

THE SMALL BUSINESS AGENDA



LETTER FROM THE PRESIDENT

The pandemic presented extraordinary challenges for small business owners and their employees. They were asked to close down their businesses, limit operations, transition to remote work, and adjust to ever-changing regulations; all in the midst of unprecedented uncertainty.

So, what do small businesses need from our state policymakers as we move forward?

It is not complicated, but it will take hard work over the next few years to rebuild. Some issues relate to the immediate economic impacts of the pandemic, such as lessening capacity restrictions on businesses and shoring up the unemployment insurance trust fund so that employers do not get stuck with the long-term costs of layoffs forced by state government. But it also means getting the fundamentals right, including a fair, competitive tax system, reasonable and predictable regulations, and access to a capable workforce.

Elected officials often refer to small business as the backbone of our economy, and we agree. We have developed this proactive policy agenda to give direction and insight from Michigan's small business owners. This agenda is the culmination of years of work by multiple volunteer-led task forces in a wide variety of areas including entrepreneurship, talent, procurement, immigration, tax policy, and much more.

The bipartisan members of our small business owner task forces have listened to expert presentations, conducted research, and engaged in thoughtful discussion as they worked toward these recommendations. SBAM's advocacy efforts will be focused on implementing this agenda for small businesses in Michigan. We look forward to working with pro-small business lawmakers in both parties, and the administration to make Michigan the best state to start and grow a business.



A handwritten signature in dark ink that reads "Brian Calley".

Brian Calley
President
Small Business Association of Michigan

COVID-19

With the uncertainty COVID-19 brought to Michigan's small business community, SBAM organized a specific COVID-19 Policy Task Force to develop and drive a small business agenda on what steps need to be taken at a State and Federal level beyond the obvious need to lessen capacity restrictions as soon as possible. Legislators and regulators moving forward need to be mindful of the myriad of issues that need to be addressed in near and intermediate time frames.

- **LIABILITY PROTECTIONS** Businesses that put forth a good faith effort to comply with COVID-19 rules and regulations should not be subject to adverse legal actions by employees, customers, or local, state, and federal governments.
- **REGULATORY ENVIRONMENT** State agencies should ensure that Michigan's regulations do not put our businesses at a disadvantage as compared to their peers in other states. Further, regulators should provide clear and concise regulatory guidelines rooted in statute and a transparent rule-making process.
- **TAXES** Businesses most impacted by mandatory closures should receive assistance in covering the costs of property taxes during the time period when they were closed or substantially restricted.
- **UNEMPLOYMENT INSURANCE COSTS** There should be no new associated costs for small businesses related to unemployment insurance changes or usage due to mandated government closures.
- **WORKERS' COMPENSATION** There should be no automatic presumption that a COVID-19 positive employee was infected at work. Contact tracing should be used to determine the origin, not presumptions.
- **ECONOMIC DEVELOPMENT** Michigan should focus its economic development programs on existing Michigan businesses, especially those most restricted by government orders.
- **LICENSING FEES** Entrepreneurs and small businesses that must pay licensing fees to the State of Michigan for the privilege of operating their businesses should be credited back a prorated amount matching the days they were required to be closed and further credited for the capacity they were limited to when open under public health or executive orders. Ongoing licensing fees should be adjusted in a similar fashion.

For more information, see SBAM's COVID-19 Task Force Report



*Milan Gandhi, Chairman
SBAM COVID-19 Task Force
Owner | Med-Share Inc.*

BUSINESS TAXES

Taxes are necessary to fund the government's efforts to create an environment of safety and opportunity for all citizens. Unnecessarily high or complex taxes on the other hand dampen the entrepreneurial spirit and stifle economic growth. Tax dollars should be spent in an efficient and effective manner, providing real value to the taxpayers. Michigan should aim to have a simple yet equitable taxation system that promotes economic growth while cultivating an environment friendly to entrepreneurs and innovation.

- Strive to be ranked a top 10 state so that small businesses can compete effectively in a national and global marketplace
- Income taxes should be imposed on an individual, or business income, only once
- Business taxation should be simple and predictable to allow for advanced planning of expenses
- When a business changes ownership, the tax code should not penalize keeping investment in Michigan
- Real estate should be assessed on the true cash value in strict accordance with constitutional uniformity requirements
- Business to business transactions should be exempt from sales tax

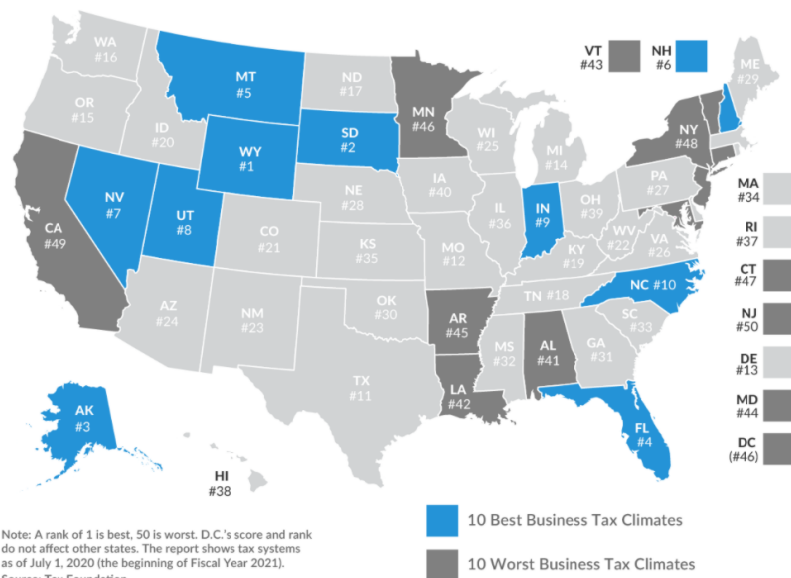
For more information, see SBAM's Tax Policy Task Force Report



Jeff Farrington, Chairman
SBAM Tax Policy Task Force
Area President | FocusCFO



2021 State Business Tax Climate Index



Michigan's Current Rankings

OVERALL RANK	14
CORPORATE TAX RATE	20
INDIVIDUAL INCOME TAX	12
SALES TAX RATE	10
PROPERTY TAX RATE	35
UNEMPLOYMENT INSURANCE	18



ECONOMIC DEVELOPMENT

Collectively, small businesses are Michigan's largest job provider. SBAM supports an economic gardening approach to economic development – focusing on creating a great environment for businesses that are already here, rather than just attracting new businesses to come. Michigan should be the best place to start **and grow** a business regardless of size or industry. With the detrimental impact the COVID crisis has had on small businesses, it is important that our next steps in economic development are geared toward those business most impacted by a government ordered restrictions to their operations.

- Expand access to Rural Broadband
- Increase focus in developing economic development initiatives for entrepreneurship and growing second-stage companies already located in Michigan
- Support expanded access to skilled trades and community college education with programs such as Going Pro and Michigan Reconnect
- Implement aggressive small business state procurement policies
- Continue to support the Pure Michigan tourism and business development campaign

For more information, see SBAM's Entrepreneurship Task Force Report

HEALTH CARE

Steps must be taken to reduce the growing expense of health care and therefore the growing cost of health insurance. The government should look for innovative ways to help businesses control, not add to, the costs of employee health insurance.

- Employee health care benefits should remain a negotiable issue between employee and employer
- Small businesses should be able to band together to create their own risk pools and organize under the same set of rules and laws that larger companies and unions do
- Health care costs should be more transparent, allowing business owners and employees to understand the cost, quality, and options available
- Mandates that reduce the ability of small businesses to offer health care to their employees should be opposed



*Russ Knopp, Chairman
SBAM Health Care Cost Containment Task Force
Owner | Comfort Keepers*



EDUCATION

For Michigan's economy to thrive, our education system must prepare students for the workplace. The education we provide should be focused on skills needed to compete in today's economy while also providing quality, well-rounded education.

- Support educational programs that more closely match education to required job skills
- Increase accountability for completion rates and employability of students
- Support last-dollar in tuition-free community college programs that are not tied to tax increases
- Promote programs such as Going Pro that award employers for assisting in training and developing newly hired employees



REGULATIONS

We acknowledge that there will always be regulations meant to provide a level playing field, and for the protection of the state and its citizens. However, over-regulating stifles innovation, restricts growth and imposes a burden on small businesses.

- Business regulations that are enacted should be consistent, easily understood, and allow for easy compliance
- The government should not set or limit prices businesses can charge or control the benefits and wages agreed to between businesses and their employees
- Small businesses need protections against adverse employee actions when making a good faith effort to comply with workplace safety rules. Business liability should be limited to situations involving intentional non-compliance or reckless disregard of regulatory compliance
- New or amended rules or mandates should be handled through the normal law or rulemaking process, including public hearings. Additionally, changes should include and consider a cost-benefit analysis and detail the steps taken to reduce the impact on small businesses



WORKFORCE DEVELOPMENT

For Michigan to grow, cooperation between businesses and their workforce is vital. Government should refrain from interfering in the relationship between employees and employers. Further, workers should have the right to work without being forced to join or contribute to a third-party organization.

- Any legislation that interferes with the at-will relationship between employees and employers should be opposed
- Government rules surrounding the use of independent contractors should not hinder the ability of small businesses to do business in the manner that best suits them
- Allow a flexible environment for Employer Resource Networks (ERNs) to operate
- Encourage review and removal of bureaucratic burdens that limit childcare options for employers and employees



*Sheri Welsh, Chairman
SBAM Talent Task Force
President & CEO | Welsh & Associates*



IMMIGRATION

SBAM is committed to promoting common-sense immigration reform that will strengthen Michigan's economy as well as attract talent and business to our state. Access to talent is one of the top challenges facing Michigan employers and we recognize the critical role immigration policy will play in driving continued economic growth.

- We strongly urge the Michigan congressional delegation to work to enact immigration policies at the federal level that improve the immigration system
- The federal immigration system must be flexible enough to address the needs of businesses while protecting the interests of workers
- National immigration policies must provide a sensible path forward for immigrants wishing to come to our country and a permanent resolution for those who are of good character, pay taxes, and are committed to becoming fully participating members of our society and culture

For more information, see the *Immigration Task Force report*.