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Message to new legislators: Address small business issues

By: Alfredo Ortiz

As newly-elected legislators finish celebrating their Election Day victories and begin contemplating their legislative agendas, they should prioritize reforms that can generate bipartisan support. Early legislative victories with support from both sides of the aisle can set the stage for a productive and harmonious session – a welcome change from recent history.

One priority for both Democrats and Republicans alike is the fate of small businesses, which are the backbone of the economy. There are 28.5 million small business owners in the U.S. that employ 57 million workers. When you add them together that's roughly 85 million hard working Americans dependent on small businesses. Legislation addressing the challenges that small businesses face could jumpstart the economy and give a fresh start to bipartisanship.

Though small business indicators continue to improve along with broader economic and labor market trends, the pace is anemic. Per-capita start-up rates still languish at recession levels. Only one in five small businesses plan to expand over the next year, according to a recent nationwide poll of small business owners conducted by the Job Creators Network.

JCN got a front row seat to the challenges facing American small businesses on its recent Bring Small Businesses Back bus tour. While politicians were on the campaign trail this fall, JCN was on a trail of its own: a nationwide,

10,000 mile bus tour that brought together nearly 20 U.S. Representatives, seven governors, small business leaders and community members in nearly 30 locations in 17 states.

The biggest hurdles small businesses identified at these events were over-taxation, over-regulation and a lack of access to credit. Specifically, participants highlighted the burdens of the new overtime rule, which doubles the salary exemption threshold to \$47,500; minimum wage increases and the Affordable Care Act, whose employer mandate provision requiring businesses to provide health care if they employ 50 or more full-time equivalent employees took effect this year.

Consider the story of John Sims, owner of a Rainbow Station daycare in Richmond, Va., who we met on the road. He explains how Dodd-Frank regulations have decimated local community banks, reducing the access to credit necessary to open another location. The banking regulations are such that “only people who have money can borrow money, therefore shutting a lot of people out from the American Dream.”

Then there's Maximo Alvarez, president of Sunshine Gasoline Distributors in Doral, Fla., who explains that when he went into business he needed four different licenses per gas station location, and today he needs over 25 to operate the same station.

These aren't just anecdotes. The Code of Federal Regulations contains

more than a million regulations, as signified by the use of the words “shall,” “must,” “may not,” “required” and “prohibited,” according to research from the Mercatus Center.

One piece of federal legislation that newly-elected officials could take up to provide immediately help to small businesses is the Bring Small Businesses Back Tax Reform Act, recently introduced by Rep. Randy Hultgren, R-Ill.. This bill would address the over-taxation of U.S. small businesses with an effective tax cut of roughly 40 percent.

Addressing the challenges facing Main Street small businesses should be a top priority of incoming legislators for the new legislative session. Recognizing that small business is too big to fail should transcend partisanship.

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