



Charles Owens, State Director in Michigan  
Charles.Owens@nfib.org cell: (517) 282-2052

Amanda Fisher, Assistant State Director in Michigan  
Amanda.Fisher@nfib.org cell: (517) 927-1058

## **NFIB Main Street Agenda for 2020**

NFIB's primary mission this session will be to ensure that the improvements in Michigan's business climate are recognized and defended while moving forward to build on those gains. Over the last eight years tough policy decisions were made that turned our state around and made us a great state to bring a business, grow a business, or start a business. However, the 2018 elections changed the political landscape with a new Governor, Attorney General, and Secretary of State. In the state legislature, 45 new House members, and 7 new Senate members are in their first term this session. While the top executive offices are now occupied by Democrats, the Republicans have retained control of the House and Senate, although with a lesser margin of majority than the prior session. NFIB will be proactive in reminding lawmakers that the failed policies of the past have not improved with age and that there are still small business challenges that must be addressed if we are to remain on a path to prosperity and opportunity for small business and our citizens.

### **Fight for Small Business in the Road Funding Debate**

While small business owners recognize the importance of good roads, the proposal by Governor Whitmer to raise pump taxes by 45 cents was not perceived as a serious road funding solution and was soundly rejected. There is well deserved skepticism from small business towards proposals that claim to be for road funding, but the details reveal that much of the revenue raised would be diverted to numerous other budget projects. A new proposal introduced late last year would allow local governments to create local gas taxes and vehicle registration fees for local roads. NFIB small business members are currently examining the proposal to determine where they stand.

### **Guard Against Attempts to Create a New Small Business Tax**

After more than 36 years of double taxation and punitive tax policy on small business, NFIB was successful in leading the way to repeal the confiscatory Michigan Business Tax (MBT) in 2011 and replace it with a flat rate Corporate Income Tax. Unfortunately, the myth that small business isn't paying any business tax continues to persist as an excuse to expand the Corporate Income Tax to non-corporate C businesses, such as sole proprietors, partnerships, LLC, and Sub S entities – or create a new tax on non-C small businesses. Governor Whitmer has already proposed creating a new small business tax to increase the current tax rate on non-C businesses from 4.25% to 6%. House Democrats want to go further and have introduced legislation to double the rate to 8.5%.

### **Oppose Attempts to Use Rules to get Around the Legislature**

Governor Whitmer is attempting to get through agency rules what she cannot get passed in the legislature. The Department of Licensing and Regulatory Affairs (LARA) has proposed rules to expand overtime eligibility for workers that is more than the recent federal increase. In addition, the governor

is seeking to use rules governing the licensing requirements for a business to require labor union membership for their employees (see related item). Making laws via rules, through agencies run by unelected bureaucrats protected by civil service and unaccountable to voters, is a formula for disaster to Michigan's economic comeback.

### **Halt Forced Unionization of Workers**

In a move reminiscent of the Granholm administration's attempt to force daycare and home health workers to join a union, the Michigan Department of Licensing and Regulation (LARA) is working on new rules that would make union membership of employees a requirement to obtain a license to grow or sell marihuana under Michigan's new laws legalizing the drug. While NFIB has no position on the legalization of marihuana, if a state agency can require the employees of a specific company in a specific industry to be union members in order to receive a license to conduct business in the state, they can impose the same requirement on any trade or business that requires a license from the state to operate.

### **Continue Progress on Cutting Unnecessary Regulations**

While much progress has been made in improving our regulatory policy and making state agencies more accountable to the legislature and citizens, the change in the governor's office will inevitably result in leadership changes in the numerous state agencies that regulate small business. NFIB will continue to support policies that improve the regulatory environment for small business while remaining alert to agency changes that may move in the wrong direction.

### **Support Changes Made to Paid Sick Leave and Minimum Wage Mandates**

Last session, NFIB was successful in pulling an extreme Paid Sick Leave employer mandate and a Minimum Wage hike from the statewide election ballot. NFIB was then able to seek changes to these bad laws to help small business including a total exemption from the paid sick leave mandate for businesses with less than 50 employees. However, the same big labor backed groups that ran the first ballot effort are already preparing for a second ballot run in 2020. With a Democrat Governor now in office, the adopt and amend strategy used last session would be unlikely to succeed. In addition, these labor groups are also trying to overturn the changes in court. NFIB will use every opportunity and resource available to derail these efforts.

### **Maintain the Unemployment Insurance Trust Fund to Avoid Higher Payroll Taxes**

During the previous recession, Michigan's Unemployment Insurance Trust Fund (the fund from which benefits are paid to unemployed workers) was wiped out. However, benefits continued to be paid as required by state and federal law resulting in a \$3.2 billion debt owed to the federal government. Michigan's Unemployment Insurance system is totally funded by taxes on employers and, as the amount in the Trust Fund declines, taxes are automatically increased to restore the balance. After seven years of paying a surcharge on Unemployment Insurance payroll taxes to cover this debt, it was finally paid off late last year. The Unemployment Insurance Trust Fund is now at \$4.6 billion and most employers should see a reduction in their payroll taxes. While \$4.6 billion may seem like a large amount of money, a recession like the last one could burn through this balance in a year or less as

benefits are claimed by unemployed workers. However, legislation has already been introduced to increase the weekly benefit and extend the duration of benefits by 6 weeks. These proposed changes could destabilize the Unemployment Insurance Trust Fund resulting in payroll tax increases on Michigan employers.

### **Preserve Reforms to Michigan's Costly No-Fault Auto Insurance System**

Last year a fair and reasonable proposal to reform Michigan's Costly No-Fault Auto insurance system became law. Almost immediately, the trial lawyers and boutique medical providers that created the problems in the original law have launched an effort to chip away at these reforms. NFIB will continue to support efforts to address the high auto insurance rates paid by citizens and small business by blocking these attempts.

### **Finding Skilled Workers with Common Sense Proposals**

Filling jobs with qualified workers continues to be a major concern for small business as the state continues to see expanding economic growth and opportunity. Last session NFIB supported legislation to provide high school students with increased educational opportunities in skilled trades and other vocational alternatives. However, some proposals seek to throw more money at the same institutions responsible for the skills shortfall in the first place without accountability or reliable measures for success. Some have already suggested that, since these proposals would "primarily benefit business", that business should bear the cost and small business must pay their "fair share". Many small business owners believe that a "job-ready" educated workforce was supposed to be the product of the current school system already supported by taxpayers. Efforts to stick small business with the lions share of additional funding will not be supported.

### **Small Business and the Line 5 Pipeline Project**

Line 5 is a major oil pipeline that transports crude oil and natural gas under the Straits of Mackinac (the straits connect Lake Michigan to Lake Huron near the Mackinac Bridge). Advocates of a plan to upgrade the pipeline with a tunnel system believe that the project would solve safety and environmental concerns while preserving a vital energy resource for the state. Opponents of the pipeline project believe that the catastrophic consequences of a leak to the tourism economy, as well as the long-term environmental damage to the Great Lakes are the primary reasons to shut it down permanently. NFIB small business members are currently examining the proposal to determine where they stand.

### **Bottle Deposit Expansion and Small Business**

NFIB will be closely watching recently introduced legislation that would expand the state's bottle deposit law to include all beverages containers except those for milk products. Smaller businesses are particularly vulnerable to regulations that would require a major investment in labor and machinery to meet a new requirement.