



2012 Public Policy Survey Results



Recently, ASBA surveyed its members on critical public policy issues facing their small businesses. As the largest trade association in the state, the Arizona Small Business Association (ASBA) is an alliance of over 11,000 member businesses employing more than 1/2 million employees in all 15 counties and all 30 legislative districts.

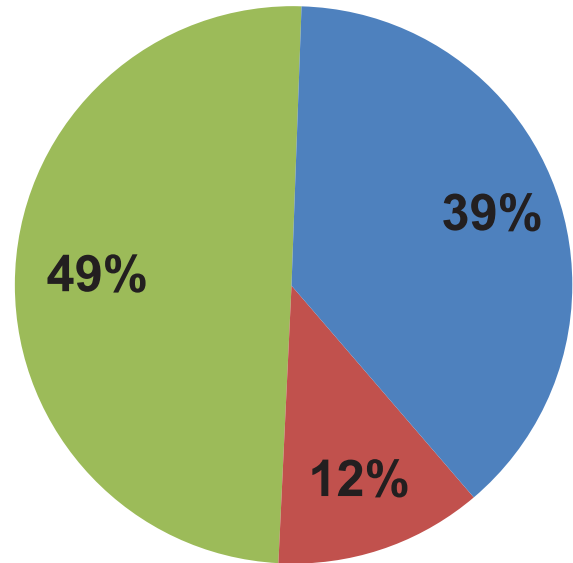
Though ASBA members are quite diverse, the typical ASBA member has 20 employees, has been in business over ten years, and serves local, state and national markets.

ASBA regularly surveys its members on critical policy issues and uses this feedback to formulate policy efforts and determine priorities. As a non-partisan, pro-business organization, ASBA is committed to making Arizona a leading state to launch, grow and support small business. ASBA is the “party” for business interests.

Outlook Cautiously Optimistic for Arizona

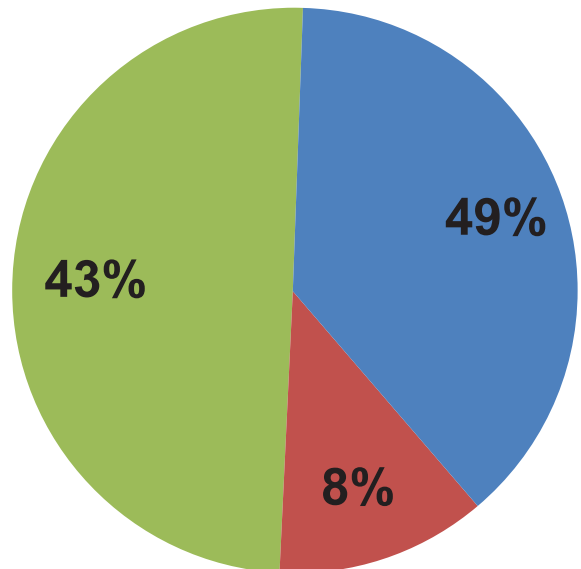
Overall Economic Environment

Arizona small businesses that participated in the survey are cautiously optimistic and expect the overall economic environment in Arizona to be about the same or better a year from now.



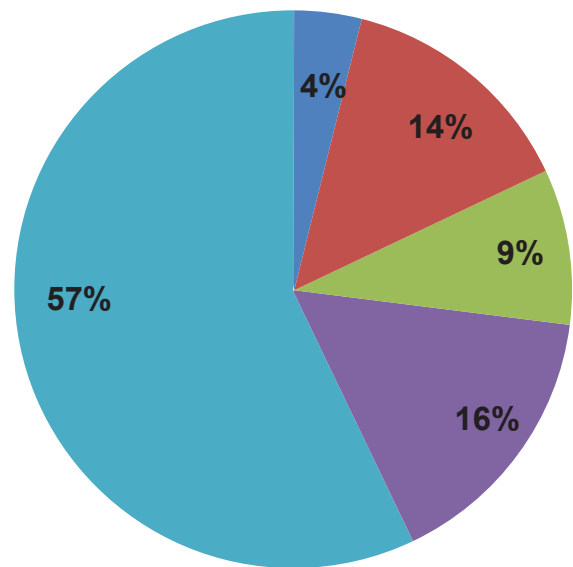
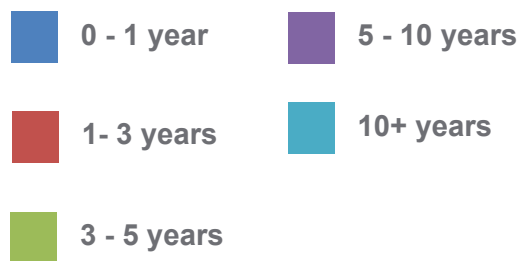
Business Expectations

Related to their own business, their expectations for 2012 are slightly better, with almost 50% projecting growth in the coming year.



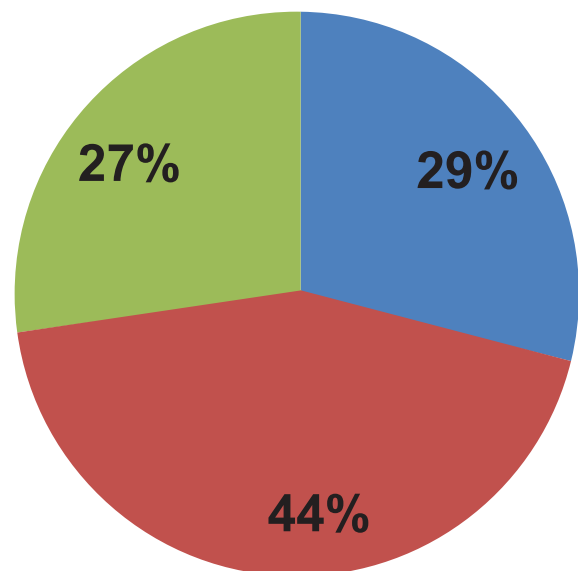
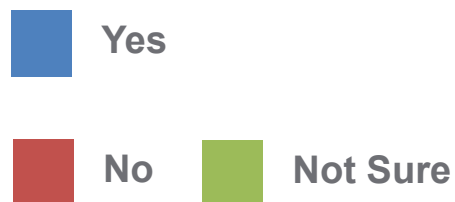
Years in Business

The majority of ASBA members surveyed have weathered the uncertain economic climate and have remained in business for over 10 years.



Additional Hiring

In spite of a generally optimistic outlook, most survey respondents are still not planning to hire additional employees in 2012.



Challenges to Future Growth

The three most cited reasons by ASBA members for cautious hiring plans and significant challenges to their future growth are:

1. Economic uncertainty
2. Decline in customer spending
3. Cost of health insurance benefits



Expand Arizona's Economic Opportunities

According to ASBA members surveyed, the best way to expand Arizona's economic opportunities is to:



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| 1. Create a fair and broad tax system free of loop holes | 45% |
| 2. Increase the education level of the workforce | 17% |
| 3. Offer tax incentives for companies that hire new employees | 14% |
| 4. Offer tax credits for new businesses spending a minimum amount in Arizona | 11% |
| 5. Offer property tax and building credits for expansion | 8% |

The Need for Comprehensive Reform of Arizona's Tax System

Tax Burdens

When asked what the most burdensome tax was for their business, ASBA members answered as follows:

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| 1. Income Taxes | 41% |
| 2. Payroll taxes | 37% |
| 3. Transaction privilege (sales) tax | 17% |
| 4. Real property tax | 14% |
| 5. Regulatory permit fees | 11% |

(respondents could select more than one answer)



Tax on Services

Many tax policy experts suggest that Arizona tax the sales on services. The majority of ASBA members surveyed (almost 70%) do not support the taxation on services, even if it results in a lower tax rate on all sales.

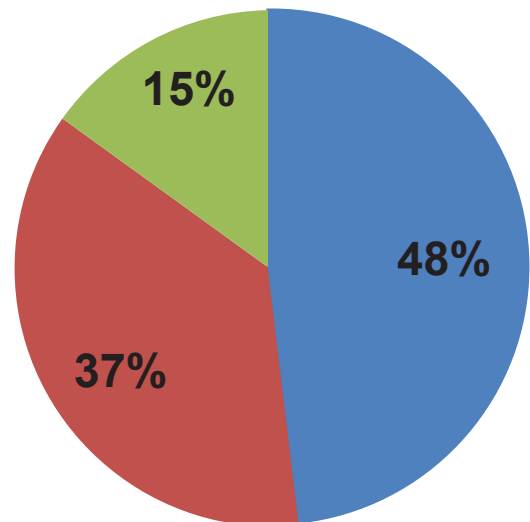


Tax on Internet Sales

Another hot tax topic is the taxation of products sold on the Internet. 48% of the ASBA respondents agreed with the taxation of products sold on the internet.

 Yes

 No  Not Sure

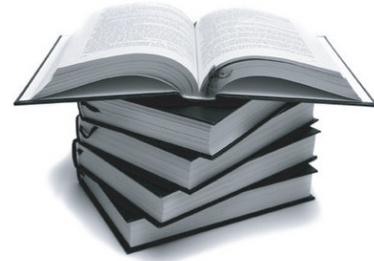


The Need for a Strong Educational Foundation

ASBA members believe the state should focus resources on K-12 as a primary means of developing an educated workforce. They would like to see educational focus in the following areas:

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| 1. K-12 | 54% |
| 2. Technical School – JTED | 30% |
| 3. University | 24% |
| 4. Community College | 22% |

(respondents could select more than one answer)



Healthcare Still Significant Challenge for Small Business

Impact on Business

The impact of rising health insurance costs on Arizona businesses include:

1. Holding off on new growth or expansion
2. No raises for employees
3. Employee layoffs

Potential Solutions

ASBA members shared their thoughts on potential solutions for fixing rising healthcare costs. The top three solutions provided were:

1. Private market principals
2. Government intervention
3. Tort reform and litigation limits



The Arizona Environment for Small Business

Top Issues Facing Arizona:

According to ASBA business members, the top three issues facing Arizona in the next decade are:

1. Attracting new businesses to our state
2. Having a qualified, educated workforce
3. Having an inclusive political community that reflects the interests of all Arizonans



State Budget

We asked our members if the State has a budget surplus in the current fiscal year, where should the money be allocated.



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| 1. Pay off state debt | 55% |
| 2. Add funding to K-12 education | 34% |
| 3. Add funding to community college and university system | 11% |



With 97% of businesses in Arizona classified as small, small businesses are essential to the economic prosperity of our state. They are Arizona's job creators. Current economic and fiscal challenges make it more important than ever for Arizona small businesses to speak with a unified voice on public policy issues. ASBA is that voice.

ASBA supports a business environment that enables small businesses to effectively compete in local, national and global markets and is on the front lines fighting for the issues that we believe will promote an improved environment for small business in Arizona. ASBA believes what is good for small business is good for Arizona.

