

NFIB California: The Big Voice of Small Business

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“We’re here to be sure that small business owners and the entrepreneurial spirit they embody continue to have a voice,” asserts John Kabateck, Executive Director of the California chapter of the National Federation of Independent Business. In California, a state where small businesses make up 99.2% of the business community, that’s a lot of business owners to represent. Yet Kabateck says since 1943, that’s been the heart of NFIB’s mission “to promote and protect the right of our members to own, operate and grow their businesses.” When founded in San Mateo, Wilson Harder’s “club” answered the call of Franklin Delano Roosevelt for small businesses to have a greater role in shaping our nation’s future. Now, 70 years later, NFIB is the nation’s (and the state of California’s) largest organization serving small, privately owned businesses.

Today’s small business owner faces an inordinate amount of pressure from the economy and from the onus of regulatory requirements. They are also the heart of our economic recovery, as Kabateck

shares, creating two-thirds of all net new jobs. For the California NFIB, the focus on advocacy is where they believe the organization can make a real difference for their members, the makeup of which he describes as, “If you can take your business to your stockbroker, NFIB probably isn’t the place for you.” Pension reform, government and regulatory reform, healthcare reform, legal re-



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California chapter, NFIB

form and lowering the cost of doing business – all are top issues that their membership asks NFIB to take on. “We are not an organization that has ten board members deciding policy for our members,” Kabateck explains. “We ballot our members on the issues important to them and major positions that they want us to take on their behalf.”

The democratic process at the root of NFIB efforts drives all its efforts. From state to national issues, the organization strives to make the voice of small business owners heard in city councils, state legislatures, the U.S. Congress and even to the Supreme Court (NFIB v. Sebelius). Kabateck emphasizes that while the organization does not agree with the “prescription” of the ACA, it is working to assure members are ready and knowledgeable about how the Act affects them. For instance, in addition to the informational resources at healthcare.gov related to small business tax credits through the ACA, NFIB provides its own online business resource tool. “Should our members be in a position to take advantage of the credits, we have tools that help them determine exactly what the benefit could be,” says Kabateck. He expresses a

hope to have a strong voice in the California Exchange as it continues to coalesce, mentioning that with the implementation of the state exchanges, small business owners hope to have more choice related to coverage.

Another area that receives strong attention from NFIB California is tax reform. The organization's membership generally views the state's climate for doing business as prohibitive, tax-wise. Kabateck points to the 7.25 percent general sales and use tax on consumers as an example, and the recent proposed ballot measures to increase that by ¼ cent. He also details the efforts to increase state income taxes (Proposition 30 "Temporary Taxes to Fund Education & Guaranteed Local Public Safety Funding" and

Proposition 38 "State Income Tax Increase to Support Education"), which he says negatively affects many small businesses due to their paying as individuals (being S Corporations, partnerships, or sole proprietorships). A July 18th, analysis from the Legislative Analyst's Office of Proposition 30 indicates it would affect the marginal tax rate of individuals with a taxable income of \$250,000 and up, joint-filers with a taxable income of \$500,000 and up, and head-of-household filers with taxable income of \$340,000 and up.

Legislative and regulatory advocacy on behalf of its members abound, keeping Kabateck and the larger national organization very busy during uncertain economic times. Notably, California has embraced the Federal Medicaid Expansion and is

rapidly moving ahead with establishing its State Exchange. The state government continues its efforts to achieve a balanced budget, increase revenues and maintain and expand services. NFIB member feedback indicates they want their state politicians to be more accountable to constituents, and want to feel that what small business owners say is heard. Kabateck says that generally, small businesses feel as though they're not getting a voice in state government at the same level as large corporations. He states, "They are the job creators. The uncertainty that they feel doesn't create a good environment for that. Our job is to let them know we're here to help them move forward, to be heard."

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