

2023 NFIB MICHIGAN MAIN STREET AGENDA

PRESERVE WORKPLACE FREEDOM

Uphold current policies on Right to Work, Prevailing Wage, and Project Labor Agreements

In the past 10 years, NFIB has supported legislation that would protect workplace freedom through Right to Work, repealing prevailing wage, and eliminating project labor agreements. It is not the government's job to force workers to join a group and pay money to a group in which they may not believe or to dictate to employers who they can hire and how much they can charge for their work. Reversing these policies will lead to increased costs, job losses, and reduce Michigan's ability to attract new business.

MAINTAIN AND PROTECT THE INTEGRITY OF THE UNEMPLOYMENT INSURANCE TRUST FUND

Build up the current UI Trust Fund by maintaining current unemployment insurance policies which will prevent future Unemployment Insurance Payroll Tax increases and job losses

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. The UI Trust Fund was at approximately \$4.6B before the pandemic hit, and as of this writing, is now currently under \$2B. Michigan did not have to borrow money from the federal government because of efforts to boost the trust fund over the past decade where employers paid a total of \$16B in payroll taxes. However, the Trust Fund is still in a precarious position. Any increases in benefits or changes to unemployment insurance could put the UI Trust Fund in jeopardy. In addition, NFIB is calling on the legislature and governor to use federal recovery/budget surplus dollars to make a significant 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 pick winners and losers and 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 few 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.

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

The Legislature should decide public policy, not unelected bureaucrats

The Administration has used agency rules instead of going through the legislature to pass certain policies. 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, no matter which party is in power.

HALT THE MICROMANAGEMENT OF THE EMPLOYER-EMPLOYEE RELATIONSHIP

Prevent unsustainable labor mandates on small businesses

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.

PURSUE POLICIES THAT REDUCE SKY-ROCKETING ENERGY COSTS

Prevent Line 5 Shut Down, Prohibitions on Natural Gas, Electric Vehicle Incentives, etc.

Policies continue to be proposed 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.

PROVIDE TAX TRANSPERANCY FOR SMALL BUSINESSES THAT ARE NOT C CORPS

Break out the taxes paid by pass-through entities in all budget and treasury documents

NFIB will work with legislators to introduce a bill that would require Treasury, the Senate Fiscal Agency, and House Fiscal Agency to break out Pass-Through Business Income from the Personal Income Tax when listing the various tax revenues/losses in presentations, websites, etc. Many small businesses pay

their business taxes through their personal income tax forms. Because they do not pay the Corporate Tax, it is often portrayed in presentations and reports these businesses pay no business taxes. In fact, close to \$1B of the income tax is due to taxes paid by pass-through entities. Transparency is required so that legislators and other policy makers can better understand small business tax issues.

PRESERVE LOCAL PREEMPTION POLICIES

Prevent a regulatory nightmare of varying policies across Michigan's cities, townships, and counties

Small business cannot afford local micromanagement of employer benefit policies. County and municipal governments have threatened to layer on duplicative requirements and regulations on small business at the behest of local activist groups or advocates who are unsuccessful in accomplishing these policies at the federal and state level. NFIB will oppose repeal of legislation passed in the past 10 years to preempt local governments from creating their own policies that would harm small businesses.

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.