

# THE STATE OF SMALL BUSINESS IN IDAHO

Presentation before  
the Joint Legislative  
Economic Outlook  
and Revenue  
Assessment  
Committee

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National Federation of  
Independent Business



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# What is NFIB?

- A nonprofit, nonpartisan, and member-driven association, the National Federation of Independent Business (NFIB) is **America's voice of small business** with offices in all 50 state capitals and in Washington, D.C. We do not have multiple affiliated chapters. We are one NFIB.
- NFIB members pay annual dues to belong and determine its state and federal policy through annual and special balloting. **Each member has an equal say** in the policy positions NFIB takes, regardless of dues paid.
- NFIB's national membership range from sole proprietor enterprises to firms with hundreds of employees. **The typical NFIB member employs 10 people** and reports gross sales of about \$500,000 a year.

- For more than 77 years, it's been an educational mission of NFIB to remind federal and state policymakers that **small businesses are not smaller versions of big businesses**. A one-size-fits-all businesses tax, rule, or regulation can do more harm than good.
- In a study of the nation's top influencers, APCO Worldwide listed NFIB "among the best at mobilizing grassroots forces." In its study measuring the extent to which policy leaders believe associations are effective in achieving their policy goals, NFIB ranked **No. 1** in grassroots, **No.1** in coalition building, and **No. 1** as an industry reputation steward.
- NFIB's monthly *Small Business Economic Trends* report, its monthly *Jobs Report*, and its quadrennial *Small Business Problems and Priorities* study are considered the **gold-standard measurements of the Main Street economy** used by the Federal Reserve Board, presidential administrations, Congress, and governors and state legislatures across the country.



# 2020 Small Business Profile

U.S. SMALL BUSINESS ADMINISTRATION  
**OFFICE OF ADVOCACY**

REGULATION • RESEARCH • OUTREACH

## Idaho

**169,151** Small Businesses  
**99.2%** of Idaho Businesses

**325,294** Small Business Employees  
**56.3%** of Idaho Employees



**EMPLOYMENT**  
**16,609**  
net new jobs



**DIVERSITY**  
**9,203**  
self-employed minorities



**TRADE**  
**1,404**  
small business exporters

**Table 1: Idaho Employment by Industry, 2017**



Industry



Small Business  
Employment



Total Private  
Employment



Small Business  
Employment Share

Health Care and Social Assistance	54,624	96,205	56.8
Accommodation and Food Services	44,481	65,028	68.4
Construction	39,277	40,583	96.8
Retail Trade	35,341	82,262	43.0
Manufacturing	28,012	59,993	46.7
Professional, Scientific, and Technical Services	19,849	33,084	60.0
Administrative, Support, and Waste Management	18,423	42,842	43.0
Other Services (except Public Administration)	17,983	20,379	88.2
Wholesale Trade	16,428	32,657	50.3
Transportation and Warehousing	11,519	19,282	59.7
Finance and Insurance	9,156	22,650	40.4
Arts, Entertainment, and Recreation	6,919	8,654	80.0
Real Estate and Rental and Leasing	6,594	7,569	87.1
Educational Services	4,725	14,782	32.0
Information	4,654	13,354	34.9
Agriculture, Forestry, and Fishing and Hunting	3,070	3,715	82.6
Management of Companies and Enterprises	1,966	8,460	23.2
Mining, Quarrying, and Oil and Gas Extraction	1,434	2,592	55.3
Utilities	757	3,961	19.1
Industries Not Classified	82	82	100.0
<b>Total</b>	<b>325,294</b>	<b>578,134</b>	<b>56.3</b>

# NFIB-Member, Small-Business Owners

From the December 11, 2020 National COVID-19 Survey

## By Occupation

**3%** Wholesale

**5%** Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)

**6%** Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)

**6%** Financial, insurance, real estate

**8%** Professional services (attorney, physician, skilled nursing, etc.)

**12%** Manufacturing and mining

**13%** Services (auto repair, house cleaning, salon)

**16%** Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)

**19%** Retail and Restaurant

**13%** Other

## By Number of Employees

**10%** No employees

**13%** 1-2 employees

**25%** 3-5 employees

**18%** 6-9 employees

**16%** 10-19 employees

**12%** 20-49 employees

**5%** 50-199 employees

**1%** 200 or more employees

# How others are seeing, judging Idaho



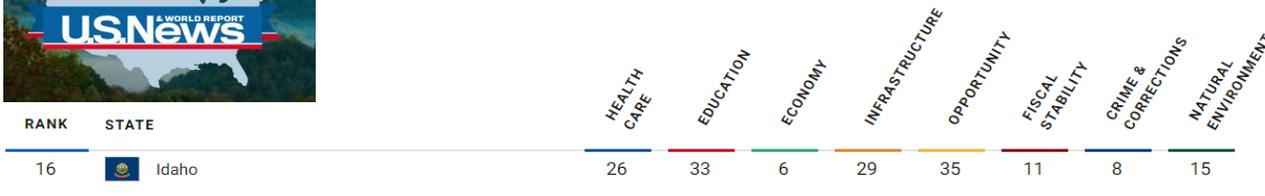


# Top States for Doing Business

STATE	OVERALL	WORKFORCE	ECONOMY	INFRA-STRUCTURE	COST OF DOING BUSINESS	QUALITY OF LIFE	EDUCAT
Idaho	18	42	2	28	12	21	47



## Best States Rankings



Rank	State
1	Utah
2	Wyoming
3	Idaho
4	Indiana

### Best Components

- Estate/Inheritance Tax Levied? 1
- State Minimum Wage 1
- Right to Work State 1

### Worst Components

- Personal Income Tax Progressivity 36
- Top Marginal Personal Income Tax Rate 34
- Average Workers' Compensation Costs 30 (per \$100 of payroll)



	Score	Rank
New Hampshire, US	8.16	1
Florida, US	8.10	2
Idaho, US	8.10	2
Wyoming, US	8.09	4
Utah, US	8.08	5
Oklahoma, US	8.07	6
Indiana, US	8.07	6
South Carolina, US	8.07	6
Montana, US	8.06	9
Alberta, CA	8.06	9
Texas, US	8.06	9
Georgia, US	8.05	12
Nevada, US	8.05	12



# Economic Freedom of North America 2020



The map uses the all-government index.

- MOST FREE
- 3RD QUARTILE
- 2ND QUARTILE
- LEAST FREE



“Small businesses are doing their best to end the year on a good note, but the economic recovery remains uneven with some industries near full recovery and others still struggling. Finding qualified workers for open positions has only gotten worse as the pandemic caused an even tighter labor market. A surge in the labor force participation rate would be welcome news to small employers.”

**--NFIB Chief Economist William Dunkelberg**



## Unemployment Rates By State

	November 2020 Rate	National Rank
Nebraska	3.1	1
Vermont	3.1	1
South Dakota	3.5	3
Iowa	3.6	4
New Hampshire	3.8	5
Utah	4.3	6
Alabama	4.4	7
Minnesota	4.4	7
Missouri	4.4	7
South Carolina	4.4	7
North Dakota	4.5	11
Idaho	4.8	12

A photograph of two men in a warehouse. On the left, a man in a blue jacket and dark pants points at a tablet held by another man on the right. The man on the right is wearing a plaid shirt and green overalls. They are standing next to a large, tall stack of white, textured bags. The background shows a bright window and some cardboard boxes.

## What our NFIB-Member Small-Business Owners Are Saying

<https://www.nfib.com/research>

## Small Business Trends and Research

SMALL BUSINESS LEGAL CENTER

SMALL BUSINESS TRENDS AND RESEARCH



**NFIB**  
RESEARCH  
CENTER

### COVID-19 Surveys

- COVID-19 Small Business Survey Part 14: PPP, EIDL, the Economy, and the Vaccine - 12-11-20
- COVID-19 Small Business Survey Part 13: PPP, EIDL, the Economy, & Payment Deferrals - 10-26-20

Since March 13, NFIB has been surveying its members on how they are coping with COVID-19 crisis. The following slides highlight some of the results from the December 11 survey. All surveys can be found at the link above on the right-hand side.



## Q24 How long will you be able to operate your business under current economic conditions?

2% Less than 1 month

3% 1-2 months

15% 3-6 months

19% 7-12 months

62% More than 12 months



## Q1 Did you receive a Paycheck Protection Program (PPP) loan?

77% Yes

23% No

## Q3 Have you spent all of your loan funds yet?

90% Yes

8% No

2% Don't know



**Q8 Do you anticipate needing additional financial support over the next 12 months?**

52% Yes  
48% No

**Q9 If Congress extends PPP to allow eligible borrowers a second PPP loan (or new first time borrowers), would you re-apply/apply?**

44% Yes  
25% No  
31% Maybe

**Q15 Have you applied for any state or local sponsored small business financial grants?**

18% Yes  
82% No

**Q16 Have you received it?**

59% Yes  
42% No



For 47 years, the gold standard measurement of  
America's small-business economy

## Small Business Economic Trends (The Optimism Index)



The SBET's primary value is anticipating short-run fluctuations in economic activity.

An additional value of the SBET is its measurement of small business activities and concerns over time. The benefit of a longitudinal data set offers an invaluable perspective on how policies and business cycles impact small businesses over time.

The SBET is one of the few archival data sets on small business, particularly when **research questions address business operations rather than opinions.**

Today, it's the largest, longest-running data set on small business economic conditions available.



# November Numbers

December  
reading to  
be released  
January 12

## Small Business Optimism

Index Component	Net %	Change From Nov.
Plans to Increase Employment	21%	▲ 3
Plans to Make Capital Outlays	26%	▼ -1
Plans to Increase Inventories	5%	▼ -7
Expect Economy to Improve	8%	▼ -19
Expect Real Sales Higher	10%	▼ -1
Current Inventory	5%	▲ 1
Current Job Openings	34%	▲ 1
Expected Credit Conditions	-3%	▲ 1
Now a Good Time to Expand	12%	▼ -1
Earnings Trends	-7%	▼ -4



[NFIB.com/sboi](https://www.nfib.com/sboi)



# NFIB Monthly Jobs Report

Released first Thursday of every month

Job Components	Seasonally Adjusted Level	Change from Last Month
Job Openings	34%	▲ 1
Hiring Plans	21% (net)	▲ 3
Qualified Workers "few" or "none"*	47%	▼ -1
Temporary Workers*	12%	▲ 2
Compensation Plans	20% (net)	▲ 2
Actual Compensation Changes	24% (net)	▲ 1
Average Change in Employment per Firm	0.16	

\*not seasonally adjusted



[NFIB.com/jobs](https://www.nfib.com/jobs)

"Finding qualified workers for open positions has only gotten worse as the pandemic caused an even tighter labor market. A surge in the labor force participation rate would be welcome news to small employers."

-- NFIB Chief Economist William Dunkelberg

## Unfilled Job Openings

Percent with at Least One Unfilled Opening



## Job Creation Plans

Net Percent ("Increase" minus "Decrease") in Next Three Months



**Next Jobs Report, Thursday, January 7, 2021**



# Top Worries of Small-Business Owners

- **Uncertainty**
- **Liability protection from COVID lawsuits**
- **Increases in unemployment insurance taxes**
  - **Access to affordable health care**
- **Boosts in workers' compensation premiums**



# Uncertainty

The Uncertainty Index reached 98 in October but fell 8 points to 90 in November. There are still major uncertainties to be resolved, most important the Covid-19 crisis and the Georgia election which will shape political control in the Senate. **The Uncertainty Index is calculated by summing the percent of “don’t know” and “uncertain” responses on six questions.** The Uncertainty Index is found in the Commentary section of each month’s Small Business Economic Trends report (The Optimism Index)

1. Do you think the next three months will be a good time for small business to expand substantially?

4. In the next three months, do you plan to increase or decrease the total number of people working for you?

2. About the economy in general, do you think that six months from now general business conditions will be better than they are now, about the same, or worse?

5. Do you expect to find it easier or harder to obtain your required financing during the next three months?

3. Overall, what do you expect to happen to the real volume (number of customers, units, hours billed, etc.) of goods and/or services that you will sell during the next three months?

6. Looking ahead to the next three to six months, do you expect to make any capital expenditures for plant and/or physical equipment?

# Liability Protection

A 'tidal wave' of Covid-related workplace lawsuits could be on the way



The first wave of Covid-19 workplace lawsuits is here

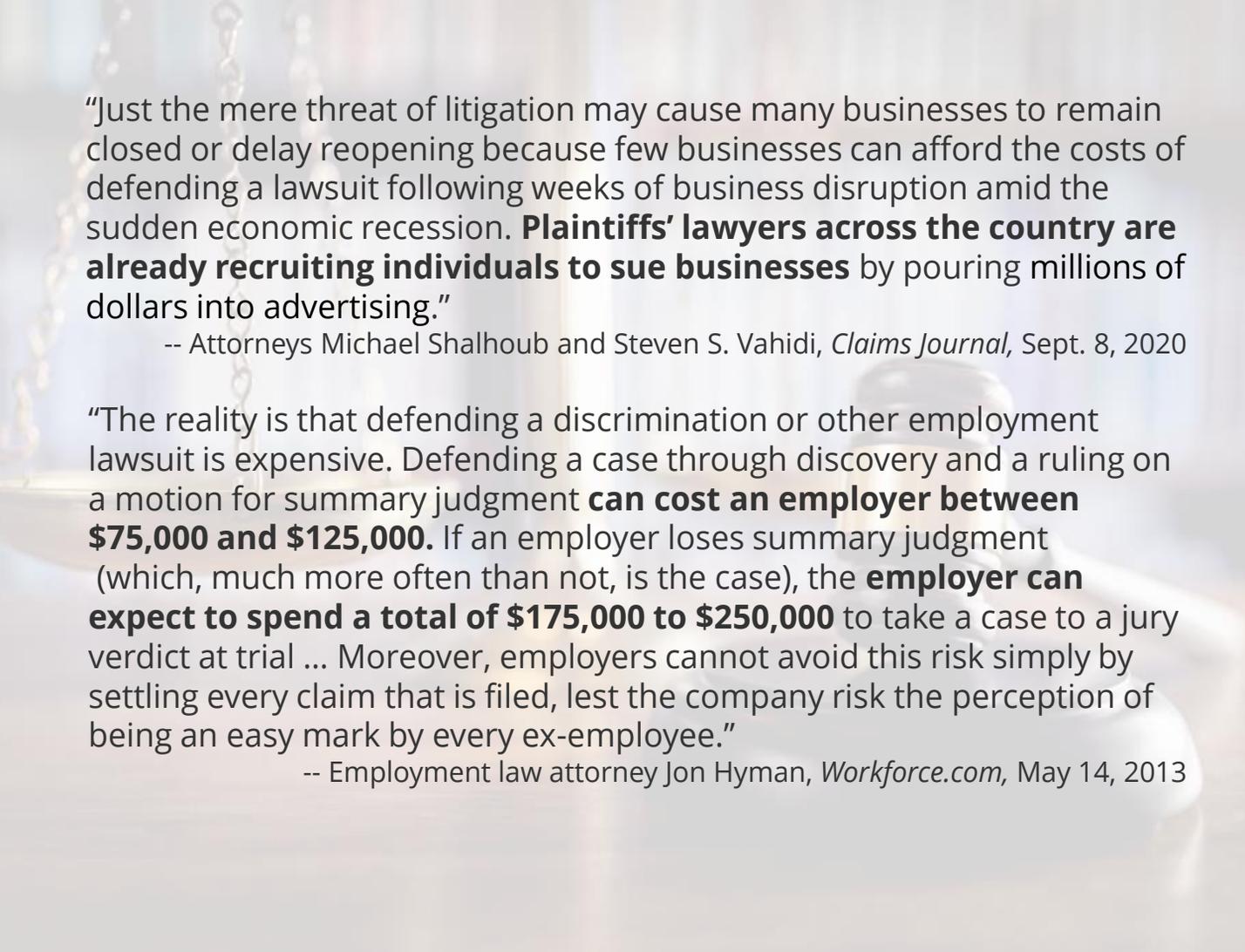


COVID Exposing Small Businesses to  
'Staggering' Number of Employment Lawsuits



NFIB Issues Liability Protection Principles  
for America's Small Businesses

[www.nfib.com](http://www.nfib.com) Search: Liability



“Just the mere threat of litigation may cause many businesses to remain closed or delay reopening because few businesses can afford the costs of defending a lawsuit following weeks of business disruption amid the sudden economic recession. **Plaintiffs’ lawyers across the country are already recruiting individuals to sue businesses** by pouring millions of dollars into advertising.”

-- Attorneys Michael Shalhoub and Steven S. Vahidi, *Claims Journal*, Sept. 8, 2020

“The reality is that defending a discrimination or other employment lawsuit is expensive. Defending a case through discovery and a ruling on a motion for summary judgment **can cost an employer between \$75,000 and \$125,000**. If an employer loses summary judgment (which, much more often than not, is the case), the **employer can expect to spend a total of \$175,000 to \$250,000** to take a case to a jury verdict at trial ... Moreover, employers cannot avoid this risk simply by settling every claim that is filed, lest the company risk the perception of being an easy mark by every ex-employee.”

-- Employment law attorney Jon Hyman, *Workforce.com*, May 14, 2013

# Unemployment Insurance Taxes

Thirty-one states already are dipping into federal CARES Act dollars or seeking federal loans to keep money in the unemployment coffers. Those and other states also are considering legislation to fend off business tax increases triggered by high jobless payouts.

-- Pew Research  
Oct. 12, 2020

## Title XII Advance Activities Schedule

As of: December 30, 2020  
Interest Rate: 2.40870090%

State	Outstanding Advance Balance	Advance Authorization Current Month	Gross Advance Draws Current Month	Interest Accrued for FY2020*
California	17,699,590,527.64	4,000,000,000.00	1,672,000,000.00	0.00
Colorado	745,838,250.41	500,000,000.00	156,075,844.95	0.00
Connecticut	504,961,958.65	250,000,000.00	99,010,415.64	0.00
Delaware	0.00	40,000,000.00	0.00	0.00
Georgia	219,697,626.45	350,000,000.00	149,200,000.00	0.00
Hawaii	690,528,117.50	435,000,000.00	26,040,129.82	0.00
Illinois	3,296,479,369.29	973,000,000.00	428,184,518.47	0.00
Indiana	0.00	120,000,000.00	44,503,090.12	0.00
Kentucky	505,745,626.05	350,000,000.00	21,185,782.77	0.00
Louisiana	133,460,334.29	100,000,000.00	0.00	0.00
Maryland	0.00	100,000,000.00	0.00	0.00
Massachusetts	2,201,221,744.26	720,000,000.00	167,229,607.32	0.00
Minnesota	962,036,650.62	400,000,000.00	223,508,479.18	0.00
Nevada	60,985,375.49	102,975,000.00	60,985,627.92	0.00
New Jersey	693,411,363.90	600,000,000.00	172,544,600.00	0.00
New Mexico	206,197,930.83	125,000,000.00	42,285,694.21	0.00
New York	9,218,331,959.46	800,000,000.00	454,901,352.95	0.00
Ohio	1,323,237,398.61	450,000,000.00	143,020,000.00	0.00
Pennsylvania	813,229,301.12	700,000,000.00	169,534,491.35	0.00
Texas	5,979,340,708.29	1,200,000,000.00	402,852,108.79	0.00
Virgin Islands	84,373,011.52	6,000,000.00	3,197,851.00	0.00
Virginia	121,491,175.00	630,000,000.00	51,936,429.00	0.00
West Virginia	131,650,289.26	125,000,000.00	17,459,569.51	0.00
<b>Totals</b>	<b>45,591,808,718.64</b>	<b>13,076,975,000.00</b>	<b>4,505,655,593.00</b>	<b>0.00</b>

## Access to Affordable Health Care

Small businesses are at a disadvantage in the health care marketplace. The federal ERISA law allows big business and labor groups to escape new federal requirements on health plans and thousands of state mandates. As a result, they benefit from economies of scale -- and commensurately lower costs -- **denied to Main Street enterprises.**



# Workers' Compensation Premiums

## Worker's Compensation Rates to Decrease in Idaho for 2021

September 29, 2020

**INSURANCE  
JOURNAL**

“A proposal for a 1.7% overall rate decrease to Idaho workers’ compensation insurance, effective Jan. 1, 2021, has been approved by the Idaho Department of Insurance. The proposed rate change is recommended by the National Council on Compensation Insurance. The NCCI also recommended a rate decrease for Idaho for last year.”



**However ...**



# Things Policymakers Should Always Keep in Mind

## 1. Small businesses pay more per employee in regulatory compliance

Small businesses (50 employees or less) face an annual regulatory cost of \$11,724 per employee, which is 30 percent higher than the regulatory cost facing large firms with 100 or more employees.

## 2. Small businesses pay three times as much to comply with taxes

In a study for the U.S. Small Business Administration, it found, "With respect to tax compliance, the cost per employee is three times higher in small firms than in large firms."

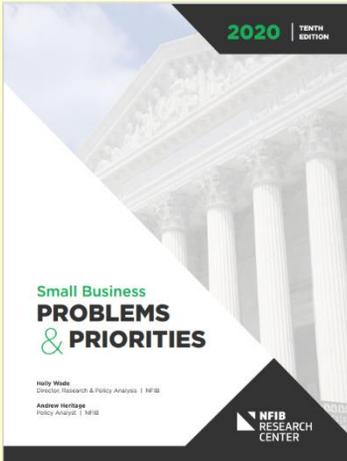
## 3. Personal – not corporate – tax rates matter more to small firms

Eighty-five (85) percent of small employers are structured as pass-through entities (S corporations, limited liability companies, sole proprietorships or partnerships) that pay taxes on their business income at the individual rate -- not the corporate tax.

## 4. Small business health insurance is more expensive

Small business health insurance must cover abundant state-benefit mandates while the federal government has steadfastly refused to allow small businesses to band together across state lines in order to form large purchasing pools for health care.

# NFIB Research Publications



Published every four years ranking the 75 issues of importance to small businesses



**SBET**  
(Optimism Index)  
Released the second Tuesday of every month

**NFIB Small Business Jobs Report**

*The NFIB Research Foundation has collected Small Business Economic Trends data with quarterly surveys since 1974 and monthly surveys since 1986. Survey respondents are drawn from NFIB's membership. The survey was conducted in November 2020 and reflects a random sample of 10,000 small-business owners/members.*

## Over Half of Small Businesses Looking to Hire, Having Difficulty Finding Workers

*NFIB's chief economist William C. Dunkelberg, issued the following comments on NFIB's November 2020 Jobs Report*

Small businesses reported a historically high level of job openings in November, according to NFIB's monthly jobs report. Overall, 53% reported hiring or trying to hire in November, down 2 points from the previous month. A seasonally adjusted net 21% of owners are planning to create new jobs in the next 3 months, up 3 points from October.



**NFIB Chief Economist**  
William Dunkelberg

**Jobs Report**  
Released the first Thursday of every month

# Thank You,

Joint Legislative Economic Outlook and Revenue Assessment Committee  
for giving Idaho small businesses the opportunity to present their views



## Mission Statement

To promote and protect the right of our members  
to own, operate, and grow their businesses.