



# 2024 NFIB MICHIGAN MAIN STREET AGENDA

NFIB is focused on policies that will help small businesses as they struggle with inflation, labor shortages, and supply chain disruptions as well as mitigating the impact of recently enacted laws. NFIB is prepared to fight any proposed legislation or administrative rules that will hinder a small business owner's ability to own, operate, or grow their business in Michigan.

NFIB will continue to remind lawmakers that the failed policies of the past such as confiscatory taxes, burdensome regulations, and micro-management of the employer-employee relationship may seem like good ideas, but could have devastating consequences for small businesses, the entire economy, and all Michigan citizens.

## **Oppose Family Leave Optimal Coverage (Paid Family Leave)**

HB 4574 introduced by Rep. Helena Scott (D-7) and SB 332 by Senator Erika Geiss would require ALL employers to provide paid extended leave for employees – up to 15 weeks - for reasons of illness, domestic violence, military service, caregiving, etc. The system would be set up similar to the Unemployment Insurance program with employers required to pay a certain amount per employee into the fund. The cost per employee would be determined on a yearly basis based on how many employees are using the fund and how much the state is willing to contribute to the budgeting process. Like the federal *Family and Medical Leave Act*, employers would be required to allow a person to return to their position after 15 weeks with no penalties or retaliation. Similar legislation has recently been passed in Minnesota and is estimated to be up to a \$1.5 Billion dollar tax on employers. Small business owners would not only struggle to pay the tax but also the indirect cost and stress of finding temporary employees.

## **Preserve Local Preemption Policies That Impact Small Business**

Small businesses cannot afford local micro-management of employer benefit policies. County and municipal governments have threatened to layer on duplicative requirements and regulations on small businesses at the behest of local activist groups or advocates who are unsuccessful in accomplishing these policies at the federal and state level. NFIB will oppose the repeal of legislation passed in the past 10 years to preempt local governments from creating their own policies that would harm small businesses. These include preventing local governments from local paid leave and minimum wage laws, requiring project labor agreements, and taxing or banning plastic containers.

## **Prevent Increases to Unemployment Insurance (UI) Weekly Rate and Duration of Benefits**

In response to a crippling \$4 Billion debt in the UI Trust Fund in 2011, NFIB is working with other business groups, legislators, and then Governor Snyder passed sweeping reforms including tightening up rules on who could claim UI and job search requirements. Michigan also reduced its benefit weeks from the

standard 26 weeks to 20 weeks. Unemployment insurance is funded one hundred percent by employers. Employers were subject to an ongoing assessment in addition to their regular UI claims in order to pay for the debt incurred in the 2000s. Before COVID, the Trust Fund was between \$4-\$5 billion. In addition, there were about \$8 billion in claims in the 2010s – this means that between 2012 and 2020, employers paid approximately \$16 billion in unemployment insurance costs. With the UI Trust Fund decimated by COVID and mismanagement by the UI Agency, any increase in benefits or their duration could have catastrophic consequences if there is a recession or any other event that depletes the UI Trust Fund.

### Oppose Rollback of 2012 Workers Compensation Reforms

NFIB opposes rollback of 2012 Workers Compensation Reforms. These reforms helped to make sure that workers' compensation was only being used by those who truly need it, and much like those on unemployment insurance, are truly looking for work. NFIB believes that the 2012 reforms struck a balance between being sure that those hurt on the job were provided for and also limiting unwarranted costs. Small businesses are especially vulnerable to not only higher premiums, but the cost of fighting claims from unscrupulous trial attorneys.

### Halt Extreme Environmental Policies

There are a variety of environmental policies that have been introduced in the current legislative session that have caused concern for small businesses. These include but are not limited to:

- **"Polluter Pays"**: The legislation would require companies to clean up sites contaminated by the pollution they caused. However, the legislation that is being discussed is far more complex and could end up causing many unintended consequences. For example, if a small business owner used land that may later be determined to have contaminants, they could be on the hook for clean-up fees, even if they were not the "polluter".
- **Water Discharge Fees/Rain Tax**: Various bills have been introduced that would allow local governments expanded ability to raise taxes to deal with sewer issues and stormwater run-off and do it without any citizen oversight.
- **Energy Legislation Implementation**: NFIB will monitor the legislature and departments as they implement recently passed legislation that calls for drastic carbon reductions. NFIB is concerned that the legislation will cause energy prices to skyrocket and will work to reverse the legislation and prevent agency overreach in promulgating rules.
- **Public Trust Doctrine**: The introduced legislation would require all groundwater to be considered a state resource allowing the government to restrict any groundwater usage (well digging, water withdrawal, etc.) on private property.

### Oppose Attempts to Use Licensing and Rules to Get Around the Legislature

The Administration has used agency rules instead of going through the legislature to pass certain policies. In the past, the governor has attempted to use rules to expand overtime eligibility for workers which is more than the recent federal increase. The Administration also tried to use rules governing the licensing requirements for a business to require labor union membership for their employees. Making laws via rules, through agencies run by unelected bureaucrats protected by civil service and unaccountable to voters, is a formula for disaster, no matter which party is in power.

### Halt The Micro-Management of the Employer-Employee Relationship

Attempts to micro-manage how an employer compensates, schedules, manages, and hires their employees has never been more prevalent at all levels of government. NFIB has successfully defeated

efforts to micro-manage employment hiring decisions, to interfere with the scheduling of employees, to mandate specific employee benefits, to require a union representative to meet with employees, and more. These kinds of regulations and requirements are especially burdensome to small businesses that do not have the staff or money to dedicate to compliance and recordkeeping, let alone the payroll costs of the requirements. NFIB will continue to defend the rights of small business owners and their employees to have the flexibility to determine what works best for them.

### **Reign in Spending and Avert Potential Tax Increases**

NFIB is concerned that between the slowing economy and massive spending in the last budget, there could be a move by the current majorities to increase taxes. There has also been a recommendation from the governor's "Growing Michigan Together Council" on population growth that there needs to be an "unprecedented" amount of increased revenue to bring people to Michigan. NFIB will be encouraging fiscal restraint in 2024.

### **Oppose Elimination of Independent Contractors (1099 Employees & Sole Proprietors)**

House Bill 4390 would hold Michigan's independent contractors (1099 employees) to the same standard used in California – which would essentially eliminate independent contractors.

By eliminating independent contractors, the legislature would likely put a large majority of small business owners who are sole proprietors out of business. In addition, many small business owners engage independent contractors because the amount of work they need is not enough to employ someone full-time.

### **Stop Legislation That Will Increase Commercial, Auto, and Home Insurance**

SB 329 and HB 4681 require all lines of insurance– home, auto, business policies, life, workers compensation, etc., exempting only health, to assume the claimant is in the right and pay claims immediately and even expenses from day one for certain kinds of claims. The bills also include the ability to sue insurance companies who violate the law and allow for physical, emotional, and punitive damages, and dictate attorney's fees.

While this legislation may sound consumer friendly, it only benefits trial attorneys and those committing fraud. Whenever similar legislation has passed in other states, including FL, NJ, WA, and CA, the insurance market has been decimated and costs for insurance of all kinds have skyrocketed between 20% and 50% each year. A recent FL insurance department released a report showing that in the last 10 years, over \$51 billion was paid out in claims in Florida. Seventy-one percent of that money went to trial attorneys and public adjusters. Eight percent went to the consumer.

### **Prevent Unfair Fines and Penalties for Wage and Hour Errors**

Bills have been introduced that would substantially increase fines and penalties for employers who make wage and hour errors, including the potential for felony charges. Most mistakes made by small businesses are not intentional or malicious. NFIB has long advocated for leniency and cooperation between regulatory enforcement agencies and small business owners, unless there is clear evidence of malicious intent.