

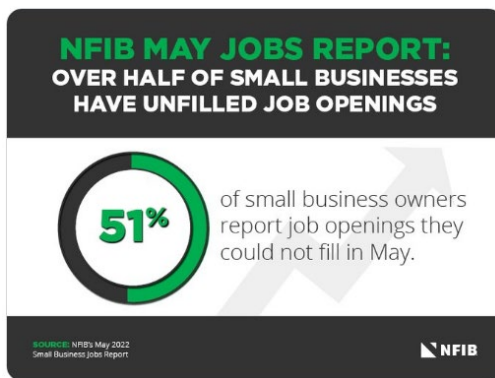


NFIB Small Business Hill Brief

INFLATION CONTINUES TO BE THE NO. 1 PROBLEM AS OWNERS RAISING SELLING PRICES MATCHES RECORD HIGH.

In June, the NFIB Research Center released the Jobs Report and Small Business Optimism Index, which showed the negative impact that inflation has had on small business owners. Key findings include:

On June 2nd, the May [Jobs Report](#) showed over half of small businesses have unfilled job openings. Read the press release [here](#).



Key findings include:

- The labor shortage continues to be a challenge for small businesses with 51% (seasonally adjusted) of owners reporting job openings they could not fill in the current period, up four points from April and matching the 48-year record high set in September.
- Twenty-three percent of owners reported “labor quality” was their top business problem, second to “inflation.” Twelve percent of owners cited “labor costs” as their top business problem.
- Overall, 67% of owners reported hiring or trying to hire in May, up eight points from April.
- Ninety-two percent of those owners hiring or trying to hire reported few or no qualified applicants for the positions they were trying to fill.

On June 14th, NFIB released the May [Small Business Economic Trends \(SBET\)](#) survey. The Small Business Optimism Index fell 0.1 points to 93.1, marking the fifth consecutive month below the 48-year average of 98. Inflation continues to be the No. 1 problem as owners raising selling prices matches record high. Read the press release [here](#).

- CBS ["Face the Nation"](#) aired a segment on inflation, featuring NFIB Georgia members Stacey Reece and Mychal Walker [segment begins at 23:00 minute mark]. Data from NFIB's [April SBET survey](#) is also cited: "Nearly one-third of small business owners say inflation's now their number one worry – the highest number since 1980."
 - Reece notes: "You could not hire enough employees to either produce your product, deliver your product, [or] service your product."
 - "It's the gas, it's the labor shortage, then the wages. So, you get it from all angles when you're a small business," said Walker.
- [Nasdaq](#) noted: "According to a report from the National Federation of Independent Business, the NFIB Small Business Optimism Index in the U.S. edged down to 93.1 in May of 2022, the lowest since April of 2020, and compared to 93.2 in April."

On June 14th, NFIB President Brad Close penned an op-ed concerning inflation, ["How Congress Can Help Small Businesses Fight Inflation."](#)

On May 23rd, NFIB Vice President of Federal Government Relations Kevin Kuhlman spoke on [C-SPAN's Washington Journal](#) about the impact of inflation on small businesses:

- "The message is this: Do no harm. Any policy should be evaluated as 'how will this impact small business optimism?' and 'how will this impact consumer confidence?' and 'Will this have negative impacts on these problems, inflation, workforce shortages or supply chain disruptions?'"



On June 29th, NFIB Research Center Executive Director Holly Wade participated in a Ways and Means Committee Republican Member roundtable titled, “Democrats’ Partisan Approach to Social Security Hurts Current and Future Workers.” Watch [here](#).

NFIB ADVOCACY

On June 15th, NFIB members flew in and told their powerful stories to their Members of Congress to [“Do No Harm” to the small business recovery](#).

- Watch the [recap of the NFIB DC Fly-In](#):



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.

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 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*.

IN THEIR OWN WORDS

On May 26th, NFIB released another “[In Their Own Words](#)” testimonial as part of the video series for the [Small Business Survival](#) campaign. NFIB member Christian Marsh (WV), owner of Quality Machine Company, Inc., spoke about the small business deduction.



- West Virginia’s NFIB State Director Gil White wrote an [opinion piece published by The Weston Democrat](#) that echoes Marsh’s concerns about

changes the administration and Congress are considering along with new taxes and mandates.

On June 1st, NFIB released an additional “[In Their Own Words](#)” testimonial from NFIB member Marty Giebelhaus (AZ), owner of Marlin Mechanical Corp., who shared his concerns about future tax increases and how that would impact his business.

 **NFIB** @NFIB · Jun 1
WATCH: NFIB's newest "In Their Own Words" video features NFIB member and [#Arizona #smallbusinessowner](#) Marty Giebelhaus, who expresses concerns about future tax increases and how that would affect his employees. Watch here: nfib.com/content/press-... [#SmallBizSurvival](#)



- Arizona’s NFIB State Director Chad Heinrich [published an opinion piece in AZCentral](#) about the fight to defeat record-high inflation.

IN THE COURTS

Big wins for small businesses in the courts:

- On May 20th, U.S. Supreme Court ruled in the case [FDRLST Media v. NLRB](#), which protects small businesses from frivolous challenges to their employment practices.
- On June 15th, U.S. Supreme Court ruled in the case [Viking River Cruises, Inc., v. Angie Moriana](#), which helps curb frivolous litigation.

LOOK AHEAD

On Thursday, July 7th, NFIB Research Center’s June Jobs Report is released.

On Tuesday, July 12th, NFIB Research Center’s June Small Business Economic Trends is released.

