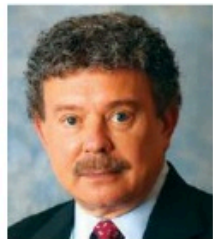


Regulations clamp chokehold on our small business sector

These are fortuitous times for South Florida. The key pillars of our economy are sturdier than ever: tourism and hospitality, international trade, real estate and financial services. Moreover, two additional pillars – health care and technology entrepreneurship – have been added to our economic landscape, thus enhancing our competitiveness.



Jerry Haar

However, as important as these industries are, the unsung hero and real dynamo of our economy is *small business*, comprising over 90% of private sector employment in our community.

These little enterprises fly under the radar screen, although they dot every geographic locale in South Florida, from auto repair and upholstery shops to carpet installation firms and *cafeterias*. They typically employ three to 10 people, generate low six-figures (if that) in yearly sales, and are founded by immigrants or transplants from elsewhere in the US. In the majority of cases they are family-owned businesses.

Unfortunately, small business in America – not just in South Florida – is being stifled, constrained and harassed by an ever-increasing and broadening panoply of government regulations at all levels.

To say that governmental regulations have expanded greatly over the years is a mammoth understatement. The major culprit has been the federal government. In 1936, the number of pages in the

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Federal Register was about 2,600. Today, the Federal Register is over 80,000 pages.

The cost of issuing new major rules is \$73 billion, with annual costs of \$2.8 billion to administer them. Dodd-Frank regulations and Obamacare together have become regulatory nightmares for businesses. According to the Competitive Enterprise Institute, the total cost of complying with federal regulations was nearly \$2 trillion in 2013.

States and municipalities burden businesses as well with their regulatory nomenclature. The city of Philadelphia now requires all bloggers to purchase a \$300 business privilege license. In Milwaukee, it is incredibly difficult to order to close down a business. The city requires the business owner to purchase an expensive license.

Florida's Department of Business and Professional Regulation is a \$1.5 billion agency regulating 1 million professionals and businesses across 200 licenses categories. But does Florida really need to have a board for mobile homes and require licensure for talent agents?

For the past two years, Thumbtack.com, in partnership with the Kauffman Foundation, has conducted a Small Business Friendliness Survey nationwide. One of the key findings of

both their surveys is that tax rates are regarded as less burdensome to small business than regulations.

So, how do Florida and Miami stack up in terms of small business friendliness? The results are most revealing (and disturbing).

Among 41 states surveyed, Florida ranked #31 with a grade of C- for small business friendliness. The state's Sunbelt competitors scored as follows: Georgia #10, A-; North Carolina #13, B+; Tennessee #16, B+; Texas #5, A; South Carolina #9, A-, and Virginia #6, A.

As for the small business friendliness of cities themselves, out of 57 cities in the US, Miami ranked #52 with a letter grade of D for small business friendliness – the worst of all big cities in Florida. Atlanta, Austin, Charlotte, Dallas, Houston, Nashville and San Antonio all scored A or B.

The good news is that Florida seems to be getting the message. The governor has overseen the reduction of over 2,300 needless regulations and 12,000 government positions; and regulatory reform is a policy issue where both Democrats and Republicans agree more must be done to maintain and improve a climate that

supports small business.

To be sure, strong and comprehensive regulations that protect the environment and the public's health and safety are indispensable and must be implemented and monitored.

However, if Florida is to walk the walk on having a pro-business climate and South Florida is to foster small business, not just pump out hype about tourism, trade, real estate and an entrepreneurial ecosystem, we must create a commercial regulatory system that is more business-friendly – namely less complex and less costly, more transparent and more efficient.

Nothing less is at stake here than the jobs, tax revenue, economic development and growth necessary to improve the quality of life in our community.

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