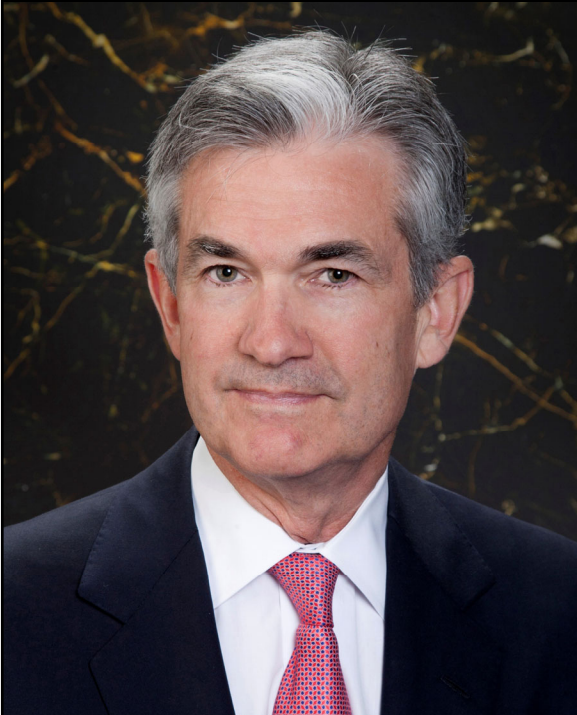


# Idaho Small Business and Energy Issues

Suzanne Budge  
 Presentation before the  
 Joint Legislative Economic Outlook  
 and Revenue Assessment Committee  
 of the Idaho Legislature  
 January 6, 2022

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“I’ve never seen these kinds of supply-chain issues, never seen an economy that combines drastic labor shortages with lots of unemployed people ... So, it’s a very fast changing economy. It’s going to be quite different from the one (before).”

- U.S. Federal Reserve Chairman Jerome Powell  
 Fed Listens, Sept. 24, 2021

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**Top of the Mind Issues Entering 2022**

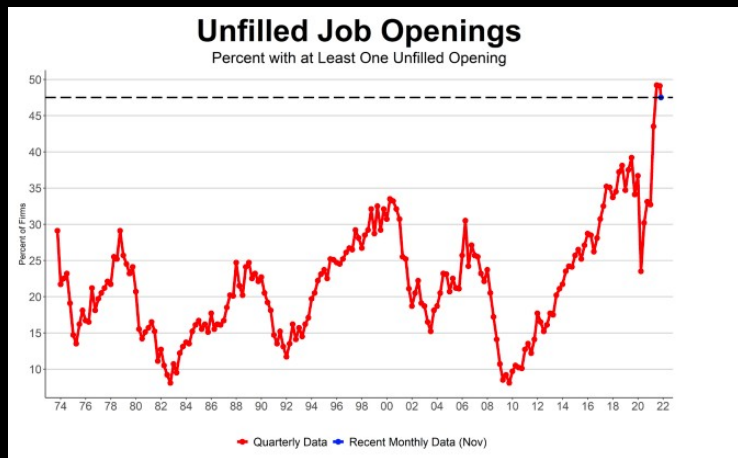
1. Labor Shortage
2. Supply Chain Disruptions
3. Inflation
4. Build Back Better Act
5. Energy Costs

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**Labor Shortage**

“Unfortunately, the tight labor market has not eased for small business owners, unfilled positions and labor quality remain the biggest challenges for small business owners as they work to get back to pre-crisis levels. **Owners have been increasing compensation to record-high levels** to attract the right employees to their business.”

– NFIB Chief Economist William Dunkelberg  
NFIB Jobs Report, December 2, 2021



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## Supply Chain Disruption

Are supply chain disruptions impacting your business?

**48% Significant issue**

34% Moderate issue

12% Mild issue

6% Not an issue

Is the supply chain disruption impacting your business better, worse, or about the same as it was three months ago?

2% Better

**62% Worse**

34% About the same

2% Does not apply

How long do you anticipate the supply chain disruption that is impacting your business to continue?

1% Less than 1 month

1% 1-2 months

6% 3-4 months

18% 5-6 months

**72% More than 6 months**

3% 6. Does not apply

– NFIB COVID-19 Small Business Survey Part 20, October 27, 2021

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## Inflation

Have you increased your average selling prices due to supply chain disruptions and/or having to increase compensation due to staffing shortages?

**69% Yes**

32% No

If yes, by how much have you raised prices?

1% Less than 1%

8% 1-1.9%

13% 2-3.9%

11% 4-4.9%

22% 5-7.9%

8% 8-9.9%

**36% 10% or more**

1% Does not apply

– NFIB COVID-19 Small Business Survey Part 20, October 27, 2021

“There are many causes of the inflation, always a mismatch between supply and demand... The collision of restricted supply and juiced-up demand produces the inflation we are experiencing.”

– NFIB Chief Economist William Dunkelberg  
Forbes, Dec. 22, 2021

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## Build Back Better Act (Part 1)

- ❑ Raises taxes on small business with the **Small Business Surtax**.
- ❑ Significantly expands the **3.8% surtax** on pass-through businesses with business income above **\$400,000 (\$500,000 joint return)**.
- ❑ The threshold is **even lower for family businesses** held as trusts, with the surtax applying to income above **\$13,000**.
- ❑ These thresholds are **not indexed for inflation** so the surtax will impact an increasing number of small businesses annually.
- ❑ When combined with the other surtaxes on certain pass-through businesses, these tax changes create a **48.8% federal effective tax rate** on pass-through business income before even considering state and local taxes.

-- [www.nfib.com/smallbusinesssurvival](http://www.nfib.com/smallbusinesssurvival)

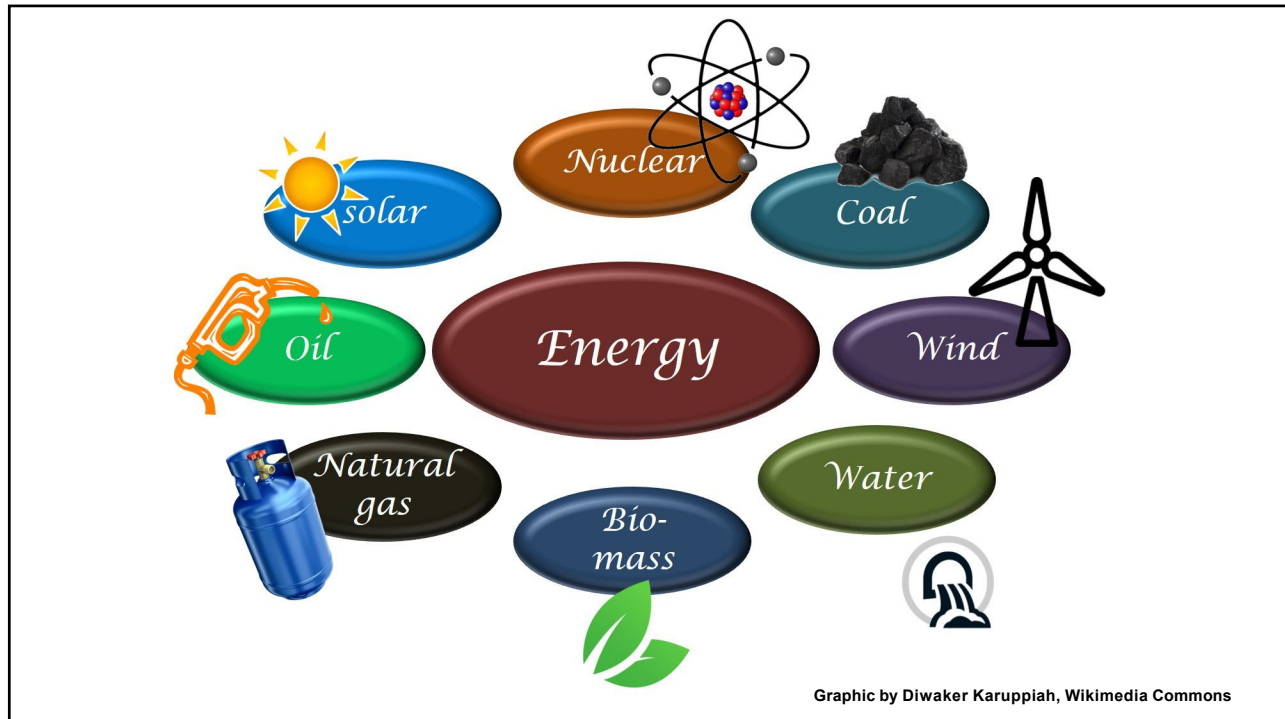
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## Build Back Better Act (Part 2)

- ❑ **Mandates a government-run paid family and medical leave program:**
  - Creates a four-week federal paid family and medical leave program for all workers without regard to employer size.
  - Significant change to small employers (fewer than 50 employees) who are currently not subject to the unpaid leave mandates required by the Family and Medical Leave Act (FMLA).
- ❑ **Increases employment law penalties:**
  - Increases civil monetary penalties on small businesses with isolated errors when trying to comply with complicated federal employment law.
  - The maximum minimum wage and overtime violations are increased from \$1,100 to \$20,740 per violation, and the maximum tipped credit violation is increased from \$1,100 to \$11,620.

-- [www.nfib.com/smallbusinesssurvival](http://www.nfib.com/smallbusinesssurvival)

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“We are trying to impose a green economy that we don't have the technology or even the electricity to power.

“This will force some countries to return to coal -- China has stepped up its use of coal-powered stations -- and others to leave part of their populations to shiver.”



-- Professor Joel Kotkin  
The Spectator World, January 2022


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## Energy Costs

Small companies use energy for several business-essential purposes. The primary energy cost:

- For 38% of small firms is operating vehicles
- For one-third of small firms is heating and/or cooling
- For one-fifth of small firms is operating equipment.

– <https://www.nfib.com/advocacy/energy>




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Owners are not able to change business practices fast enough to offset energy increases. For example, most owners cannot afford to buy new, more energy-efficient equipment if current equipment still has useful life.

They are effectively caught in a squeeze that only time and/or good fortune will release.

– <https://www.nfib.com/advocacy/energy>



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**FOR IMMEDIATE RELEASE**  
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 or Tony Malandra, Senior Media Manager, 415-640-5156, [anthony.malandra@nfib.org](mailto:anthony.malandra@nfib.org)

**Poll: No Local Bans on Energy Use in Idaho**  
*State small-business owners also weigh in on three other issues*

**BOISE, Idaho, Dec. 22, 2021**—The representative association for Idaho's small-business owners today released the results from its annual poll of its members, showing solid resolve on four issues.  
 The 2022 Idaho state member ballot asked four questions:

**Should Idaho's cities and counties be allowed to adopt their own ordinances banning the use of types of sources of energy?**  
 Yes 15%  
 No 76%  
 Und. 9%

**Should Idaho increase the fuel tax to maintain and replace the state's highways and bridges?**  
 Yes 19%  
 No 74%  
 Und. 7%

**Should Idaho impose new taxes, assessments, or fees on motorists, shipping, or commercial and residential energy consumption to pay for infrastructure necessary to accommodate electric vehicles?**  
 Yes 10%  
 No 88%  
 Und. 2%

**Should customers and repair shops be able to access the necessary information from manufacturers to repair their products?**  
 Yes 89%  
 No 6%  
 Und. 5%

Keep up with the latest on Idaho small business at [www.nfib.com/idaho](http://www.nfib.com/idaho).

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# What strategic issue is high on your agenda?

Electric Vehicle penetration, Food service, Data Analytics, Technology Stability, Produce Supply stability, Purchasing Power Decrease, Covid-19, labor shortage New Products, Channel Blur, Pricing, Supermarket Competition, Winning the Dinner Trade, Controls, Competence, Automation, Sustainable Growth, Environment Friendly, Retail Apps, Consumption Rebound, Covid-19, Retailer rationalization, Last Mile, Communication, Sales growth, Digital learning, Employee safety, Customer service, Automation, Digital, labor shortage, Profitability, Covid-19, Regulatory issues, Climate change, ESG, Covid-19, E-commerce Competition, Profitability Food offerings, Strategic partnerships, Digital Transition, Go to market, Growth, New Product, New markets, Covid-19, EV expansion, Staffing, COVID, Employee engagement and development, technological evolution, pandemic 1st level, GDP retraction, lack of retail data availability, E-Cigarette legalization, Packaged Alcohol legislation to Make Available in C Stores, Tobacco Excise, Food Safety/Hygiene, Digital Engagement/On-Demand Delivery, Sustainability, Pandemic, No Purchasing Power, Low Customer Count, Security, Informal Economy Margins, Digital Transformation, Electric Vehicles & Future of Retail, Technology Investment, Border Closures, Government Regulation, Working from home status, Access to Capital for growth, Government intervention on fuels pricing, High dependence on Fuels Supply (Oil/Companies), fuel system / C-Store System (Software to manage sites - for all the service station chain), Governmental Authority construction Permits and Environmental permits, Security, our Countries are not safe places, Food & Beverage Destination, Digital Transformation, Growth - Building market share with the new consumer - Execution - Emerging from the global pandemic stronger than when it began, Culture - Playing to win via new ways of working, Controls, Process Mix, Automation, EV's, Post Covid normal, Foodservice, Driving footfall, Increase the contribution of RTE, Increase the billsize per customer, Sales, Team work, Covid, Non-fuel retail, decarbonization, compliance, Alternative fuels, parastatal government influence, pandemic impact on both fuel and store traffic, building a more resilient business model, Decreasing customer counts, improving assortment and pricing, Launching on-line grocery, Expansion, Digital supply chain, financial services, Fuel Price Competition, COVID-19 Restrictions, Overall Philippine fuel industry outlook, Non-fuel retail, Biofuels and renewables, Station formats, Trading through COVID & Lockdowns, New store rollout, APC footprint expansion, Sales in our industry is declining, Digitalization is becoming a competitor, Other operators move into our market, Electric Vehicle Charging, On-line sales, Food Service, Covid, Poor governance, Unemployment, Environmental regulation, Regulated minimum wages and staffing, EMV rules, Fuel Retail, New Mobility, fuel margin, eV, Convenience Retail, Advanced Analytics, Digital Transformation, Government influence in Petrobras pricing strategies, Networking, Store Growth, Increase in Gross Margin and EBITDA, New Products (Digital), Covid, legislation, increasing commodity costs, Alternative fuels, Retail solutions, Remote monitoring, Omnichannel, Foodservice, Transformation, Fuel volume, Tourism, Economic downturn, Supply Chain Excellence, Associate Safety, Challenges in sub-categories due to Social Distancing, Food-to-Go? New Mobility Roadside Retail, Mobility Hubs - Tech - AI - Robo-ico - EV - AV, Climate Change/CO2 Reduction, Electric Vehicles, Climate Change Policy, Diversification, Convenience, Physical Retail, Mixed use environments, Contraband Tobacco, Beer & Wine Sales, Customer Delivery Options, shopper trends, consumption trends, speed of digital transformation, Technology adoption in fuel retail, Electrification of mobility, loyalty / leveraging of customer, PURPOSE OF ROADSIDE RETAIL IN 2026, PROPRIETARY FOODSERVICE, LAST MILE FULFILLMENT, Expand gastronomic offer, New Fuels (indud9 e-mobility), Governmental regulations, TECHNOLOGY APPLICATIONS, CUSTOMERS EXPERIENCE, NEW PRODUCTS/SERVICES, EV development, Digitalization, Growth

**Technology**

**Regulatory**      Digital

**020**      Finance      **Last-Mile**

**Foodservice**

**Covid**      Data

Alternative Fuels      **Consumer**

**Labour**      **Supply Chain**

**ESG**

**Electric vehicles**

Source: NACS Global Issues Lifecycle Survey 2021

**NACS.**

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# Supply Chain Disruptions

Super efficient, "Just-in-Time" supply chains hugely disrupted by the exogenous shock of COVID



- Product and ingredients shortages
- Limited inventory buffers
- Disaggregated global manufacturing models
- And yet vulnerability of vertical integration models
- Labor shortages impacting all "stages"
- Non-fungible allocation systems

NACS.

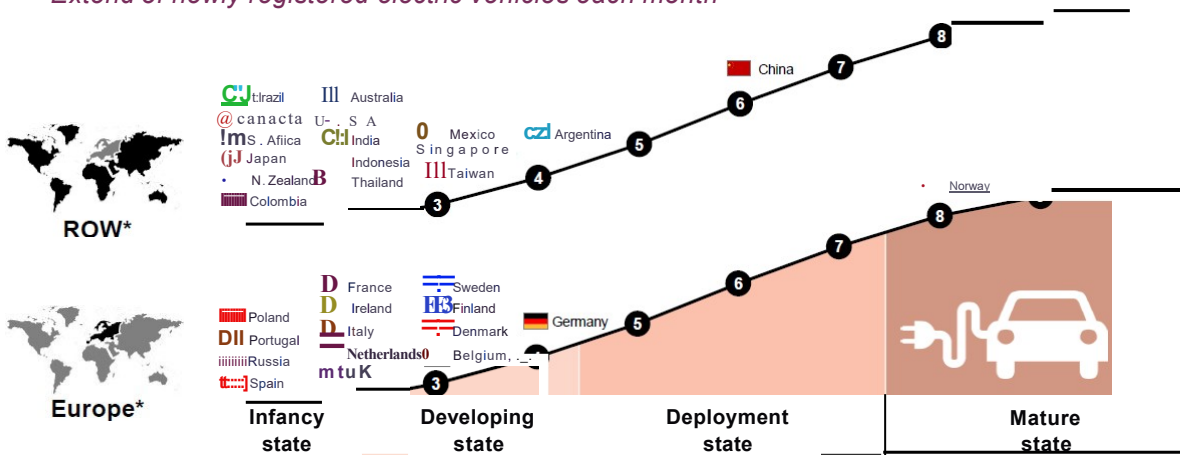
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# Electric Vehicles

"Extend of newly registered electric vehicles each month"

### Takeaways

- Incentives
- Mandates



Source: NACS Global Issues Lifecycle Survey 2021, • selected countries

NACS.

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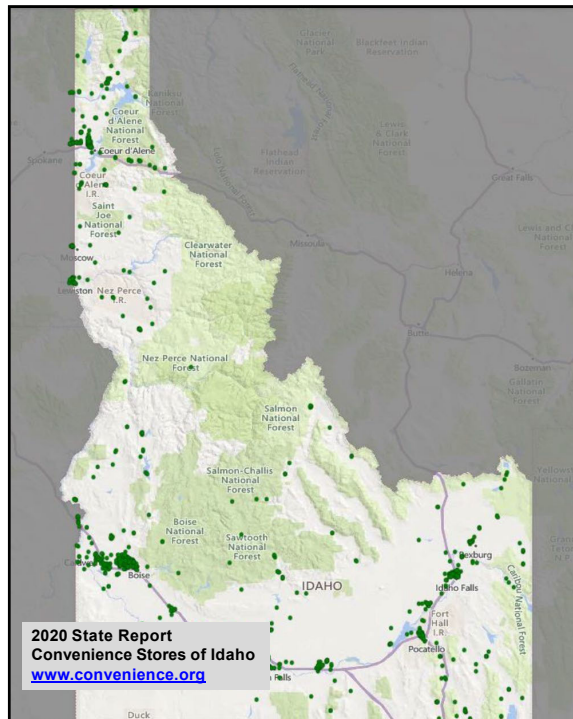


## So The Four (Five) Big Strategic Issues

- Evs/Climate Change
- Last Mile Solutions Innovation
- The Integration of Cyber with Bricks & Mortar {020}
- Supply Chain Fragility
- And...Labor Shortages!



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### Data for the Convenience Stores of Idaho

	Average Per Store	State
<b>Total Stores:</b>	1	813
<b>Stores Selling Gas:</b>	1	739
<b>Total Employees:</b>	16	13,008
<b>Transactions Per Day:</b>	972	790,236
<b>Total Sales:</b>	\$3,648,003	\$2,965,826,439
<b>Merchandise:</b>	\$1,472,957	\$1,197,514,041
<b>Foodservice:</b>	\$235,966	\$191,840,358
<b>Fuel:</b>	\$2,407,478	\$1,779,126,242
<b>Gallons of Fuel:</b>	1,111,830	821,642,370
<b>Gallons of Diesel:</b>	182,424	134,811,336
<b>Labor Expenses:</b>	\$359,636	\$292,384,068
<b>Credit Card Fees Paid:</b>	\$71,203	\$57,888,039
<b>Utilities Expenses:</b>	\$40,257	\$32,728,941
<b>Taxes Collected:</b>	\$898,359	\$730,365,867

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**Idaho Fuel Tax  
Collected by  
Distributors FY 2020**

<b>MOTOR FUEL TAX REVENUE (.25 of Fuel Tax)</b>		<b>FY 2020 TOTAL</b>
<b>GASOLINE</b>		
GROSS GASOLINE TAX COLLECTED		\$ 205,956,422.89
LESS: ADMINISTRATION		\$ (2,956,583.16)
REFUNDS		\$ (11,655,602.58)
R.R. CROSSING		\$ (250,000.00)
LOCAL BRIDGE INSPECTION		\$ (100,000.00)
ETHANOL EXEMPTION		\$ (12,645,924.28)
LESS: WW, OFF-ROADS & PARKS		\$ (5,422,047.20)
NET GASOLINE TO H.D.A.		\$ 172,926,265.67
<b>SPECIAL FUEL</b>		
GROSS SPECIAL FUEL TAX		\$ 83,494,657.48
LESS: ADMINISTRATION		\$ (1,207,618.48)
REFUNDS		\$ (1,277,794.27)
ETHANOL EXEMPTION		\$ (5,670,385.27)
NET SPECIAL FUEL TO H.D.A.		\$ 75,338,859.46
<b>NEW MOTOR FUEL TAX REVENUE (.07 of Fuel Tax Revenue)</b>		<b>FY 2020 TOTAL</b>
<b>GASOLINE</b>		
GROSS GASOLINE TAX COLLECTED		\$ 50,581,624.37
REFUNDS		\$ -
NET GASOLINE TO DISTRIBUTE		\$ 50,581,624.37
<b>SPECIAL FUEL</b>		
GROSS SPECIAL FUEL TAX		\$ 22,681,837.24
REFUNDS		\$ -
NET SPECIAL FUEL TO DIST		\$ 22,681,837.24
<b>TOTAL MOTOR FUEL TAX REVENUE (.32 of Fuel Tax Revenue)</b>		<b>FY 2020 TOTAL</b>
<b>GASOLINE</b>		
GROSS GASOLINE TAX COLLECTED		\$ 256,538,047.26
<b>SPECIAL FUEL</b>		
GROSS SPECIAL FUEL TAX		\$ 106,176,494.72
		\$ 256,538,047.00
		\$ 106,174,494.00
		\$ 362,712,541.00

Sources:  
 • Idaho State Tax Commission  
 • Idaho Transportation Department

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**Sources**

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<https://www.forbes.com/sites/williamdunkelberg/2021/12/22/inflation-here-to-stay/?sh=26e7c1b372f8>

**NFIB Small Business Survival**

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