



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 seven of every ten new jobs and they employ just over half of the country's private sector workforce. (SBA Office of Advocacy)
- Small businesses create more than half 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 four of the top ten small business problems were tax related.
- 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 75% of small firms are organized as "pass through" entities, 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 220,000 small businesses employing more than 26 million workers 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)