

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 large, semi-transparent dark blue diagonal shape cuts across the image from the top left to the bottom right, serving as a design element behind the text.

Texas

**SMALL BUSINESS
LEGISLATIVE AGENDA**

2021

About
NFIB

NFIB has approximately 20,000 small business members in the Lone Star State, representing mostly all economic sectors in the state, from manufacturing, to wholesale/retail and services, to construction and agriculture. NFIB is a member-governed organization that has a unique member ballot process which ultimately creates our legislative agenda and member priorities. We are **one member, one vote.**

NFIB Members in Texas



20,564

Texas is home to

2.8 Million

small businesses

4.8 MILLION PEOPLE

employed by small businesses in Texas¹



10 People

Average number of employees per
NFIB member business

About NFIB

NFIB Mission Statement

NFIB's main educational mission is to instruct and remind lawmakers that small businesses are not smaller versions of big businesses, but instead have uniquely different difficulties in remaining solvent. Small businesses—not big business, big labor, or big government—employ the majority of working Americans and generate almost all net new jobs. Detailed in this agenda are the top priorities of NFIB in Texas—the voice of small business—for the 87th Legislative Session.



Number of net new jobs in Texas from small business¹

227,487

99.8%



of Texas businesses are small¹



\$500,000

Average gross sales per NFIB member business

Top Legislative **PRIORITIES**

The NFIB's Texas Legislative Agenda for the 87th Legislative Session was generated from the most recent 2020 NFIB member ballot which was sent to all 20,000 of our Texas members.

Here are the top recognized priorities for small business owners going into 2021:

- 1.** Tax Relief
- 2.** Reeling in Regulatory Overreach
- 3.** COVID-19 Business Liability Protections
- 4.** Health Insurance Mandates & Burdensome Cost
- 5.** Workforce Development

Tax RELIEF

NFIB heard multiple examples of local taxing entities exorbitantly raising taxes prior to the implementation of the tax reform measures passed last session. While NFIB appreciates the efforts of the 86th Legislature regarding property taxes, more action is needed to ensure small business owners to truly feel the impact.

Small
business
creates

2

OUT OF

3

jobs
annually.

Small business margins of operation are very thin, leaving little room to keep their doors open after paying their property tax bill, their inventory tax, and their franchise tax bill (paid whether they made a profit for the year or not).

Small business owners will continue to ask the legislature to fully repeal the franchise tax, or at the least, to pass another rate reduction. Property tax relief can be achieved by increasing the business personal property tax exemption to inflation to reflect actual values.

Additionally, Congress made available loans during the COVID-19 pandemic for small businesses. These PPP loans helped small businesses make payroll and keep

their doors open. The loans were then considered forgiven and tax deductible. The tax deductibility only applies to federal taxes, however, so Texas businesses will still have to pay state taxes on this loan unless the legislature acts to conform with federal law and the intention of Congress.

Reeling in Regulatory **OVERREACH**

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

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.

an employer offers, how to handle their employee scheduling, and would interfere with private employment hiring practices among other business daily operations best left up to the employer. 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. Now, cities are creating more

employment and labor regulations locally, which in most cases differ from the set of standards set by federal or state government. 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—to preempt cities from passing ordinances that interfere with private employment practices. Specifically, ASSET will be supporting the passage of TERPA, or the Texas Economic Recovery and Protection Act. TERPA showcases policies that will Stabilize, Rebuild, and Grow the economy in Texas. In order to stabilize, the first action Texas needs to take is to ensure consistent employment regulations throughout the state.

COVID-19 Business Liability **PROTECTIONS**

Due to the pandemic, nearly 70% of small business owners are concerned about liability claims increases. Businesses have struggled to stay open and keep their teams on payroll but have stayed the course. It would be devastating if those who successfully weathered the storm were shut down by frivolous lawsuits.

Businesses should be protected from liability to customers and other third-parties unless those customers or parties prove the business knowingly failed to develop and implement a reasonable plan for reducing the risk of exposure to COVID-19 and that failure caused the injury. The legislature must deliver important liability protections to small business.

TEXAS IS ONE OF THE **4 STATES** WITH THE

**Largest Number
of Minority-
Owned
Businesses.**

Health Insurance Mandates & **HEAVY COST**

In a survey of NFIB's members in 2020, 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

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

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 & Lack of

SKILLED WORKFORCE

Finding skilled employees, or “locating qualified employees” has been an ongoing issue for employers in this state, both large and small. Texas’ small business job creators in the industrial and technical fields have positions open and ready to fill, but because we’re just beginning to build upon the work the legislature has done in recent years to create skills training in schools, those employers find themselves unable to expand in some cases. However, 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.

Texas small businesses represent
99.8% of all businesses with
employees and **employ about 45.1%**
of the state’s private-sector workforce.

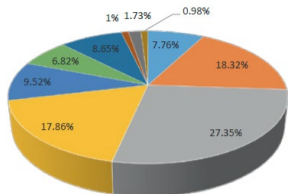
Texas Membership DEMOGRAPHICS

Texas Small Business Top 10 Biggest Problems & Priorities

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

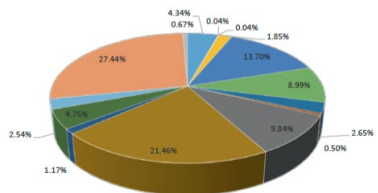
1. Cost of Health Insurance
2. Property Taxes (real, inventory or personal property)
3. Locating Qualified Employees
4. Tax Complexity
5. Federal Taxes on Business Income
6. Finding and Keeping Skilled Employees
7. Uncertainty over Government Actions
8. Unreasonable Government Regulations
9. Uncertainty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

Texas Membership by Number of Employees



- 1
- 2
- 3-5
- 6-9
- 10-14
- 15-19
- 20-40
- 41-50
- 51-100
- 100+

Texas Membership by Industry



- Agriculture
- Construction
- Wholesale
- Real Estate
- Forestry
- Manufacturing
- Retail
- Services
- Fishing
- Transportation
- Finance
- Other
- Mining
- Public Utilities
- Insurance

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