



“Do No Harm” to the Small Business Recovery

PROBLEM

Small business owners are facing stiff economic headwinds that threaten the fragile Main Street economic recovery.

- Persistent and historic inflation poses challenges for the small business community, with one-third of business owners reporting inflation as their top small business problem.
- A 48-year record high level of small business owners are increasing compensation while half of small business owners cannot fill open positions.
- Small business optimism is the lowest since April 2020, during the height of the pandemic.
- Expectations for better business conditions six months from now are at an all-time low in the 48-year history of NFIB’s survey.

SOLUTION: DO NO HARM

NFIB opposes taxes, mandates, and penalties that further threaten the small business economy.

- NFIB opposes the House-passed *Build Back Better Act*. This legislation includes the creation of a 3.8% Small Business Surtax on S-Corporations, LLCs, Sole Proprietors, and Partnerships; an increase in the corporate tax rate; and substantial penalty increases on small business owners.
- NFIB opposes *H.R. 7701, the Wage Theft Prevention and Recovery Act*. This legislation significantly increases penalties on small businesses who have isolated errors when trying to comply with complicated federal employment law, increases paperwork and compliance burdens, and deputizes private organizations – including impartial entities – to enforce employment law.
- NFIB opposes *regulations that increase the cost of business*, such as the Department of Labor (DOL) increasing the overtime exemption threshold for salaried employees, DOL or the National Labor Relations Board restricting the ability to utilize or work as independent contractors, and the Environmental Protection Agency and the U.S. Army Corps of Engineers expanding the definition of “navigable waters” under the Clean Water Act.

NFIB supports policies that provide tax certainty and reduce compliance burdens.

- NFIB supports *S. 480 / H.R. 1381, the Main Street Tax Certainty Act*. This legislation makes permanent the Small Business Deduction (Section 199A), an up to 20% deduction for S-Corporations, LLCs, Sole Proprietors, and Partnerships. Without Congressional action, this valuable deduction will expire in 2025.
- NFIB supports *S. 3074 / H.R. 5743, the Ensuring Workers Get PAID Act of 2021*. This legislation restarts the DOL’s Payroll Audit Independent Determination (PAID) program, which allowed small businesses to correct minor wage and hour violations before being penalized.
- NFIB supports *S. 3546 / H.R. 6913, the Stop the Nosy Obsession with Online Payments Act (SNOOP Act)* and *H.R. 3425, the Saving Gig Economy Taxpayers Act*. These bills repeal a provision of the American Rescue Plan Act requiring third-party payment organizations to issue a Form 1099 for users with \$600 in annual transactions, which increase small business tax compliance burdens.

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