

# TELEGRAPH HERALD

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## Speech Belies Reality: Main Street America Hurting

*By Alfredo Ortiz*

According to last week's State of the Union Address, the American economy is back.

But saying it doesn't make it so.

While it's true that the top-line unemployment rate is at a historic low, so is our labor force participation rate. The reality is that Main Street is still struggling. Despite modest improvements from the depths of the Great Recession, American small businesses are still operating in a Purgatory between recession and recovery.

New national polling commissioned by Job Creators Network of over 400 small-business owners shows that their outlook and the hurdles they face diverge from that of the political class.

Only one in five respondents plans to hire additional employees over the next year. Yes, one in five. Fewer than one in three respondents expects next year to be easier to do business in than the last.

This survey data reflects numerous economic indicators showing that the state of small business is poor. According to Census Bureau data, the annual number of new enterprises -- a widely used proxy for entrepreneurship -- has barely recovered from Great Recession levels. There were 678,000 enterprises created in 2013 (the most recent year for which data are available), fewer than the 698,000 created as far back as 1977. Adjusting for population growth makes this stagnation even more pronounced. Data from the Kauffman Foundation and the Orga-

nization for Economic Cooperation and Development confirm this trend.

The National Federation of Independent Business' small-business optimism index paints a similarly bleak picture. It has been stuck below its historical average of 100 for nearly every month since 2007. The organization recently stated that its index "continues to signal a lackluster economy and shows that the small business sector has no expansion energy whatsoever."

Half of all respondents in the Job Creators Network poll say high taxes and over-regulation are one of their business' biggest hurdles -- significantly more than any other impediment. Two-thirds said that tax rates and tax complexity threaten the viability of their businesses. Over 60 percent of respondents said the same for regulations.

Overtaxation and overregulation of American small businesses are well-covered. The nonpartisan Congressional Budget Office examined the job creation records of small businesses and the tax and regulatory burdens they face. It found that tax and regulatory policy "can significantly affect decisions about whether to start a new business or to expand an existing firm." Our national poll confirms this.

But the admission of the problem makes lack of meaningful action to lift the tax and regulatory burden even more frustrating. Even during the State of the Union, the president admitted, "There's red tape that needs to be cut."

While policymakers talk a good game, their actions betray their true intentions. Over the past several years, small businesses have been at the receiving end of an onslaught of new taxes and regulations that disincentives job creation and economic growth.

Labor regulations to increase the minimum wage, lower the overtime threshold and consider franchisees "joint employers" with their franchisors, for instance, drive up the cost of hiring employees. This overreach will only end up hurting our youth and those who need these jobs the most.

Energy regulations like the Clean Power Plan and the Mercury Air Toxic Standards drive up the costs of keeping the lights on. No amount of rose-colored rhetoric will change this cold-hearted economic reality.

To finally convince policymakers and the public that now is the time to lower taxes and deregulate, Job Creators Network has launched a major new campaign, "Bring Small Businesses Back." It will work closely with small-business owners to identify the specific taxes and regulations that are having the most pernicious impact, and back legislative solutions to address them.

Ultimately, the campaign seeks to turn the rosy picture of the American economy laid out at the State of the Union address into reality.

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