

## Fast Facts on Small Business

- The SBA Office of Advocacy generally defines a small business as an independent business having fewer than 500 employees. There are an estimated 29.6 million small businesses in the United States.
- America's small businesses are the engines of job creation. Small businesses create <u>seven of every ten new jobs</u> and they employ just over half of the country's private sector workforce. (SBA Office of Advocacy)
- Small businesses create <u>more than half</u> of the nonfarm private gross domestic product (GDP). (SBA Office of Advocacy)
- Small businesses have generated 64% of net new jobs over the past 15 years. (SBA Office of Advocacy)

## **Regulatory Impediments Strangle Small Business Job Creation**

- Small firms bear a regulatory cost of \$10,585 per employee, which is 36% higher than the cost of regulatory compliance for large businesses. (2010 SBA study, The Impact of Regulatory Costs on Small Firms)
- Since 89% of firms in the United States employ fewer than 20 employees, the smallest businesses are shouldering a disproportionate regulatory burden. (NFIB)
- Compliance with environmental regulations costs small businesses four times more than large firms. (NFIB)

## Tax Complexity Harms Small Businesses Disproportionately More Than Large Firms

- Tax issues are the single most significant set of regulatory burdens for most small firms. A recent NFIB Research Foundation study found that <u>four of the top ten small business problems were tax related</u>.
- Small firms pay 67% more to comply with the tax code than larger firms. (SBA Office of Advocacy)
- Most small businesses file their taxes on an individual return. According to NFIB, nearly <u>75% of small firms are organized as "pass through" entities</u>, such as sole proprietorships, partnerships or LLCs, where business income is passed through and taxed at the individual rate.
- At a House Small Business Committee hearing, National Taxpayer Advocate Nina E. Olson said, "[Tax] complexity has a direct impact on small business viability and job growth. The more time and resources a small business spends on tax compliance, the less time it will have to grow and hire employees."

## **Obamacare Kills Small Business Jobs**

- Nearly <u>220,000 small businesses</u> employing more than <u>26 million workers</u> could be subject to the health care law's employer mandate ("Health Care Reform and Your Business," U.S. Chamber of Commerce).
- As a result of the employer mandate, NFIB determined that an estimated 1.6 million jobs would be eliminated. Of those, 1 million, or 66%, would be from small businesses.
- Businesses with 50 or more employees that *do* offer health insurance will face a \$3,000 fine for each full-time and part-time employee who receives a tax credit to purchase health insurance through an exchange because their coverage is considered unaffordable. (U.S. Chamber of Commerce)