Natural Gas, Electric Vehicle Incentives

The Governor, along with environmental activists, continue to propose policies in the name of cutting carbon emissions, which will increase already sky-rocketing energy costs. NFIB is opposed to unreasonable environmental policies that lead to increased costs and additional regulatory burdens.

NFIB small business members are supportive of the effort to build a new tunnel for Line 5 that would continue to protect the great lakes, while safely delivering crude oil and natural gas to both the UP and downstate. Without Line 5, energy prices in the UP will spike and there will be increased truck traffic across the Mackinac bridge which would cause environmental harm and could hurt tourism. Nationally, there are efforts to eliminate natural gas appliances in homes. There is legislation in several states and local municipalities that would ban natural gas hook-ups for stoves in new home builds. NFIB small business members strongly oppose these sorts of restrictions. Finally, NFIB members oppose any efforts to impose new taxes and/or fees used for infrastructure specific to electric vehicles as well as the use of taxpayer dollars to provide subsidies to encourage electric vehicle use.

FINDING SKILLED WORKERS WITH COMMON SENSE PROPOSALS

Filling jobs with qualified workers continues to be a major concern for small business in Michigan. If the state is to move forward in restoring our economy, it must provide high school students with increased educational opportunities in skilled trades and other vocational alternatives. However, some proposals seek to throw more money at the same institutions responsible for the skills short fall in the first place, without accountability or reliable measures for success. Some have already suggested that since these proposals would “primarily benefit business,” that business should bear the cost and small business must pay their “fair share.” Many small business owners believe that a “job-ready” educated workforce was supposed to be the product of the current school system already supported by taxpayers. Efforts to stick small business with the lion’s share of additional funding will not be supported.

PURSUE ALL AVENUES ON RESTORING LEGISLATIVE OVERSIGHT

NFIB supports Unlock Michigan 2

No state agency should have the power to close an entire segment of the economy without legislative oversight. While there are currently no closure orders through the Michigan Department of Health and Human Services, the power to do so remains. NFIB continues to work on any legislative avenues available to restore proper oversight, as well as a supporting Unlock Michigan 2, an initiative petition that would prevent local and state health departments from issuing orders without time limits or oversight.