

Kearney Hub

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Small Businesses Hold Key vs. Recession

Is the United States heading toward another recession? Financial markets are down about 10 percent so far in 2016. Other indicators are mixed. Unemployment is at an eight-year low, but the percent of people who have dropped out of the labor force is high.

To prevent another recession and really jumpstart the economy, state and federal policymakers are wise to make sensible regulatory and tax reforms that help small businesses. History has demonstrated that small businesses are the engine of the American economy.

American small businesses account for half of all existing jobs and two-thirds of new ones, said Alfredo Ortiz, president and CEO of the Job Creators Net-

work. He points to new national polling of more than 400 small business owners who say they are struggling. Only one in five respondents said that they plan to hire additional employees over the next year. And, fewer than one-third of the respondents expect 2016 to be easier than the last.

“Small business owners consistently identify over-taxation and overregulation as the biggest hurdles they face,” Ortiz said. “Two-thirds of respondents said that tax rates and tax complexity threaten the viability of their businesses. And over 60 percent of respondents said the same for regulations.”

Numerous other economic indicators also show that small businesses are still operating in a

purgatory between recession and recovery, Ortiz said.

According to the Census Bureau, the annual number of new enterprises has only barely recovered from Great Recession levels. There were 678,000 enterprises created in 2013 (the most recent data available), fewer than the 698,000 created as far back as 1977. Over the past several years, small businesses have been at the receiving end of an onslaught of new taxes and regulations that discourages job creation and economic growth.

“The impact of overtaxation and overregulation on American small businesses is well covered,” Ortiz said. Where there are high taxes and too many regulations, there is wage stagnation and job loss.