



Small Business **GROWTH AGENDA**

FOR THE 119TH CONGRESS

Overview

The National Federation of Independent Business (NFIB) is the nation's leading small business advocacy organization, with offices in Washington, D.C., and all 50 state capitals. NFIB's mission is to promote and protect the right of our members to own, operate, and grow their businesses.

NFIB provides a platform for small and independent business owners to have a voice in shaping the public policy issues that affect their businesses. These American entrepreneurs serve as the crucial links that drive America's economy, in good times and bad. Small businesses are America's job creators that make up 99.9% of our country's businesses. Between 1995 and 2023, the small business sector created 20.2 million new jobs, accounting for 61% of net new job creation in that period.

This Small Business Growth Agenda serves as a guide for how the 119th Congress can protect America's small businesses. The most important thing Congress can – and should – do is immediately stop the massive tax hike on small businesses by making the 20% Small Business Deduction Permanent. Created under the 2017 Tax Cuts and Jobs Act (TCJA), this deduction helps level the playing field against large corporate competitors by allowing 9 out of 10 small businesses to claim a 20% tax deduction on business income. If it is allowed to expire, Main Street will face devastating consequences.

In addition to making the 20% Small Business Deduction permanent, small businesses urge Congress to quickly take action on a series of policy priorities that are discussed in this agenda. They include:

- Unsustainable and unreasonable tax increases
- Unnecessary and burdensome regulations – including the unconstitutional beneficial ownership reporting regulations
- Costly workforce mandates
- Rising health care costs
- Anticompetitive practices in need of free-market competition

The 119th Congress has the power to pass policies that can help small businesses grow and prosper immediately and must do everything possible to protect small businesses – the foundation of our economy.



TAXES

NFIB advocates to protect small business owners from tax increases, burdensome paperwork, and unnecessary audits; make permanent the helpful small business and individual provisions of the tax code; and restore lower corporate taxes for smaller businesses. Critically, this includes extension of provisions of the tax code set to expire at the end of 2025, including the 20% Small Business Deduction.

NFIB supports making the 20% Small Business Deduction (Section 199A) permanent.

Created under the 2017 Tax Cuts and Jobs Act (TCJA), the 20% Small Business Deduction aims to provide tax relief for America's 33 million small businesses. The 20% Small Business Deduction allows owners of most pass-through businesses to claim a 20% tax deduction on business income.

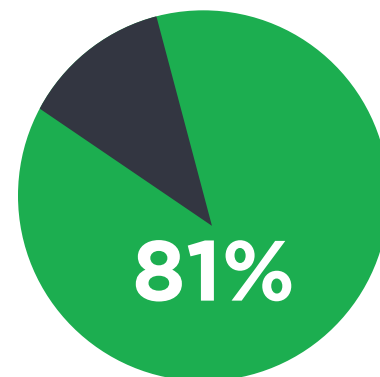
Since its inception, the 20% Small Business Deduction has been a lifeline for small business owners. According to the U.S. Small Business Administration's Office of Advocacy, 77% of small employers and more than 90% of small businesses are organized as pass-throughs. IRS data shows that 25.9 million small businesses utilized this deduction in 2021.

Small businesses are the foundation of the U.S. economy and the utilization of the 20% Small Business Deduction is not just good for these businesses, it is good for the U.S. economy. According to a recently published EY study on the importance of the deduction, permanently extending the 20% Small Business Deduction would increase jobs in the small business sector by 1.2 million jobs each year and by 2.4 million annually every year thereafter. The report also found that extending the 20% Small Business Deduction would also result in a \$750 billion GDP increase in the small business sector over the first ten years, and a \$150 billion increase annually after that.

NFIB Member Input: In a recent NFIB Research Center survey, 81% of small business owners believe the Small Business Deduction is important.

NFIB supports maintaining lower marginal tax rates. The 2017 tax law reduced five out of seven individual income tax rates. This adjustment directly impacts nine out of 10 small businesses organized as pass-through entities, as their income is taxed accordingly. With these adjustments set to expire at the end of 2025, 90% of small businesses will see their effective tax rates increase significantly.

NFIB Member Input: In a recent NFIB Member Ballot, 91% of NFIB members support permanently extending the tax cuts for individuals and small businesses established in the 2017 tax law.



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NFIB supports repeal of the estate tax. The Tax Cuts and Jobs Act increased the estate tax exemption from \$5.5 million for individuals and \$11.1 million for those filing jointly. The increase had the effect of exempting more small family businesses from the reach of the estate tax. For tax year 2025, the exclusion was increased to \$13.99 million for individuals and \$27.98 million for those filing jointly. This expires at the end of 2025 and the exemption rate will be cut in half, hindering business growth and expansion.

NFIB Member Input: In a recent NFIB Member Ballot, 90% of NFIB members support Congress eliminating the estate tax.

NFIB supports reinstating a lower tax rate for small businesses organized as C-corporations (C-corps). Nearly 20% of small employers are legally structured as C-corps. In 2017, TCJA implemented a 21% corporate tax rate for these businesses. However, in doing so, the law eliminated provisions that allowed for small businesses with less than \$50,000 in taxable income to utilize a 15% rate. The effect of this flat rate was a tax increase for these small businesses. NFIB urges Congress to reinstate this lower tax rate for these businesses and adjust the taxable income threshold for inflation.

NFIB Member Input: In a recent NFIB Member Ballot, 93% of NFIB members agree that Congress should reinstate a lower corporate tax rate for smaller businesses.

NFIB supports restoring the original \$20,000 threshold for Form 1099-K miscellaneous reporting. In 2021, the American Rescue Plan created a new business third-party network transaction threshold of \$600 per year. NFIB supports legislative efforts to restore the original \$20,000 and 200 transaction threshold. Restoration is critical to reduce the regulatory burdens on small businesses that depend on these platforms.

NFIB Member Input: In a recent NFIB Member Ballot, 76% of NFIB members believed Congress should repeal the \$600 threshold required for filing a Form 1099-K when using payment apps and online marketplaces.

REGULATIONS

BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS

NFIB supports a full repeal of the beneficial ownership reporting requirements. For almost a decade, NFIB has led the opposition to the Corporate Transparency Act (CTA), which requires corporations and limited liability companies (LLCs) with 20 or fewer full-time employees to register with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) by January 1, 2025. These reports will contain personally identifiable information about small business owners. NFIB's lawsuit has temporarily halted enforcement in 2025. NFIB urges a full repeal of this unconstitutional, burdensome and intrusive legislation.

NFIB Member Input: In a recent NFIB Member Ballot, 80% of NFIB members oppose Congress requiring small business owners to file paperwork with the Treasury Department each time they form or change ownership of their business.



NFIB supports proposals that reduce the regulatory burdens placed on small businesses and increase transparency and accountability in the regulatory process including the Prove It Act, the Small Business Regulatory Flexibility Improvements Act, the Guidance Out of Darkness (GOOD) Act, and the Guidance Clarity Act .

Over the last four years, the federal government imposed more than \$1.8 trillion in new regulatory costs and over 339 million hours in new paperwork. NFIB believes Congress must reassert its role in the regulatory process by eliminating overly burdensome rules, writing clear statutes, and restricting appropriations where necessary.

NFIB Member Input: According to NFIB's 2024 Small Business Problems and Priorities survey, "Unreasonable Government Regulations" ranked as the seventh-most burdensome problem facing their small businesses.

NFIB supports strengthening the Regulatory Flexibility Act. In 2023, NFIB issued a study that found agencies often ignore or bypass requirements in the Regulatory Flexibility Act (RFA). NFIB recommends Congress strengthen the RFA by requiring the Small Business Administration's Office of Advocacy to approve Regulatory Flexibility Analyses prior to an agency issuing a proposed or final rule.

Additionally, under the RFA, agencies are required to consider regulatory alternatives for small businesses but frequently ignore this requirement. NFIB recommends Congress enact legislation requiring agencies to go beyond considering alternatives and instead issue less burdensome alternative rules for small businesses and conduct thorough and complete retrospective regulatory reviews, as required by the RFA. In the 117th Congress, the TAILOR Act was introduced to require financial regulators to tailor regulatory actions based on risk profile and business models. NFIB believes Congress should expand this proposal to require agencies to issue less burdensome rules for small businesses.

NFIB Member Input: In an NFIB Member Ballot, 85% of NFIB members support requiring regulatory agencies to consider the indirect cost and impact of regulations on small businesses.



NFIB supports a long-term, commonsense interpretation of navigable waters by the Environmental Protection Agency (EPA). NFIB opposed the Biden Administration's Waters of the United States (WOTUS) rule that increased uncertainty and regulatory burdens on small businesses and landowners. NFIB believes Congress must provide certainty to farmers, developers, ranchers, and small businesses and ensure the EPA is not expanding its regulatory authority.

NFIB Member Input: In a recent NFIB Member Ballot, 84% of NFIB members oppose giving the EPA expanded authority to regulate creeks, ponds, streams, ditches, and temporary or local bodies of water.

NFIB opposed the Securities and Exchange Commission's (SEC) proposed rule requiring public companies to calculate and report the greenhouse gas emissions of the private companies with which they do business, also known as "Scope 3." NFIB believes Congress should prevent any U.S. or international efforts like the EU's Corporate Sustainability Due Diligence Directive (CSDDD), to require private companies to calculate their greenhouse gas emissions. Small businesses are not equipped to calculate this information and may be forced to hire consultants to provide accurate estimates or risk losing business. NFIB is also concerned with larger businesses voluntarily requiring similar ESG reporting by small businesses without a government mandate. Not every small business will be able to afford these services, and this requirement can act as a new market barrier for small businesses.

NFIB Member Input: In a recent NFIB Member Ballot, 94% of NFIB members oppose the SEC requiring small businesses to calculate and report their greenhouse gas emissions to the publicly traded companies with which they do business.



ENERGY

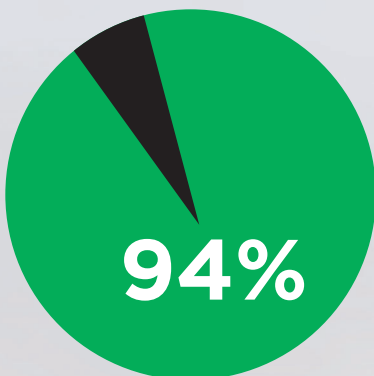
NFIB supports proposals that remove burdensome red tape and regulations on energy producers. NFIB believes Congress must streamline the permitting process to increase energy production and lower energy costs for small businesses. In 2024, NFIB supported H.R. 1, the Lower Energy Costs Act, which passed the House of Representatives and would increase domestic energy production, reduce regulatory burdens, and simplify energy permitting regulations.

NFIB Member Input: According to NFIB's 2024 Small Business Problems and Priorities survey, "Cost of Natural Gas, Propane, Gasoline, Diesel, Fuel Oil" ranked as the sixth-most burdensome problem facing their small businesses.

AMERICANS WITH DISABILITIES ACT REFORM

NFIB supports Congressional efforts to protect small businesses from frivolous lawsuits of alleged Americans with Disability Act (ADA) violations. The ADA does not have standards a plaintiff must meet before bringing a lawsuit against a business that is allegedly violating the ADA. This has led to an influx of lawsuits by "testers," or people who file suits against businesses they have no intention of visiting. Predatory lawyers flood small businesses with lawsuits knowing small business owners do not have teams of lawyers on hand to fight for them and will pay a settlement to keep their businesses afloat. NFIB supports legislation to protect small businesses from frivolous lawsuits by predatory lawyers.

NFIB Member Input: In a recent NFIB member ballot, 94% of NFIB members voted in favor of Congress amending the Americans with Disabilities Act to protect small businesses from frivolous lawsuits.



NFIB members
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Disabilities Act



LABOR

NFIB opposes burdensome employment mandates and regulatory overreach on small businesses. NFIB urges Congress to reject policies that will exacerbate the problems facing small businesses, including inflation, economic uncertainty, burdensome regulations, and workforce shortages. Wage and benefit mandates have a disproportionate impact on small businesses. Small business owners often do not have dedicated compliance teams to handle these burdens and lack the economies of scale of their larger competitors to absorb increased costs.

NFIB Member Input: NFIB members continue to report labor quality and finding and keeping employees as critical issues facing small businesses.

NFIB opposes significant increases to the federal minimum wage. The NFIB Research Center estimates that raising the minimum wage to \$15 per hour would result in more than 1.3 million jobs lost; 900,000 of the job losses (55%) would come from small businesses.

NFIB Member Input: NFIB Member Input: In a recent NFIB Member Ballot, 92% of NFIB members oppose increasing the federal minimum wage to \$15 per hour.

NFIB opposes requiring small businesses to provide 12 weeks of paid family and medical leave.

NFIB Member Input: In a recent NFIB Member Ballot, 94% of NFIB members oppose requiring small businesses to provide 12 weeks of paid family and medical leave to their employees.

NFIB opposes proposals to upend existing employment law to the detriment of small business owners, such as the Protecting the Right to Organize (PRO) Act.



NFIB Member Input: In a recent NFIB Member Ballot, 89% of NFIB members believe that a contractor should not be responsible for a subcontractor's hiring practices; 93% of NFIB members oppose requiring employers to provide the personal contact information of their employees to union organizers; and 92% of members oppose allowing unions to picket an employer's suppliers and customers during a labor dispute.

NFIB opposes proposals that would increase the federal government's control of the warehouse sector and small businesses, such as the Warehouse Worker Protection Act (WWPA). The WWPA would, in part, implement a de facto ban on all quotas and workplace performance standards, allow unions to investigate and enforce federal labor law on behalf of the Department of Labor (DOL), and establish a national ergonomics standard, which was previously repealed by Congress in 2001. This new ergonomics standard could potentially leave businesses liable for employee injuries that occurred outside the workplace on an employee's personal time.

NFIB Member Input: Recent NFIB Member Ballots show that 98% of NFIB members oppose making employers responsible for employee injuries that occur outside the workplace during an employee's personal time, and 85% of NFIB members oppose allowing unions to investigate and enforce federal labor and employment laws on behalf of the Department of Labor.

NFIB supports the protection of the right of individuals to work as independent contractors and for business owners to choose to lawfully classify workers as independent contractors. Actions by the National Labor Relations Board (NLRB), such as their Atlanta Opera decision and now struck down Joint Employer rule and the DOL's Independent Contractor rule significantly curtails the right of small businesses to use independent contractors and stifles the right of non-employers to contract independently. NFIB supports legislation to codify the traditional understanding of "joint employment," such as the Save Local Business Act.

NFIB Member Input: In a recent NFIB Member Ballot, 95% of NFIB members believe small businesses should be able to hire independent contractors to perform tasks essential to their business.

NFIB opposes the DOL's Employee or Independent Contractor Classification under the Fair Labor Standards Act final rule. The rule complicates the worker classification process and makes it harder for small businesses to hire and classify workers as independent contractors.

NFIB Member Input: In a recent NFIB Member Ballot, 95% of NFIB members believe that small businesses should be able to hire independent contractors to perform tasks essential to their business.

NFIB opposes the Occupational Safety and Health Administration's (OSHA) Worker Walkaround Representative Designation Process or "Walkaround" final rule. The rule allows union officials to accompany OSHA officials during health and safety inspections, regardless of whether the business is unionized or not.

NFIB Member Input: In a recent NFIB Member Ballot, 88% of NFIB members oppose allowing union officials to accompany OSHA inspectors during routine health and safety inspections.

HEALTHCARE

NFIB supports affordable, flexible, and predictable health insurance options for small business owners and their employees.

NFIB Member Input: According to NFIB research, the cost of health insurance has remained the number one problem for small business owners for nearly 40 years, and the situation is declining. Rising costs have outpaced wages and inflation, leading to fewer small businesses offering health benefits to their employees. Health insurance premiums for small businesses increased by 120% over the last two decades, driving many out of the market. Ninety-eight percent of small business owners report they are concerned they will be unable to afford health care in the next five years, placing them at a competitive disadvantage and endangering their viability.

NFIB supports making health insurance more affordable by opposing new taxes on coverage, providing a tax credit for small businesses, including self-employed, simplifying and expanding Individual Coverage HRAs (ICHRAs), and enhancing access to powerful financial tools like Health Savings Accounts (HSAs), including letting HSAs funds to be used towards innovative models like direct primary care (DPC).

NFIB Member Input: 94% of NFIB members support expanding HSAs and allowing tax-free dollars from a Health Savings Account to pay for medical expenses not covered by insurance.

NFIB supports increasing affordable coverage choices for small businesses by allowing businesses with similar claims data, regardless of industry, to pool resources for better rates and network design options through arrangements like Association Health Plans (AHPs), expanding flexible health plans to last up to 12 months with three-year renewability, and protecting self-insurance through stop-loss insurance.

NFIB Member Input: In a recent NFIB Member Ballot, 92% of NFIB members support allowing small businesses access to the same healthcare coverage options as large employers. According to a recent NFIB survey, 79% of NFIB members reported they were interested in joining an association health plan.

NFIB supports greater transparency, competition, and innovation in healthcare by eliminating red tape and harmful insurance mandates that drive up costs, promoting transparency in the healthcare industry, reducing prescription drug prices through innovation, and empowering small businesses with price certainty and competition.

NFIB Member Input: In a recent NFIB Member Ballot, 81% of NFIB members support legislation to rein in health care consolidation and anti-competitive business practices that drive up the cost of health care. 77% of NFIB members support requiring health insurers to provide price information for healthcare services and providing consumers with rebates for using lower-cost care.

Holly Wade & Madeleine Oldstone, Small Business Problems and Priorities, 2024 NFIB Research Center, 2024
<https://strgnfibcom.blob.core.windows.net/nfibcom/2024-Small-Business-Problems-Priorities.pdf>.

Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Insurance Component (MEPS-IC), 2003 -2023.
<https://strgnfibcom.blob.core.windows.net/nfibcom/Health-insurance-survey-NFIB.pdf>



COMPETITION

In recent years, NFIB believes certain large businesses have used their market dominance to take advantage of small business owners, hindering the growth of small businesses. NFIB supports common sense legislative solutions that seek to provide small businesses with a level playing field against big business anti-competitive practices. NFIB opposes big technology companies engaging in practices such as promoting their products over higher reviewed products from a small business and supports adding accountability so small business owners can trust their products will be sold impartially, such as the American Innovation and Choice Online Act.

NFIB Member Input: In a recent NFIB Member Ballot, 84% of NFIB members support Congress passing new laws to protect small businesses from the anticompetitive practices of big tech companies.

RIGHT TO REPAIR

NFIB supports the Right to Equitable and Professional Auto Industry Repair (REPAIR) Act, which would guarantee access to vehicle repair and maintenance data for independent auto repair shops. NFIB believes independent auto repair shops should have access to critical vehicle data so they can repair passenger vehicles safely and efficiently. Automakers have restricted access to vehicle information, preventing independent auto repair shops from completing simple repairs.



NFIB member input: In a recent NFIB member ballot, 89% of NFIB members agreed that customers and repair shops should be able to access the necessary information from manufacturers to repair their products.

SWIPE FEES

NFIB supports increased competition in the credit card network processing market and supports concepts such as those in the Credit Card Competition Act. The current swipe fees result in a system in which all banks that issue competing credit cards are compensated at the exact same rate on credit card interchange fees, which, by definition, is anti-competitive. NFIB believes credit card companies should have to compete for customers in the same way small businesses have to compete for customers, and Congress needs to act to break up a system that artificially keeps swipe fees inflated.

NFIB Member Input: In a recent NFIB Member Ballot, 92% of NFIB members believe that small businesses should have the right to choose among multiple credit card processing networks.

NFIB supports legislation to fight anticompetitive practices of technology companies. NFIB opposes big technology companies engaging in practices such as promoting their products over higher reviewed products from a small business and supports accountability measures to ensure small business owners' products will be sold impartially.

NFIB Member Input: In a recent NFIB Member Ballot, 84% of NFIB members support Congress passing new laws to protect small businesses from anticompetitive practices of big tech companies.