



## **AN AGENDA FOR AMERICA'S SMALL BUSINESSES AND LOCAL ECONOMIES IN 2012 AND BEYOND**

*Policy Options to Level the Playing Field for Small Businesses to Succeed, Create Jobs, and Build Strong Local Economies*



**The Main Street Alliance  
For National Small Business Week  
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Small businesses are the backbone of local economies and the heart of communities across America. Small businesses create jobs, provide important goods and services, build vibrant local economies, and give back to their communities.

National Small Business Week presents an important opportunity for small business owners, policymakers, and the public to reflect both on the important role small businesses play in our communities and to chart a course forward that takes on the challenges facing small businesses and fosters the right conditions for more small business success stories to unfold across America.

Making good policy decisions to address the challenges small businesses are facing requires an accurate diagnosis of what those challenges are. Listening to the claims of some of the biggest business lobby groups, it would be easy to conclude that the primary concerns of small business owners are cutting taxes and gutting regulations. This would be a serious mistake. In fact, scientific national polling of small businesses demonstrates that small business interests and small business values run deeper than that, encompassing a wide range of issues and priorities.<sup>1</sup>

These priorities include:

- Revitalizing local economies and creating local jobs to restore the small business customer base.
- Ensuring affordable, reliable access to credit for established and start-up businesses.

- Bringing quality, affordable health care within reach for business owners, their employees, and their families.
- Promoting tax fairness between small businesses and bigger corporate interests.
- Reducing the influence of secret and special interest money in elections and politics.

National Small Business Week is an opportune time for small business owners and policymakers to pose the question: how can we work together to address these concerns so our small businesses can succeed, create jobs, and contribute to our local economies? The answers to this question can make up an agenda for America's small businesses and local economies in 2012 and beyond.

This report examines eight arenas and proposes a set of policy options that will benefit small businesses and local economies in each area. The arenas include: the economy, the financial sector, the health care marketplace, the tax system, and the regulatory system, the workplace, the immigration system, and the electoral system.

### RESTORE THE SMALL BUSINESS CUSTOMER BASE

What is the most important factor to help small businesses create jobs? Customers. They're the real impetus for small businesses to hire. When customer demand outpaces a business's ability to produce with its current workforce, that's when small business owners have reason to put out their "hiring" signs.

Restoring the small business customer base is all about putting money where it counts for small business – in local economies – and keeping that money there so it can generate positive multiplier effects through local commerce. Dollars shipped to Wall Street – whether in the form of debit interchange fees, bubble-based mortgage payments or student loan payments – are dollars taken out of circulation in local economies.

#### Policy Options:

- **Tighten Debit Swipe Fee Rules to Comply with the Financial Reform Law.** New limits on debit interchange (the fees small businesses are charged when customers pay with a debit card) that took effect in October are already making a difference. According to a recent report from the Federal Reserve, big banks' average swipe fees have been cut in half, from an average of 43 cents per transaction to an average of 24 cents per transaction.<sup>2</sup> This is keeping a sizable chunk of the \$1.3 billion a month businesses used to pay in debit swipe fees in local economies. But more needs to be done. The current limit is still many times the actual cost of processing a debit

transaction, twice the amount of the Fed's originally proposed limit, and in conflict with the directives of the financial reform law's Durbin Amendment. A pending lawsuit is challenging the Fed's current limit in federal court. The Fed's rulemakers should revisit this question and tighten the limit to comply with the Dodd-Frank law and keep even more dollars in local economies.

- **Write Down Underwater Mortgages to Market Value.** Seventy-three percent of small business owners believe their business has been hurt to some degree by the drop in consumer demand resulting from the housing and mortgage crisis.<sup>3</sup> Reducing the principal on underwater mortgages to current market values and allowing homeowners to refinance their homes could free up tens of billions of dollars in consumer spending power that's currently locked up.
- **Invest in Local Infrastructure Projects and Green Jobs.** Local infrastructure projects can update the transportation and communications grids that are a foundation for small business success and, at the same time, inject money into local economies. Small business owners see the importance of these projects, both to shore up the foundations of commerce and to boost the economy. In recent polling, 69 percent of small business owners supported investing \$50 billion in new

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and existing infrastructure projects, like roads, bridges, and water systems, that create jobs.<sup>4</sup> Green jobs projects that promote renewable energy options and energy efficiency improvements have the added benefit of helping small businesses reduce their energy costs.

➤ **Provide Aid to State and Local Governments to Support Local Jobs Like Teachers and First Responders.**

Middle class jobs like teachers and firefighters are the bedrock of the small business customer base. When communities lose these jobs, small businesses lose paying customers. And state and local governments across the country have been losing these jobs in large numbers as they make difficult cuts to deal with budget shortfalls.

The Labor Department's establishment survey of businesses has shown roughly 600,000 state and local government jobs lost from late 2008 to early 2012. The Department's household survey, meanwhile, suggests the number of government-related jobs lost may be as high as 1.2 million. Even at the lower estimate, that's still enough job losses to account for a full percentage point in the unemployment rate.<sup>5</sup>

While the private sector continues to create jobs, economists have pointed out that ongoing losses in state and local government jobs are playing a significant role in dampening the momentum of the recovery. Mark Zandi, chief economist at Moody's Analytics, said, "The job losses at state

and local governments is the most serious weight on the job market."<sup>6</sup> To turn the tide on this trend and, at the same time, ensure adequate staffing for school classrooms and fire departments, targeted aid to state and local governments is in order.

➤ **Ensure Accountable Practices by Payday Lenders and Other Non-Bank Lenders.**

When people get caught in cycles of debt with payday loans or other shadowy lenders, it's another way money is taken out of the pockets of would-be small business customers and siphoned away to some distant corporate office. Small businesses need the new Consumer Financial Protection Bureau to take an aggressive approach to holding non-bank lenders accountable and ensuring that money earned in local economies stays in local economies.

➤ **Tackle the Issue of Student Loan Debt.**

Student loan debt now exceeds \$1 trillion in the U.S. This represents a major drag on the economy and consumer purchasing power. Recent data suggest that high student loan burdens are a barrier to new household formation and related economic activity among recent graduates.<sup>7</sup> High debt levels are also a barrier to entrepreneurship, as new graduates have to look for secure jobs that will allow them to make loan payments immediately and don't have the flexibility to strike out on their own and risk starting a new business.

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## THE FINANCIAL SECTOR

### PROMOTE ACCESS TO CAPITAL FOR SMALL BUSINESSES AND ENSURE STABILITY IN THE FINANCIAL SYSTEM

The 2008 financial crisis put small businesses in a double squeeze. While “too big to fail” Wall Street firms received bailout funds, Main Street small businesses had to struggle through the combined challenges of a severe credit crunch and a precipitous decline in customer demand.

Almost four years later, getting access to capital continues to be a serious challenge for small businesses, both start-up companies and long-established businesses alike. Meanwhile, the recent revelation of multi-billion dollar losses on Wall Street underscores the fact that additional action is needed to protect the Main Street economy from further catastrophic losses in the financial sector like the ones that precipitated the financial crisis in 2008 and the ensuing recession.

#### Policy Options:

- **Shrink Too-Big-to-Fail Banks.** The continuing trend of bank consolidation has meant that the large, systemically important banks that were deemed “too big to fail” and received bailout funds in 2008 are still just as big or even bigger than they were at the time of the crisis. Allowing banks to grow so big and to exert such influence over the government (including their regulators) does not help small businesses or economic stability. No small business is “too big to fail.” It seems a reasonable principle to say that if a bank is too big to fail, it is simply too big. Such banks

should be shrunk down to a size where their failure would no longer pose a threat to the whole financial system. This is the only way to ensure that taxpayers (including small business owners) won’t be on the hook for another round of bailouts.

- **Institute a Strong Volcker Rule to Limit Risky Wall Street Trading that Threatens Financial Stability.**

JPMorgan’s recently disclosed multi-billion dollar trading loss highlights the need for effective, enforceable rules limiting proprietary trading. A proposal to do just that, dubbed the “Volcker Rule” after former Federal Reserve Chairman Paul Volcker, was part of the debate over financial reform. But the rule-making to implement this concept has been held up by fierce lobbying from financial sector interests. To provide short-term protection against catastrophic trading losses at big financial institutions bringing down the whole economy as they did in 2008, rule-makers should institute a strong Volcker Rule to limit these types of risky trading.

- **Enact a Financial Speculation Tax.** A minimal tax – even a fraction of a percentage point – on the trade of stocks, bonds, and derivatives on Wall Street could raise tens of billions of dollars annually to support national priorities and shore up the country’s fiscal position. Such a tax would also



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have the benefit of encouraging long-term investment and discouraging risky stock market gambles and high-speed trading. This concept is supported by business leaders including Warren Buffett and Bill Gates. And there is strong historical precedent for such a tax: “The FST is not a new idea. From 1914 to 1966, the U.S. levied a 0.02% tax on all sales or transfers of stock... Transactions taxes were imposed in most financial markets until the last two decades, and there still is a 0.5% tax imposed on each trade on the London Stock Exchange.”<sup>8</sup>

- **Support the Creation of State Partnership Banks to Boost Community Bank Lending.** State-level partnership banks are an opportunity for states to help community banks leverage more resources to invest in small business lending. The Bank of North Dakota, which has been in existence since 1919, provides a working model for the establishment of partnership banks in other states. In addition to serving the important function of strengthening community banks and bolstering their small business lending, the Bank of North Dakota returns its profits to the state general fund, helping the state’s budget outlook.
- **Pass Local Banking Measures at the City/Town Level that Move Public Money to Local Community Banks and Establish Related Community Benefit Standards.** Local community banks

have a better record of small business lending and a better reputation among small business owners than do the big national banks. But these smaller banks have limited resources to invest in their small business portfolios. Cities/towns and other local government entities can help address this problem by moving their deposits from national banks to local community banks, thereby boosting the community banks’ lending capabilities. When making such moves, local governments should outline a set of criteria and benchmarks for the community benefits (such as measurable increases in small business lending) they expect in return for the investment of their deposits.

- **Increase Credit Unions’ Flexibility to Expand Lending to Brick-and-Mortar Small Businesses.** As big bank lending to small businesses still hasn’t returned to pre-crisis levels, credit unions can play an important role in plugging the small business lending gap. But under current rules, credit unions are hampered in their small business lending by strict lending caps. These caps should be loosened so credit unions can use more of their resources to support small businesses. One proposal to do this gives credit unions new flexibility specifically for lending to “brick-and-mortar” small businesses with fewer than 20 employees.

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## THE HEALTH CARE MARKETPLACE

### ADVANCE AFFORDABLE, QUALITY HEALTH CARE OPTIONS FOR SMALL BUSINESSES

Getting affordable, good quality health coverage for their businesses and their families is a high priority and an enduring challenge for small business owners. The health insurance marketplace of the last two decades has failed to meet the needs of small businesses. Small businesses pay more for less coverage, often have few real options, and hold no bargaining power when it comes to dealing with big insurance companies. Reforms to the health insurance marketplace are needed to guarantee small businesses fair rates, good value, and meaningful choices.

#### Policy Options:

- **Uphold the Affordable Care Act and its Benefits for Small Businesses.** Small business owners, their employees, and their families are benefiting from early provisions of the Affordable Care Act. Small business owners report benefiting from provisions including the small business tax credit (an estimated 360,000 businesses were expected to receive a credit for 2011 premium costs), the Pre-existing Condition Insurance Plans (PCIPs), the under-26 provision allowing young adults to stay on their parents' health coverage, new rate review rules that discourage excessive rate increases, and downward pressure on rates thanks to the 80/20 medical loss ratio rule.

More benefits are on the way, including prohibitions on pre-existing condition discrimination and the opportunity to pool risk and have more bargaining power when new state health insurance exchanges come online in 2014. As health care costs continue to be among the greatest challenges for small businesses, this is no time to roll back the benefits small businesses are seeing from the Affordable Care Act.

- **Put 80/20 "Value for Premium" Rebates in the Mail – Don't Hand them Back to the Insurance Companies.** The Affordable Care Act's 80/20 medical loss ratio rule establishes a baseline guarantee of value for health insurance premiums for the first time ever. Under this rule, health insurers are required to spend at least 80 percent of the premiums they collect in the small group and individual health insurance markets on actual health costs (as opposed to administrative expenses, advertising, lobbying, executive compensation, etc). If an insurer fails to meet this basic standard, it is required to rebate the difference to customers who were overcharged.

The rule took effect for 2011 and the first rebate checks are due to go out in the mail this summer. In addition to the downward pressure the 80/20 rule has already placed on premiums, this

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summer's rebates are estimated at \$1.3 billion.<sup>9</sup> But insurance companies, agents and brokers are fighting to rewrite the 80/20 rule and reclassify agent/broker fees in a way that will virtually wipe out these rebates. To ensure that small businesses get the rebates they should expect under the law, efforts to undermine the 80/20 rule should be rejected.

- **Enact Prior Approval of Insurance Rate Increases in States that Don't Have this Protection.** About half of states have laws on the books that give the state's insurance department the authority to review and approve, modify or deny health insurance companies' rate increase proposals after careful actuarial evaluations. This is the surest way to guarantee that small businesses and other purchasers of health insurance are paying fair prices and not getting price-gouged in a captive market. Prior approval should be enacted in all states to ensure real protection for small businesses and other small group and individual market insurance purchasers.
- **Guarantee that Small Businesses in Every State Have Access to a Strong, Consumer-Directed Health Insurance Exchange.** Some states have taken major strides to establish new state health insurance exchanges that can pool risk, negotiate on behalf of small businesses, and minimize conflicts of interest in the health insurance marketplace. Other states have made

little or no progress on this front as a January 2013 deadline approaches. As a key opportunity to promote choice and competition in the state-level insurance marketplace, every state should set up an exchange and structure it to serve small businesses, not industry special interests. For any states that fail to do so, the Department of Health and Human Services should step in to establish a strong, consumer-directed exchange for small businesses and other consumers in that state.

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## THE TAX SYSTEM

### ADVANCE TAX REFORMS THAT PROMOTE FAIRNESS AND RAISE REVENUE TO INVEST IN LOCAL ECONOMIES

Small business owners are often at the center of debates about tax reform, both corporate and individual. But while business lobbyists claim small businesses' sole interest in this arena is cutting taxes, actual small business owners' views are more nuanced. Local, independent small business owners know that building vibrant local economies requires investments in education, infrastructure, and supporting a healthy customer base. They know these investments require resources, they recognize their own tax dollars are an important contribution to funding these investments, and they express a willingness to do their part.

But local, independent small business owners express widespread frustration about how big corporations and wealthy individuals use tax loopholes and off-shore tax havens to avoid paying the taxes small businesses have to pay.<sup>10</sup> These concerns about fairness in the tax code should be addressed in any tax reform proposals that seek to speak to the concerns of real small business owners.

#### Policy Options:

- **Close Corporate Tax Loopholes at the State and Federal Levels.** Corporate tax loopholes reduce state and federal revenues by billions of dollars every year. Many of these loopholes are the result of intensive lobbying by narrow industry interests seeking special favors in the tax code. In this time when the country sorely needs resources to

invest in job creation, infrastructure, education, and other public investments that support small business success, state legislatures and Congress should take steps to close corporate loopholes to raise revenues for these priorities.

- **End the Abuse of Off-Shore Tax Havens.** Estimates suggest the Treasury loses \$100 billion or more every year to the abuse of tax havens and other off-shoring strategies by corporations and wealthy individuals, shortchanging the country of needed resources. To small business owners who will never set foot in the Cayman Islands, much less set up a subsidiary there, such tax-dodging strategies are unacceptable and unpatriotic. Proposals such as the Stop Tax Haven Abuse Act and the CUT Loopholes Act aim to recover these lost revenues by closing loopholes, prohibiting tax haven abuse, and other measures. Any package for corporate tax reform should include these measures.
- **Reject a Temporary (or Permanent) "Repatriation" Tax Holiday.** A "repatriation" tax holiday – allowing big corporations to bring home the profits they have stashed off-shore at a greatly reduced tax rate for a short period of time – would reward corporate bad actors that have gamed the system and pushed their profits off-shore. It would

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also encourage corporations to repeat these off-shore tax dodging strategies in anticipation of the next “holiday.” Proposals for a so-called “territorial” tax system present an even more serious threat, as they would essentially institute a permanent repatriation holiday and further encourage big companies to shift business and profits off-shore.

- **End the Special Bush Tax Cuts for the Top Income Brackets.** The Bush-era tax cuts are among the biggest contributors to the nation’s current and future fiscal challenges. The special breaks for the top income brackets don’t help Main Street small businesses. In fact, only three percent of taxpayers reporting any form of business income (let alone income from an actual small business) are affected by the top two tax brackets.<sup>11</sup> This three percent figure includes hedge fund managers, partners in large law firms, best-selling authors, and K Street lobbyists (indeed, six of the top ten lobbying firms are organized as partnerships, with their profits passing through to partners’ individual tax filings as business income).<sup>12</sup>

The extra breaks for the top tax brackets don’t help the economy and job creation, either. When the non-partisan Congressional Budget Office (CBO) studied 11 different policy options and their impact on job creation and economic growth, special breaks for the wealthy did not perform

well: “CBO found extending the tax cuts for high-income households to be the worst of all options under discussion for preserving or creating jobs and boosting economic growth while the economy is weak.”<sup>13</sup> These special tax cuts should expire as currently scheduled at the end of 2012.

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## THE REGULATORY SYSTEM

### REJECT EFFORTS TO ROLL BACK RULES THAT PROTECT SMALL BUSINESSES FROM BAD MARKETPLACE ACTORS; PRIORITIZE COMPLIANCE ASSISTANCE

While attacking “job-killing regulations” is a favorite talking point of politicians, rhetoric about the impact of regulations on small businesses often lacks substantiation. In fact, anti-regulatory rhetoric does a disservice to small businesses by distracting attention from the real issues and diverting the policy debate away from real solutions.

In reality, small business owners recognize the importance of regulations for a smooth-functioning, modern economy. What’s more, specific regulations enjoy broad support from small business owners. For example, 78 percent of small business owners support rules to prevent health insurance companies from increasing rates excessively, 84 percent support food safety standards, and 80 percent support product safety standards.<sup>14</sup>

Healthy local economies and local communities are integral to the success of small businesses. Responsible safeguards are needed to protect clean air, water, and local quality of life, promote financial stability, and ensure that large actors in the health care, banking, energy, and other sectors don’t use their market power in anti-competitive ways.

#### Policy Options:

- **Reject Regulatory Rollback and “Moratorium” Proposals.** Proposals for wholesale rollbacks or freezes of basic regulations and public safeguards are not about helping small businesses. If enacted, these proposals would allow

bigger corporate entities to cut corners, ultimately shifting costs – including financial, health, and environmental costs – to small businesses and local economies. Regulatory reform proposals should be carefully reviewed to evaluate any downstream cost-shifting impacts on small businesses.

- **Ensure that Small Businesses Have Easy Access to Technical Assistance for Regulatory Compliance.** Small business owners want to play by the rules. But sometimes they lack clear guidance. Technical assistance, training workshops, and easy avenues for getting reliable answers on licensing and regulatory compliance issues would help small businesses meet their compliance obligations.
- **Establish More Realistic Definitions for What Qualifies as a Small Business for Regulatory Purposes.** Current size definitions of small business for regulatory purposes are unrealistically high (often set at 500 employees or sometimes even higher for some industries). These definitions don’t protect real small businesses. Instead, they allow bigger companies to pass themselves off as small businesses in order to exploit regulatory loopholes, often at the expense of true small businesses. Better definitions are needed to prevent bad actors from claiming small business status to avoid playing by the rules.

## INVEST IN HEALTHY WORKERS AND HEALTHY WORKPLACES

Working shoulder to shoulder with their staff every day, small business owners get to know their employees personally. That's why it's no surprise so many small business owners say they believe in treating their workers like family. Small business owners who recognize their employees are their greatest asset and want to treat their workers like family are motivated to pay good wages and offer benefits like health care and paid time off. Setting a standard for these benefits ensures a level playing field where responsible businesses that treat their employees well won't be undercut by unscrupulous competitors who pay low wages, don't offer benefits, and effectively shift their labor costs onto public programs like Medicaid and food stamps.

### Policy Options:

- **Institute a Fair Minimum Wage – Including for Tipped Workers – and Index it to Inflation.** Henry Ford recognized that to create a successful long-term business model, his workers needed to earn enough money on the assembly line to be able to buy the cars they were building. Small business owners understand this concept. In healthy neighborhood economies, one business's steady employee is another business's steady customer. The current federal minimum wage level of \$7.25/hour and the \$2.13/hour minimum for tipped workers fly in the face of the Henry Ford principle. The minimum wage and tipped minimum

wage are due for an increase. Going forward, they should be indexed to inflation to ensure that purchasing power at the low end of the wage scale doesn't fall behind again.

- **Adopt an American Standard for Earned Paid Sick Time.** Setting a standard for earned paid sick time has a number of benefits for small businesses. It will improve health in the workplace and promote productivity. It will help reduce turnover costs, which easily run into the thousands of dollars for a single position, by promoting loyalty among employees. It will help reduce health care costs for businesses and public programs by cutting down on unnecessary ER visits. And, it will increase job security among low-income workers, and help boost their ability to participate in local commerce and support local small businesses.

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## THE IMMIGRATION SYSTEM

### REFORM THE U.S. IMMIGRATION SYSTEM TO REFLECT ECONOMIC REALITIES AND SMALL BUSINESS VALUES

There is wide agreement across business sectors and across the political spectrum that the U.S. immigration system is broken. This broken system harms businesses, workers, and the U.S. economy.

But policy reforms that focus only on enforcement are detrimental to a healthy business climate and the proliferation of state-level laws attempting to tackle immigration issues threatens to create a cumbersome patchwork of 50 different immigration policies. Comprehensive reform of the immigration system is needed at the national level to address the needs of employers and bring our immigration policies in line with economic realities.

#### Policy Options:

- **Reject Proposals for Mandatory E-Verify.** Congress and state legislatures are considering proposals to require mandatory use of the E-Verify electronic employment verification system. Mandatory E-Verify would cost U.S. employers an estimated \$2.7 billion annually in compliance costs.<sup>15</sup> It would undermine workforce stability, wrongfully depriving hundreds of thousands of workers of their jobs and requiring millions more to spend time correcting errors, according to government figures. And, it will drive more activity into the underground economy, costing billions in lost tax

revenues and adding to the federal deficit.<sup>16</sup>

- **Reject the Approach of Arizona's SB 1070 Immigration Enforcement Law.** Small businesses thrive in local communities where everyone is welcome – U.S.-born citizens and immigrants alike – and everyone participates in building a vibrant local economy. By legalizing discrimination against immigrants and people of color – discrimination that will directly impact small business owners, their employees, and their customer base – SB 1070 and similar laws in Alabama and other states create a climate of fear that erodes the basic trust that is the foundation of small business success.
- **Re-Engage the Dialogue Around Comprehensive Immigration Reform.** The recent focus on enforcement-only immigration measures like SB 1070 and E-Verify is a setback in the effort to reform the immigration system in a manner consistent with the needs of employers, the realities of the economy, and small business values. Comprehensive immigration reform could realign our immigration system with the needs of small businesses and add \$1.5 trillion to the economy over ten years.<sup>17</sup> It's time to re-engage this dialogue.



### REDUCE THE INFLUENCE OF BIG MONEY IN ELECTIONS AND POLITICS

The growing influence of political spending – often secret spending – by corporate entities, wealthy individuals, and political non-profits in American elections and politics puts small businesses at a disadvantage. Secret spending by deep-pocketed special interests threatens to drown out true small business concerns and shapes policies to the benefit of those special interests, often at the expense of small businesses.

According to national survey data, 88 percent of small business owners hold a negative view of the role money plays in politics.<sup>18</sup> On issues ranging from financial reform to health insurance reform to government contracting, reducing the influence of big money in elections and in the legislative process will allow policymakers to refocus on addressing the needs of small businesses and local economies, not big money donors.

#### Policy Options:

- **Enact New SEC Rules Requiring Publicly Traded Companies to Disclose Their Political Spending, Both Direct and Through Third Parties.** Small business owners have a range of relationships with bigger companies. Sometimes they are direct competitors; sometimes suppliers; sometimes vendors; and, sometimes small business owners are also shareholders in larger companies. Recent research suggests that corporate political spending does not benefit shareholders, and may instead only

benefit company executives.<sup>19</sup> The Securities and Exchange Commission has a core role of shareholder protection. In that role, the SEC should require companies to disclose their political spending to their shareholders (who are the company's owners) and give shareholders the right to vote on the use of company funds for political purposes.

- **Institute Voluntary Public Financing of Elections at the Municipal, State, and Federal Levels.** By creating an alternative to the big money chase our current election system requires, voluntary public financing will free up candidates for office to spend more time hearing from small business owners and other constituents in their districts, and less time courting the favor of deep-pocketed special interests. It will help ensure that the winners of elections are free to champion the concerns of their constituents, not hamstrung by the need to pay back favors to big donors. And it will restore faith in the integrity of our democracy.
- **Advance a Constitutional Amendment Overturning the Supreme Court's *Citizens United* Decision and Clarifying that Corporations are Not People and Money is Not Speech.** The doctrine of "corporate personhood" and the current protection of high dollar political spending as a form of free

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speech do not benefit small businesses. To the contrary, these ideas leave small businesses at the losing end of a tilted playing field where the companies and individuals with the most money can shape policy outcomes to benefit their own narrow business interests at the expense of free and open competition based on service, quality, and value. Two-thirds of small business owners believe the *Citizens United* decision, allowing unlimited corporate spending in elections, is bad for small business.<sup>20</sup> Congress should start the process of passing a constitutional amendment to overturn *Citizens United* and clarify that corporations are not people and money is not speech.

<sup>1</sup> See joint reports by the American Sustainable Business Council, Main Street Alliance, and Small Business Majority, based on a scientific nationwide survey of small business owners conducted by Lake Research Partners in December 2011 and January 2012, cited throughout this report.

<sup>2</sup> Peter Schroeder, "Federal Reserve: Debit card swipe fees falling thanks to Durbin amendment," *The Hill*, May 1, 2012. Accessed at: [http://thehill.com/blogs/on-the-money/banking-financial-institutions/224853-fed-swipe-fees-falling-thanks-to-durbin-amendment?wpisrc=nl\\_wonk](http://thehill.com/blogs/on-the-money/banking-financial-institutions/224853-fed-swipe-fees-falling-thanks-to-durbin-amendment?wpisrc=nl_wonk)

<sup>3</sup> "Opinion Survey: Small Business Owner Opinions on Access to Credit and Proposals to Boost the Economy," American Sustainable Business Council (ASBC), Main Street Alliance (MSA), and Small Business Majority (SBM), January 2012. Accessed at: <http://bit.ly/report-credit-econ>

<sup>4</sup> "Opinion Survey: Small Business Owner Opinions on Access to Credit and Proposals to Boost the Economy," ASBC, MSA, and SBM.

<sup>5</sup> Justin Lahart, "Unemployment Rate Without Government Cuts: 7.1%," *The Wall Street Journal*, May 8, 2012. Accessed at: <http://blogs.wsj.com/economics/2012/05/08/unemployment-rate-without-government-cuts-7-1/>

<sup>6</sup> Zachary A. Goldfarb, "Threat from mounting public job losses tested Obama's economic strategy," *The Washington Post*, April 29, 2012. Accessed at: [http://www.washingtonpost.com/business/economy/threat-from-mounting-public-job-losses-tested-obamas-economic-strategy/2012/04/29/gIQAhpMqT\\_story.html](http://www.washingtonpost.com/business/economy/threat-from-mounting-public-job-losses-tested-obamas-economic-strategy/2012/04/29/gIQAhpMqT_story.html)

<sup>7</sup> Bob Willis, "Student Debt Is Stifling Home Sales," *Bloomberg Businessweek*, February 23, 2012. Accessed at: <http://www.businessweek.com/articles/2012-02-23/student-debt-is-stifling-home-sales>

<sup>8</sup> "Facts and Myths about a Financial Speculation Tax," Center for Economic and Policy Research, updated December 2011. Accessed at: <http://www.cepr.net/documents/fst-facts-myths-12-10.pdf>

<sup>9</sup> N.C. Aizenman, "Insurance rebates totalling \$1.3 billion could be on the way this summer, study says," *The Washington Post*, April 26, 2012. Accessed at: [http://www.washingtonpost.com/national/health-science/insurance-rebates-totalling-13-billion-could-be-on-the-way-this-summer-study-says/2012/04/26/gIQAcpI0jT\\_story.html](http://www.washingtonpost.com/national/health-science/insurance-rebates-totalling-13-billion-could-be-on-the-way-this-summer-study-says/2012/04/26/gIQAcpI0jT_story.html)

<sup>10</sup> "Opinion Survey: Small Business Owners' Views on Taxes and How to Level the Playing Field with Big Business," American Sustainable Business Council (ASBC), Main Street Alliance (MSA) and Small Business Majority (SBM), February 2012. Accessed at: <http://bit.ly/report-taxes>

<sup>11</sup> Chuck Marr and Gillian Brunet, "Extension of High-Income Tax Cuts Would Benefit Few Small Businesses; Jobs Tax Credit Would Be Better," Center on Budget and Policy Priorities, August 3, 2010. Accessed at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3251>

<sup>12</sup> "The Bush Tax Cuts and Small Business," Citizens for Tax Justice, November 12, 2010. Accessed at: <http://www.ctj.org/pdf/smallbiztalk.pdf>

<sup>13</sup> Chuck Marr, "Letting High-Income Tax Cuts Expire Is Proper Response to Nation's Short- and Long-Term Challenges," Center on Budget and Policy Priorities, July 26, 2012. Accessed at: <http://www.cbpp.org/cms/index.cfm?fa=view&id=3241>

<sup>14</sup> "Opinion Survey: Small Business Owners' Opinions on Regulations and Job Creation," American Sustainable Business Council (ASBC), Main Street Alliance (MSA) and Small Business Majority (SBM), February 2012. Accessed at: <http://bit.ly/report-regulations>

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### **About the Main Street Alliance**

*The Main Street Alliance is a national network of state and locally based small business coalitions. MSA creates opportunities for small business owners to speak for themselves on issues that impact their businesses, their workers and their local economies.*

*[www.mainstreetalliance.org](http://www.mainstreetalliance.org)*

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