STATE OF SMALL BUSINESS

House Economic Competitiveness Committee
September 4, 2025

ABOUT NFIB

National Federation of Independent Business

REPRESENT SMALL & IND BUSINESSES SINCE 1943

REPRESENTATION IN DC AND STATE CAPITOLS

MEMBERS SET POLICIES/ONE MEMBER – ONE VOTE

OVER 11,350 MEMBERS IN MICHIGAN/300,000 NATIONWIDE

JOIN FOR FREE ENTERPRICE ADVOCACY

MEMBERS IN ALL INDUSTRIES THROUGOUT THE STATE

ABOUT NFIB

Mission Statement

To promote and protect the rights of our members to own, operate and grow their businesses.

HOW DO YOU DEFINE SMALL BUSINESS?

It Depends on Who you Ask!

The Small Business Act states that a small business concern is "one that is independently owned and operated and which is not dominant in its field of operation." Title 13, Code of Federal Regulations, part 121 (13 CFR 121).

Over the years SBA has established and revised numerical definitions for all for-profit industries, and this numerical definition is called a "size standard." It is almost always stated either as the number of employees or average annual receipts of a business concern.

Small Business Administration (SBA) typically defines as less than 500 employees

State and Federal Statutes and Regulations have various defined definitions, normally defined by number of employees eg: FMLA is 50 employees, ESTA is 10

NON-EMPLOYER FIRMS

Sole Proprietors, Independent Contractors, Etc

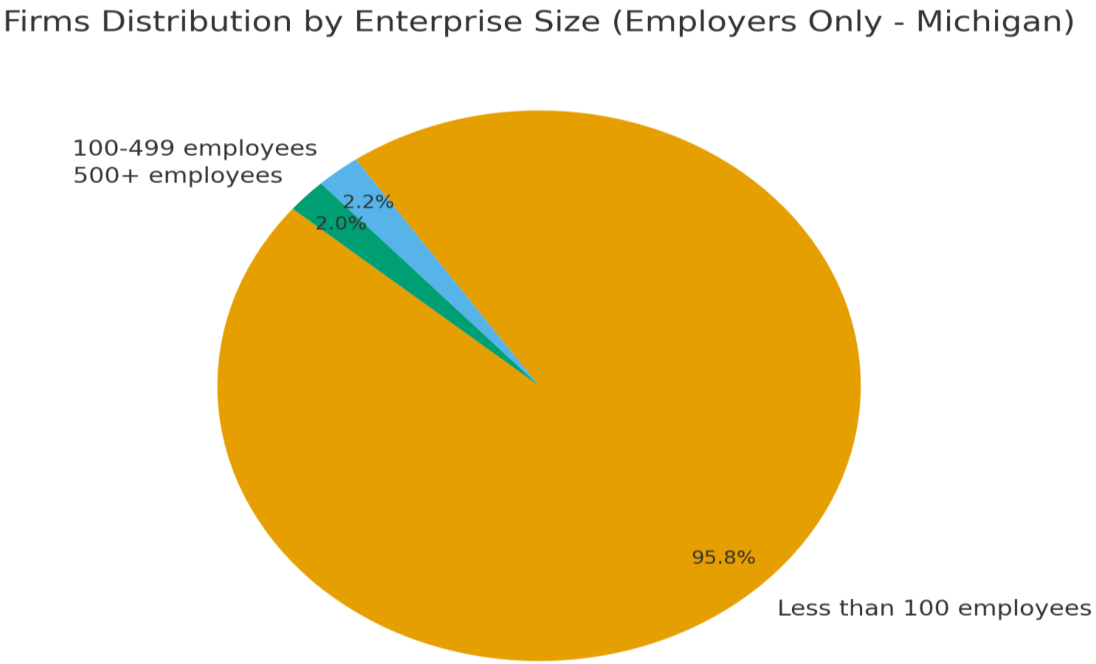
The "non-employer" category (essentially self-employed people). A non-employer firm is defined as one that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes.

See the U.S. Census Bureau, Non-employer Statistics for more detailed information.

Non-employer firms generated $1.7 trillion in economic activity in 2022, representing approximately 6.8% of the U.S. economy, according to the U.S. Census Bureau. These businesses are a growing segment of the overall economy, with their number growing at a faster rate than employer businesses between 2012 and 2023.

MICHIGAN FIRMS

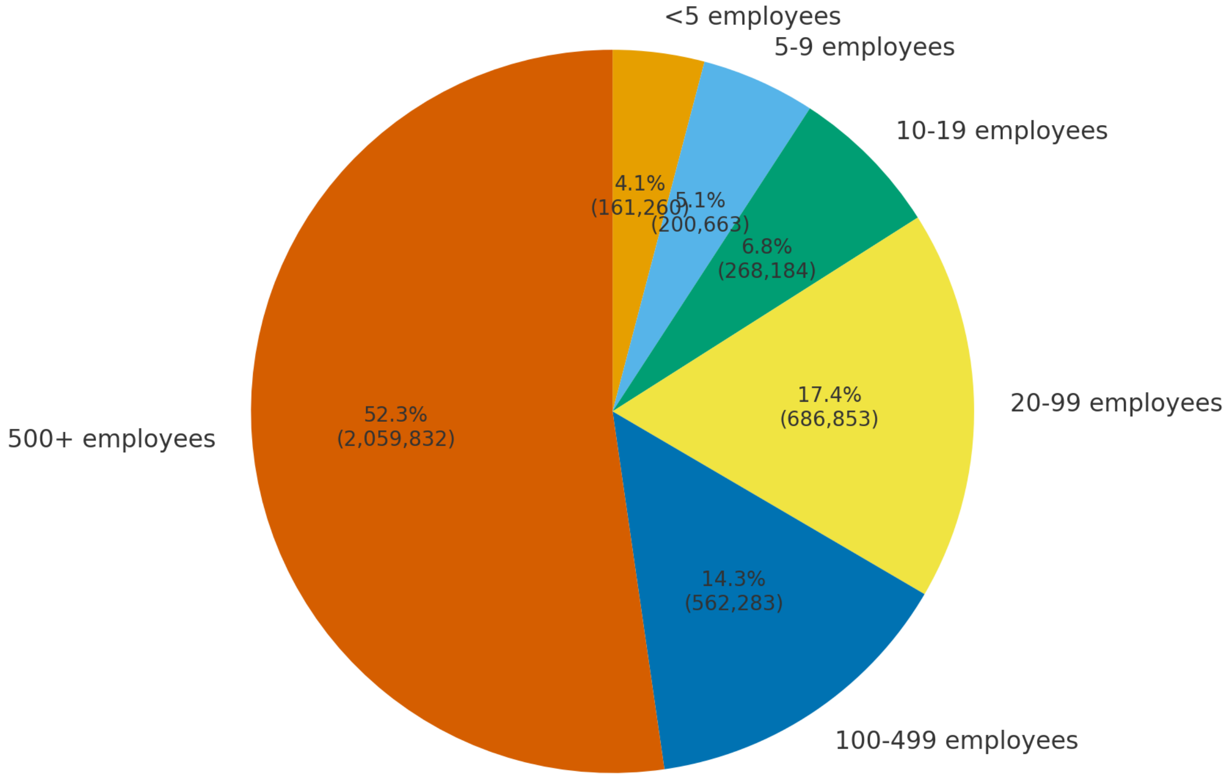
BY NUMBER OF EMPLOYEES



Enterprise Size	Firms	%
Less than 100 employees	169,713	95.8%
100-499 employees	3,940	2.2%
500+ employees	3,587	2.0%

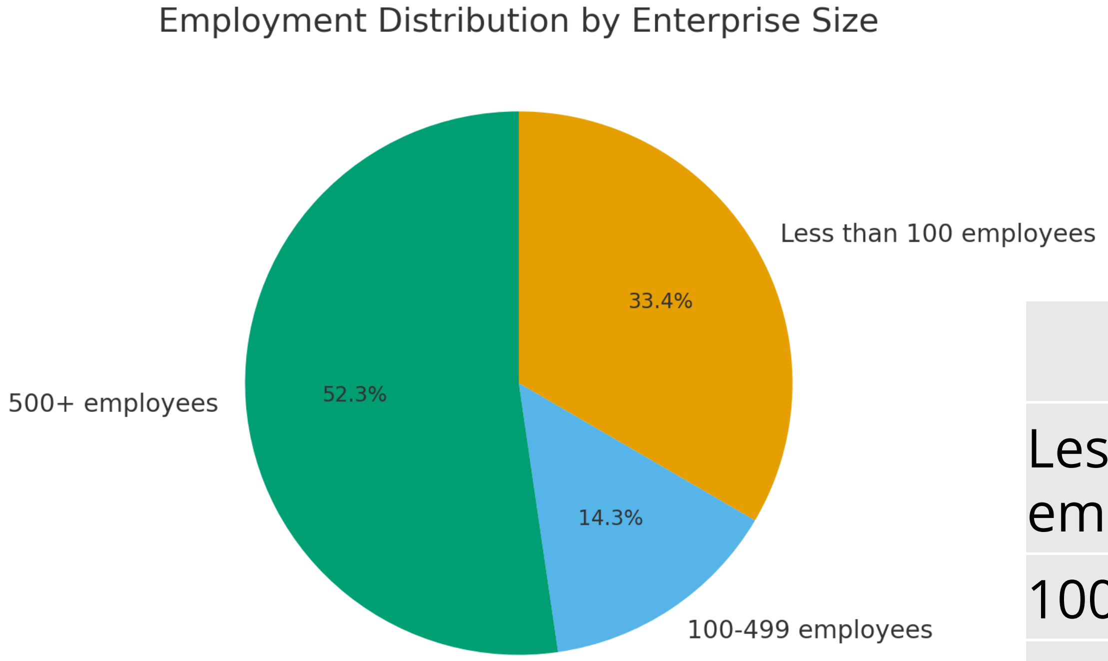
MICHIGAN EMPLOYMENT

BREAKDOWN BY EMPLOYEES



MICHIGAN EMPLOYMENT

47.7 % EMPLOYED BY FIRMS UNDER 500 EMPLOYEES



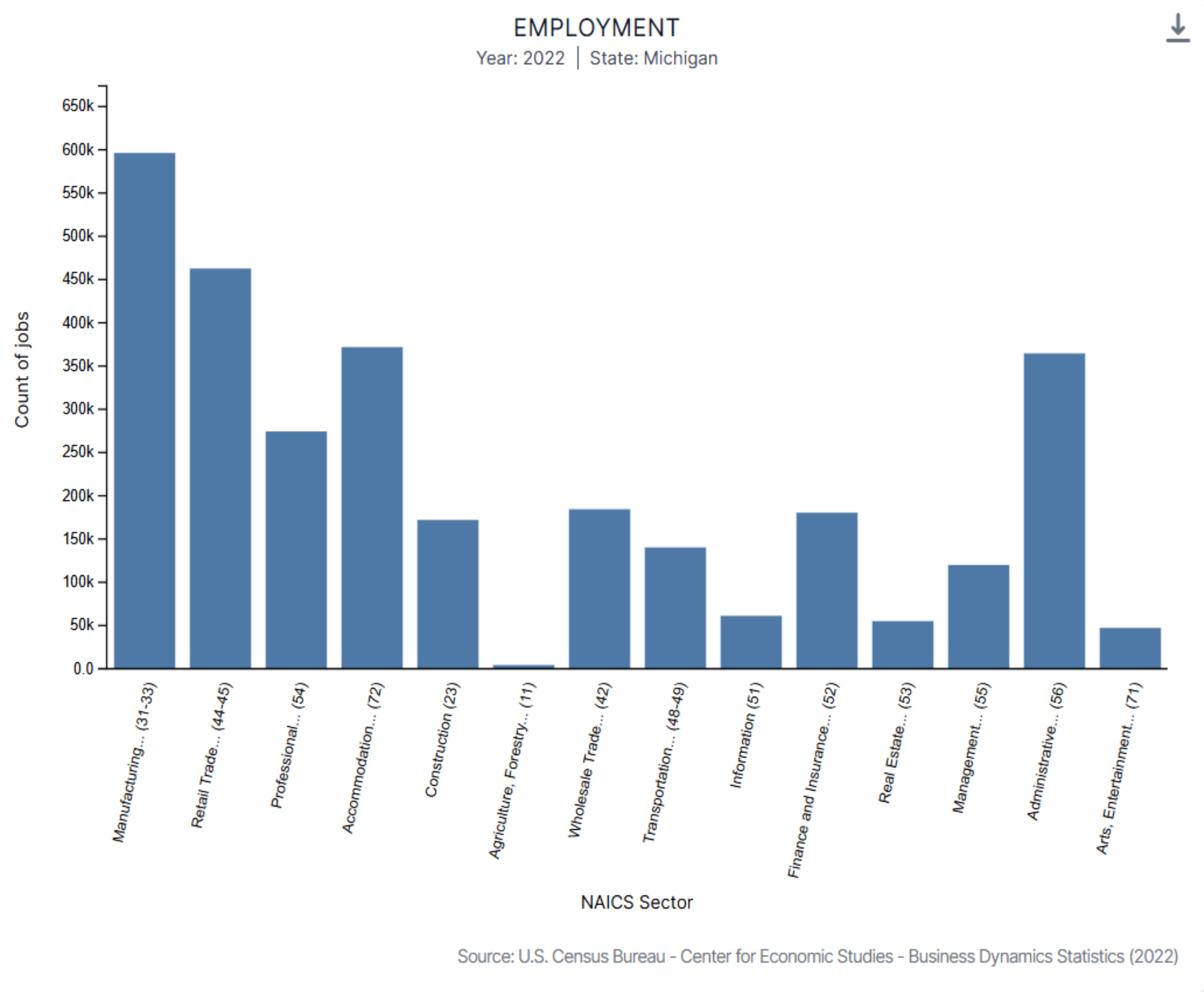
Enterprise Size	Employment	%
Less than 100 employees	1,316,961	33.4%
100-499 employees	562,283	14.3%
500+ employees	2,059,832	52.3%

MICHIGAN EMPLOYMENT BY SECTOR

ALL EMPLOYMENT

TOP INDUSTRIES:

- MANUFACTURING
- RETAIL/TRADE
- ACCOMODATIONS/HOSPITALITY
- PROFESSIONAL SERVICES
- CONSTRUCTION

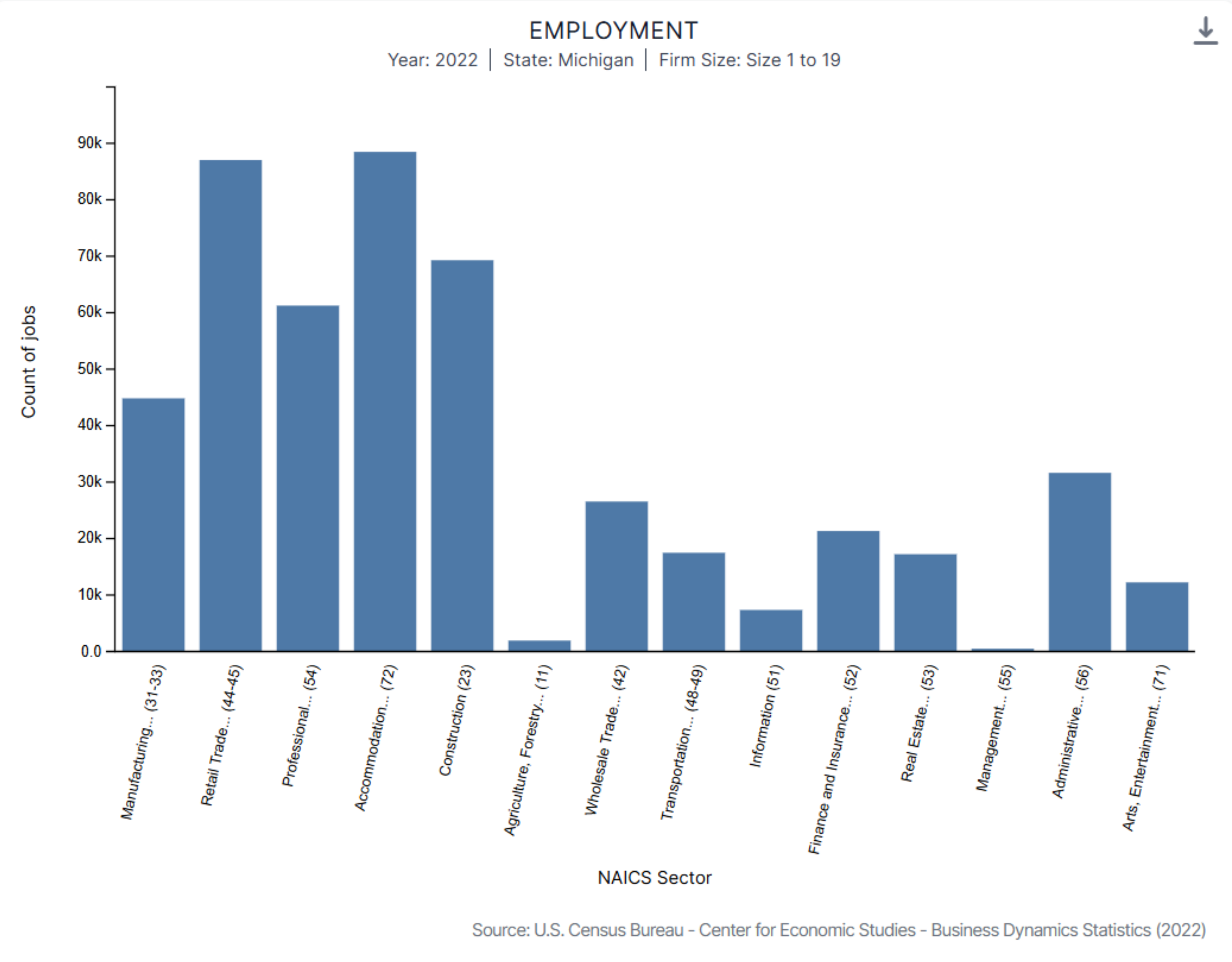


MICHIGAN EMPLOYMENT BY SECTOR

1-19 EMPLOYEES

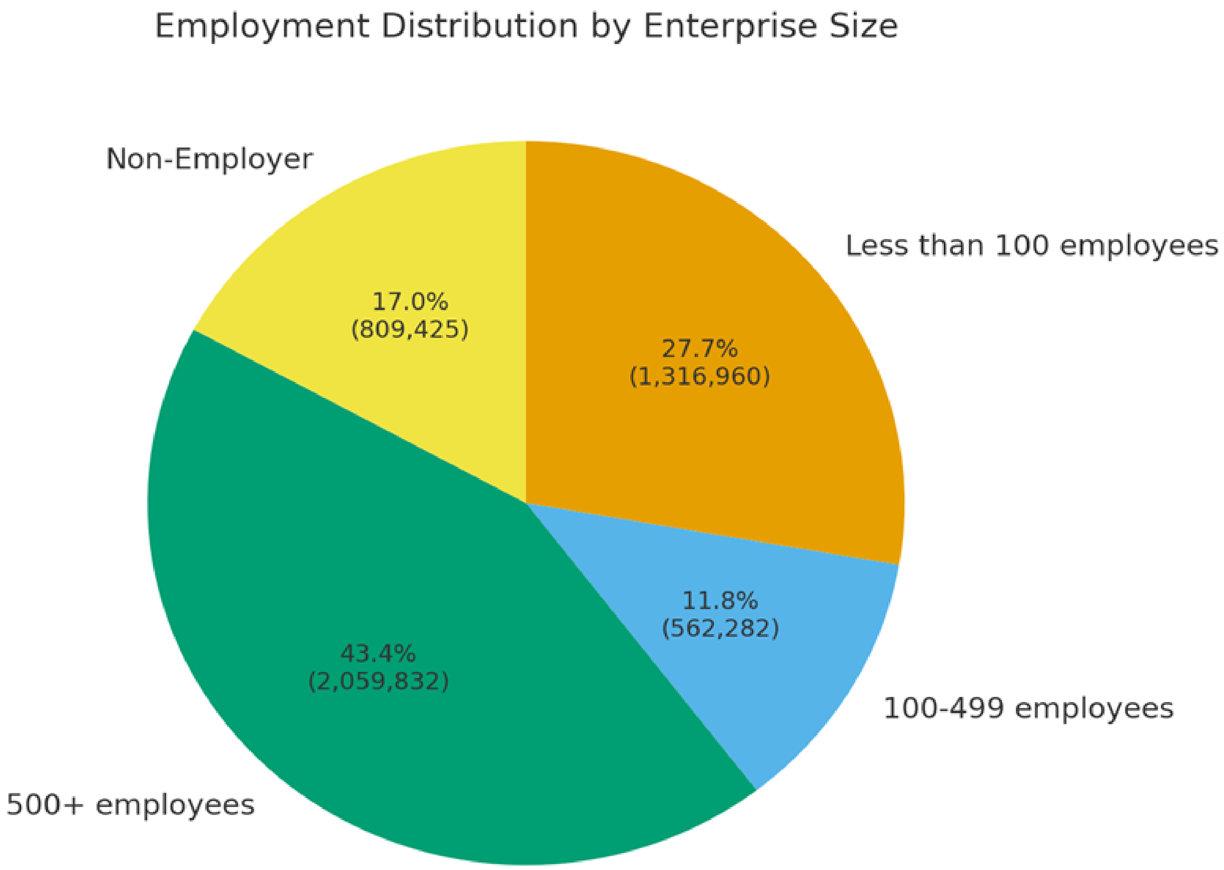
TOP INDUSTRIES:

- MANUFACTURING
- RETAIL/TRADE
- ACCOMODATIONS/HOSPITALITY
- PROFESSIONAL SERVICES
- CONSTRUCTION



MI EMPLOYMENT WITH NON-EMPLOYERS

56.6 % EMPLOYED BY FIRMS UNDER 500 EMPLOYEES



DO SMALL BUSINESSES PAY TAXES?

These funds are collected through the personal income tax for pass-through entities and do not appear in any fiscal analysis as “business taxes”, despite the fact that they are.

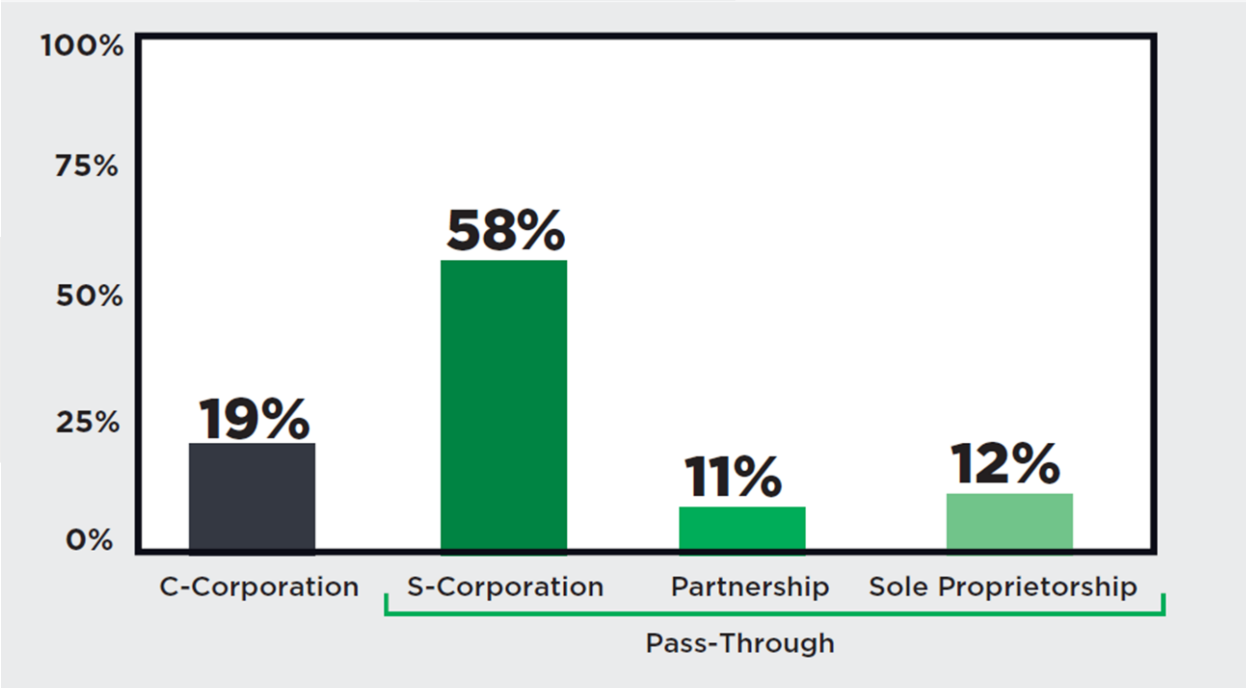
YES!

$843 MILLION in 2016

MICHIGAN SMALL BUSINESS FIRMS

81%

OF SMALL BUSINESSES ARE ORGANIZED AS PASS-THROUGH ENTITIES



According to 2020 US Census Data

WHO ARE NFIB MEMBERS?

65%

OF NFIB MEMBERS HAVE BETWEEN 1-10 EMPLOYEES

NON-EMPLOYERS	18%
11-50 EMPLOYEES	14%
51-100 EMPLOYEES	1%
100+ EMPLOYEES	1%

2024 NFIB PROBLEMS & PRIORITIES

10 MOST SEVERE PROBLEMS FOR SMALL BUSINESS OWNERS

1. Cost of Health Insurance
2. Cost of Supplies/Inventories
3. Uncertainty over Economic Conditions
4. Federal Taxes on Business Income
5. Locating Qualified Employees
6. Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil
7. Unreasonable Government Regulations
8. Uncertainty over Government Actions
9. State Taxes on Business Income and Electricity Cost (tied)

2024 NFIB PROBLEMS & PRIORITIES

10 MOST SEVERE PROBLEMS FOR SMALL BUSINESS OWNERS

1. Cost of Health Insurance
2. Cost of Supplies/Inventories
3. Uncertainty over Economic Conditions
4. Federal Taxes on Business Income
5. Locating Qualified Employees
6. Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil
7. Unreasonable Government Regulations
8. Uncertainty over Government Actions
9. State Taxes on Business Income and Electricity Cost (tied)

SMALL BUSINESSES

Benefits and Challenges

BENEFITS

- Employment is spread among many small businesses – less impact if business fails
- Smaller employers/entrepreneurs are often nimbler and more creative
- Give back and are more intimately involved in their community

CHALLENGES

- Have smaller margins to weather economic downturns
- Due to cash flow and costs, struggle to provide similar benefits as large corporations
- Have less resources to be aware and adapt to new regulations and labor mandates
- Unable to easily move their business if the state or local area is unfavorable

MICHIGAN'S SMALL BUSINESS CLIMATE

INTANGIBLES

- FEDERAL ACTIONS
- BALLOT PROPSALS
- JUDICIAL DECISIONS
- OTHER OUTSIDE FACTORS

MICHIGAN’S SMALL BUSINESS CLIMATE

- TAXES
- REGULATORY
- LABOR
- LEGAL

REFORMS THAT GOT RESULTS

2011-2018

TAX/SPENDING

- Eliminated the Michigan Business Tax and replaced it with the Corporate Tax
- Reined in unnecessary spending
- Eliminated economic development “hand outs”
- Eliminated personal property tax on manufacturing
- Bonded $4 Billion in UI debt to eliminate federal penalties

REGULATORY

- Office of Regulatory Reform/Legislative Initiative to remove outdated statutes
- Include limits to rule making authority in statute to limit power of unelected bureaucrats

LABOR

- Eliminated prevailing wage on state projects
- Allowed for Workplace Freedom in private industry
- Preempted locals from creating a patchwork of labor laws
- Passed common sense paid leave law
- Workers Compensation reform
- Unemployment Insurance reform

LEGAL

- Trespasser Liability
- Wage Garnishment reform

HOW DO WE MOVE MICHIGAN FORWARD?

- DO NO HARM
- REDUCE UNCERTAINTY

TAX

FAIR AND LEVEL PLAYING FIELD

ELIMINATE PERSONAL PROPERTY TAX ON COMMERCIAL AND INDUSTRIAL PROPERTY

MAKE INCOME TAX CUT TO 4.05% PERMANENT

STOP GIVING BILLIONS TO CORPORATIONS

REVIEW STATE OPERATIONS AND ELIMINATE UNNECESSARY AND DUPLICATIVE AGENCIES/POSTITIONS

SHRINK STATE SPENDING TO PREVENT THE NEED FOR FURTHER TAX INCREASES

REGULATORY

BALANCED AND THOUGHTFUL REGULATIONS

CONTINUE TO REIN IN DEPARTMENT RULE MAKING AUTHORITY AND PROVIDE LEGISLATIVE OVERSIGHT

PREVENT REGULATIONS FROM BEING STRICTER THAN FEDERAL WITHOUT PROPER REASONING

OVERTURN HARMFUL AND COSTLY ENERGY LEGISLATION FROM 2023

LABOR

DON'T MAKE IT HARDER TO HIRE

REINSTATE WORKPLACE FREEDOM

HOLD UIA ACCOUNTABLE FOR FOLLOWING STATUTE AND SLOW DOWN BENEFIT INCREASES

STOP ADDITONAL LABOR MANDATES AND PROVIDE A FULL EXMPTION FOR SMALL BUSINESS FOR ESTA

LABOR

DON’T MAKE IT HARDER TO HIRE

KEEP WORKERS COMP REFORMS IN PLACE

REASONABLE REGS THAT PROMOTE YOUTH HIRES

STOP PASSING HEALTHCARE MANDATES

LEGAL

FIX WHAT THE COURT BROKE

REINSTATE SOME FORM OF “OPEN AND OBVIOUS” FOR PREMISES LIABILITY

PASS “LOSER PAYS” LEGISLATION FOR STATE DEPARTMENTS

PROVIDE CLEAR LANGUAGE OF LEGISLATIVE INTENT TO PREVENT COURT MISINTERPRETATION

Amanda Fisher, Michigan State Director
Amanda.fisher@NFIB.org

Data used in this presentation comes from the following sources

Small Business Administration Date Resources

US Census Bureau BDS (Business Dynamics Statistics)

NFIB Research Foundation Problems & Priorities

Q&A