



THE SMALL **BUSINESS** AGENDA

SMALL BUSINESS
Association of MICHIGAN

LETTER FROM THE PRESIDENT & CEO

Recent years have presented extraordinary challenges for small business owners and their employees. Coming out of the pandemic, entrepreneurs were faced with rising costs, workforce shortages, and supply chain disruptions as they reinvented themselves in a fast-changing environment.

Moving forward, small business owners need an economic landscape built for success. It is not complicated, but it will take hard work. And that work is more urgent than ever given how many new businesses have started in Michigan over the last few years. If these businesses thrive, Michigan thrives. The key is to get the fundamentals right, including a competitive business environment, reasonable and predictable regulations, and access to a capable workforce.

People often refer to small business as the backbone of our economy, and we agree. That's why SBAM developed this proactive policy agenda, giving direction and insight from Michigan 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, housing, economic development, and much more.

Our approach to creating an environment of success around small businesses is broad because small businesses do not just operate in local communities, they are the economic infrastructure of our local communities. We need strong communities, competitive business policies, and a strong, growing workforce. We think of this in terms of three categories:

Small Business Needs People

Business needs people with the right skills to meet their demand

People Need Place

People need communities that are growing and present a high quality of life to them

Place Needs Small Business

Our communities need small businesses to remain thriving

This symbiotic relationship requires that we do all three well if we are to reach our full potential. In the following pages, you will find a small business agenda, developed by small business owners, covering key issues and pro-small business priorities.

The success of Michigan small business is our mission, and adopting a pro-small business agenda is a great way to create a stronger Michigan.



A handwritten signature in dark ink that reads "Brian Calley". The signature is fluid and cursive.

Brian Calley
President & CEO | Small Business Association of Michigan

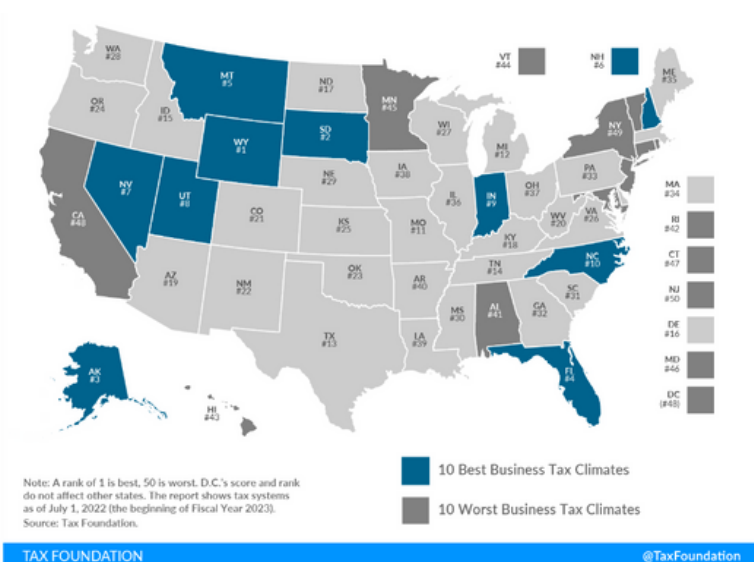
BUSINESS TAXES

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 not be imposed on an individual, or business income, more than once.
- Business taxation should be simple, competitive, and predictable to allow for advanced planning of expenses
- Small business owners often rely on the sale of their business as a core part of their retirement. The tax treatment should have some parity with other types of retirement income.
- Real estate should be assessed on the true cash value in strict accordance with constitutional uniformity requirements.
- Business to business transactions should remain exempt from sales tax.



2023 State Business Tax Climate Index



Michigan's Current Rankings

OVERALL RANK 12

CORPORATE TAX RATE 20

INDIVIDUAL INCOME TAX 12

SALES TAX RATE 11

PROPERTY TAX RATE 25

UNEMPLOYMENT INSURANCE 8

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. 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.
- Encourage review and removal of bureaucratic burdens that limit childcare options for employers and employees.
- Support policies that eliminate barriers to employment for returning citizens and promote safe and thriving communities
- Support pathways to employment for those with disabilities.
- The federal immigration system must be flexible enough to address the needs of businesses while protecting the interests of workers.

PAGE 3



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.

- Large-scale economic development incentive projects should include plans to deal with workforce, housing, child care, and infrastructure challenges that are likely to be exacerbated by the projects.
- Expand access to high speed internet.
- 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.
- Support Line 5, which delivers critical energy infrastructure that we all rely on every day.



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 result in increased costs that will reduce the ability of small businesses to offer health care to their employees should be opposed.

PAGE 4



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.
- Support the education reform framework negotiated by the Launch Michigan coalition, including adequate funding, increased transparency, and accountability. [View the framework.](#)

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.
- 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.
- The government should not limit the ability of entrepreneurs to start and grow their businesses as independent contractors or use independent contractors.

PAGE 5



HOUSING

Housing shortages have hindered the ability of Michigan's small businesses to attract and retain talent. SBAM supports adopting and implementing the MSHDA Statewide Housing Plan ([viewable here](#)), which our leadership was involved in drafting, to achieve:

- 75,000+ new or rehabilitated housing units to include:
 - 39,000+ affordable rental units.
 - 21,500+ market-rate units (homeowner and rental).
 - 13,500+ homeownership opportunities for low- and moderate-income households.
 - 1,000+ units of workforce housing.
 - 100,000+ households' housing is stabilized.
- Significantly reduce the equity gaps in homelessness and homeownership.
- Strive to make homelessness rare, brief, and one time.
- 15,000+ households increase home energy efficiency and make weatherization improvements.

