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Testimony on Local Employer Benefit Preemption before the House Commerce and Trade Committee Tuesday, May 12, 2015

My name is Charlie Owens and I am the State Director for the National Federation of Independent Business, an advocate for Michigan small businesses owners since 1943. We are here today to support House Bill 4052 – The Local Government Labor Regulatory Limitation Act - that would prohibit a local unit of government from requiring an employer to provide employee benefits, paid or unpaid, that were not required by federal or state law.

As Michigan moves forward in changing our business climate to one that retains and attracts business and the jobs they provide, policy makers must be vigilant in avoiding the "one step forward – two steps back" effect of state agencies and local governments.

The legislature and the administration have worked hard to transform our image as a place to do business with important tax, regulatory and labor policy initiatives. That hard work is put into jeopardy when local governments attempt to create their own islands of regulation and micro management that put out the "business not welcome here" sign. Even though businesses have a choice in a relocation scenario to avoid these localities, it still tarnishes the perception of Michigan as a development destination and undoes the hard work done at the state level.

As for businesses that are stuck in these localities that seek to create an anti-business environment, when the time comes for them to expand it is likely that they will move out of the jurisdiction in question to avoid the regulations unique to that locale. Other businesses that cannot or will not move because of a captive customer base will cut jobs, raise prices or reduce services to cope with the additional cost and hassle of poorly thought out local rules and regulations. In that regard, the local citizens suffer the consequences and it is not unlikely that they too will consider moving out of the area at some point – further diminishing the tax base of the local government.

Local governments have enough challenges providing the basic services that their citizens want and deserve; it is irresponsible of them to expand into policy areas that are more efficiently and appropriately provided at the state and federal level.

To conclude, we support House Bill 4052 and we urge the Committee to report it to the House floor for further action.

Thank you for your support of small business.