

The background of the entire page is a photograph of the Texas State Capitol dome, viewed from a low angle looking up. The dome is white with a gold statue on top. The sky is a clear, deep blue. A dark blue diagonal shape cuts across the image from the top left to the bottom right, serving as a design element.

Texas

**SMALL BUSINESS
LEGISLATIVE AGENDA**

2023

SMALL BUSINESS ECONOMIC IMPACT

SMALL BUSINESS IN TEXAS

NFIB Members in Texas



Texas Small Business Employment

47.7%

growth between 1995 & 2019, exceeding the national average.



4.9 MILLION PEOPLE

are employed by small businesses in Texas¹

99.8 %

of Texas businesses are small¹



8 People

is the average number of employees per NFIB member business



47% of NFIB Members have been in business for

20+ Years

EMPLOYMENT BY BUSINESS TYPE IN TEXAS

C-Corporation (44%)	Pass-Through (56%)		
	Partnership (15%)	Proprietor (21%)	S-Corporation (19%)

1. Small Business Administration Office of Advocacy, 2022 Small Business State Profile

About
NFIB

NFIB has over 20,000 small business members in the Lone Star State, representing most if not all economic sectors in the state—from manufacturing, to wholesale/retail and services, to construction and agriculture. NFIB is a member-driven organization that has a unique **'one member, one vote'** that determines NFIB's top advocacy priorities.

4.9 **MILLION PEOPLE**

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About
NFIB

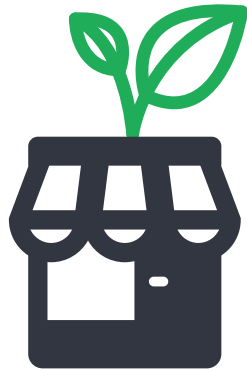
NFIB's Mission

NFIB advocates for the independence of small business and our mission is to promote and protect the right of our members to own, operate and grow their businesses. Small businesses—not big business, big labor, or big government—employ the majority of working Americans and creates two out of three jobs annually in Texas. Detailed in this agenda are the top priorities of NFIB in Texas—the voice of small business—for the 88th Legislative Session.

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Top Legislative **PRIORITIES**

The NFIB Texas Legislative Agenda for the 88th Legislative Session was generated from the most recent 2022 NFIB member ballot which was sent to all our Texas members.

Here are the top recognized priorities for small business owners going into 2023:

- 1.** Business Personal Property Tax Relief
- 2.** Regulatory Consistency & Reform
- 3.** Reeling in Health Insurance Costs
- 4.** Workforce Development

Business Personal Property **TAX RELIEF**

Small business owners in Texas are being taxed out of their businesses (and homes) and are often hit even harder than a large business because they do not have in-house tax compliance officers. Their margins of operation are very thin, leaving little to no room to keep their doors open after paying their property tax bill, their “inventory tax,” and their franchise tax bill (all paid whether they made a profit for the year or not). Real tax relief for small businesses can be achieved by increasing the business personal property (or “inventory tax”) exemption, or completely repealing the onerous and regressive tax.

SMALL BUSINESS CREATES

2

OUT OF

3

JOBS ANNUALLY.

Regulatory Consistency and **REFORM**

Cities in Texas continue to expand their regulatory scope by passing local ordinances regulating a private business owner's employment practices. These city ordinances would mandate what kind of benefits an employer offers and how to handle their employee scheduling, and it would interfere with private employment hiring practices among other business daily operations best left up to the employer. These local ordinances create a patchwork of laws which makes compliance almost impossible for the small business owner. NFIB is spearheading the effort at the Capitol to fight this overreach, along with 20 other business organizations represented through ASSET—Alliance for Securing and Strengthening the Economy in Texas. Each session, more and more bills are filed that expand the definition of "unlawful employment" practices in the Texas Labor Code, create punitive fines against employers, and pile onto the mountain of regulations small business owners are expected to comply with. Small businesses already implement hundreds of federal and state regulations, which costs them 36% more than a larger business according to the U.S. Small Business Administration. Our state government should work to educate our employers about current regulations instead of creating new and more burdensome laws.

The U.S. Small Business Administration estimates it costs small businesses

36%

**MORE TO
IMPLEMENT
REGULATIONS**

Which is approximately
\$12,000
per employee, per year.

Reeling In Health **INSURANCE COSTS**

In a survey of NFIB's members, the cost of health insurance was ranked the number one biggest problem and priority for small business owners in Texas. This remains a perennial issue for small business owners. Adding new, expensive mandates to health benefit plans increases the costs for businesses and employers and adds to the growing number of uninsured in Texas. Employers ultimately pay the high price for mandated health care benefits through higher health care premiums, co-pays, reduced wages, and benefit reductions. Most large businesses receive their health care benefits under self-funded arrangements, which are preempted under ERISA and are exempted from state law. Thus, health benefit mandates more negatively affect small employer and individual policies. Many mandates, including the half dozen or so passed during the past few legislative sessions, are estimated to increase premiums by millions of dollars. In fact, each mandate increases the cost of health insurance premiums by approximately one to five percent. While this may seem insignificant, every one percent increase in premiums costs consumers and employers an estimated \$230 million a year in the fully insured market. In the end, mandates can hurt the very people that they were meant to help – individual employees and their families. NFIB will oppose any legislation that continues to drive the cost of health insurance up or penalizes a small business owner for not carrying health insurance.

Workforce DEVELOPMENT

Finding skilled employees, or “locating qualified employees” has been an ongoing issue for employers in this state, both large and small, especially in today’s market. Texas’ small business job creators in the industrial and technical fields have

**Small businesses with fewer than
100 EMPLOYEES
have the largest share of small
business employment.**

positions open and ready to fill. The legislature has made strides in realizing the importance of trade skills training in junior high and high school, charging the

Texas Workforce Commission, Texas Education Agency, and the Texas Higher Education Coordinating board to work together along with employers in the state to complete the mission of graduating more students into the workforce. NFIB will continue to work with other business organizations to make sure skills training in schools is a priority and our Texas workforce is robust for generations to come.

99.8%

**of all businesses in Texas
with employees are
small businesses**

**Small businesses
employ about**

45.6%

**of the state’s private
sector workforce**

Texas Membership
DEMOGRAPHICS

Texas Small Business Top 10 Biggest Problems & Priorities

(according to an pre-COVID-19 NFIB member poll)

1. Cost of Health Insurance
2. Property Taxes (real, inventory or personal property)
3. Locating Qualified Employees
4. Tax Complexity
5. Federal Taxes on Business Income
6. Finding and Keeping Skilled Employees
7. Uncertainty over Government Actions
8. Unreasonable Government Regulations
9. Uncertainty over Economic Conditions
10. Cost and Availability of Liability Insurance



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