

Survey: Small businesses support tax reforms to pay for robust infrastructure investments

The size and scope of the American Jobs Plan—the White House's \$2 trillion proposed infrastructure reform plan—continues to be hotly debated on Capitol Hill, and proposals to pay for infrastructure investments via tax reforms are some of the most contested pieces of the plan. A new small business survey reveals that small businesses strongly favor key provisions of the American Jobs Plan, and they support paying for them by enacting reforms that would require wealthy corporations and individuals to pay a higher share of taxes.

Specifically, the survey found broad support for key provisions included in the American Jobs Plan, including the following investments:

- Improving the nation's physical infrastructure, such as roads, bridges, and airports (79% support, 58% strong support)
- Expanded and enhanced broadband infrastructure (76% support, 53% strong support)
- Community-based small business incubators and innovation hubs to spur entrepreneurship (80% support, 59% strong support)
- Programs that support the nation's manufacturers (75% support, 50% strong support)
- Clean energy and clean water projects (83% support, 63% strong support)
- Increased opportunities for small firms to obtain federal contracts to work on infrastructure projects (80% support, 63% strong support)

One idea for paying for infrastructure improvements include establishing a 15% minimum tax on profits that the largest corporations report to their investors ("book income"), which would stop firms from using manipulated "taxable income" to pay little or nothing in taxes. More than 3 in 4 (76%) small businesses support this idea. Additionally, 7 in 10 (71%) support setting a minimum tax rate of 21% on corporate offshore profits.

Another proposal would increase the corporate tax rate from 21% to 28%. When asked how they felt about increasing the corporate tax rate to help pay for the infrastructure plan, a majority supported the idea (52% total support and 41% strongly support), and just 18% said they are strongly opposed to the tax increase. It is also important to note that the majority of small businesses would not be affected by the corporate tax increase; only 12% of businesses surveyed are organized as C-corporations and just 5% of small businesses nationally pay the corporate rate. Lastly, some have proposed increasing the top rate for wealthy individuals (those with more than \$628,300 per year in income) from 37% to 39.6% to help pay for infrastructure improvements. This idea is supported by 67% of small businesses, with more than half (54%) strongly supporting it.

The survey also examined the current state of small businesses as local economies start reopening and found that small business owners are struggling to survive, much less grow their enterprises. The survey revealed that 22% of small businesses say their business operations are still on the decline, and 30% are not able to grow. Additionally, more than 1 in 4 small businesses reported they may not survive past three months without funding or market changes, and 10% of small businesses are temporarily closed. These numbers are holding steady compared to our [April 2021 survey](#), when 25% of business owners reported their businesses were on the decline, and 11% were temporarily closed.¹

Even prior to the pandemic, more than [half of small business owners](#) said that infrastructure investments were essential to the success of their businesses.² Taking into account how many small businesses are still

^{1,2} Survey: Business conditions improving for some small businesses, but 1 in 4 still facing closure in the next three months, Small Business Majority, April 26, 2021, <https://smallbusinessmajority.org/our-research/survey-1-in-4-small-businesses-facing-closure>

struggling, it's not surprising that they support policies that could create new business opportunities and stimulate the economy. The American Jobs Plan is designed to help businesses recover by increasing their federal contracting opportunities, encouraging innovation, and strengthening manufacturing supply chains while leveling the playing field through tax reforms. In order to support the growth of small businesses on their road to recovery, these investments could be critical to their success.

Methodology

The survey reflects the opinions of 391 small business owners from Small Business Majority’s network between May 1 through May 31, 2021. Approximately 80% of respondents are self-employed, or owners of businesses with 10 or fewer employees. The sample also consists of a large portion of women-owned businesses (63%) and minority-owned businesses (53%), providing valuable insight from populations that have historically been left behind by federal reform.

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1. Race

| | |
|--|-----|
| African or African American | 21% |
| Asian, Asian American, or Pacific Islander | 7% |
| Latinx, Hispanic or Spanish Origin | 13% |
| Middle Eastern or North African | 1% |
| Native American or Alaska Native | 1% |
| Prefer not to answer..... | 8% |
| Some other race, ethnicity or origin | 2% |
| White or Caucasian..... | 48% |

2. Gender

| | |
|--------------------------------|-----|
| Female | 63% |
| Male | 33% |
| Non-binary/non-conforming..... | 1% |
| Prefer not to say | 3% |

3. What is your industry?

| | |
|--|-----|
| Consulting and Business Services | 10% |
| Education and Youth Services | 8% |
| Engineering..... | 2% |
| Food and Beverage..... | 10% |
| Healthcare, Pharmaceuticals, and Biotech | 6% |
| Insurance and Financial Services | 4% |
| Manufacturing | 4% |
| Media and Entertainment..... | 3% |
| Nonprofit | 2% |
| Other | 13% |
| Real Estate and Construction | 6% |
| Retail..... | 12% |
| Service and Consumer Services | 10% |
| Software and Internet | 1% |

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|---|-----|
| Technology, Computers and Electronics | 2% |
| Telecommunications..... | 1% |
| Transportation and Storage | 2% |
| Travel, Recreation, and Leisure | 5% |
| Wholesale and Distributors | 2% |
| 4. How many people work for your company, including yourself? Do people work for your company, including yourself? | |
| Self-Employed..... | 27% |
| Small Business, 10-24 employees | 15% |
| Small Business, 25-49 employees | 3% |
| Small Business, 50-100 employees..... | 2% |
| Small Business, fewer than 10 employees | 52% |
| Small Business, more than 100 employees | 1% |
| 5. How is your business organized? | |
| C-Corporation | 12% |
| Cooperative..... | 0% |
| LLC | 37% |
| Partnership | 2% |
| S-Corporation | 26% |
| Sole proprietorship | 23% |
| 6. What is your household income? (Optional) | |
| \$400,000 or more | 1% |
| Between \$100,000 and \$199,999..... | 16% |
| Between \$200,000 and \$399,999..... | 5% |
| Between \$50,000 and \$74,999 | 20% |
| Between \$75,000 and \$99,999..... | 13% |
| Under \$50,000 | 26% |
| Prefer not to say | 20% |
| 7. Are you currently operating your business? | |
| No, my business is closed permanently | 1% |
| No, my business is closed temporarily | 10% |
| Yes, my business is operating | 89% |
| 8. Without additional funding or other market changes, how much longer do you think you can stay in business? | |
| 1 to 3 months | 20% |
| 4 to 6 months | 15% |
| 6 months to a year | 9% |
| I already have closed my business permanently | 1% |
| I don't know | 19% |
| I will survive through the pandemic | 30% |
| Less than 1 month..... | 6% |

9. Compared to a month ago, is your business improving or declining?

| | |
|---------------------------------------|-----|
| Greatly improving..... | 7% |
| Somewhat improving | 37% |
| Neither improving nor declining | 30% |
| Somewhat declining | 13% |
| Greatly declining..... | 9% |
| Not sure | 4% |

The American Jobs Plan aims to provide \$2 trillion in federal funding for infrastructure investments. For each of the following provisions of the American Jobs Plan, please indicate whether you support or oppose investments in these areas:

10. The nation’s physical infrastructure, such as roads, bridges and airports

| | |
|---------------------------------|-----|
| Strongly support | 58% |
| Somewhat support | 20% |
| Neither support nor oppose..... | 13% |
| Somewhat oppose | 2% |
| Strongly oppose | 3% |
| Don't know | 3% |

11. Expanded and enhanced broadband infrastructure

| | |
|---------------------------------|-----|
| Strongly support | 52% |
| Somewhat support | 24% |
| Neither support nor oppose..... | 15% |
| Somewhat oppose | 3% |
| Strongly oppose | 3% |
| Don't know | 3% |

12. Community-based small business incubators and innovation hubs to spur entrepreneurship

| | |
|---------------------------------|-----|
| Strongly support | 59% |
| Somewhat support | 21% |
| Neither support nor oppose..... | 13% |
| Somewhat oppose | 3% |
| Strongly oppose | 1% |
| Don't know | 3% |

13. Programs that support the nation’s manufacturers

| | |
|---------------------------------|-----|
| Strongly support | 50% |
| Somewhat support | 25% |
| Neither support nor oppose..... | 19% |
| Somewhat oppose | 2% |
| Strongly oppose | 2% |
| Don't know | 3% |

14. Clean energy and clean water projects

| | |
|---------------------------------|-----|
| Strongly support | 63% |
| Somewhat support | 20% |
| Neither support nor oppose..... | 11% |
| Somewhat oppose | 2% |
| Strongly oppose | 3% |
| Don't know | 2% |

15. Increased opportunities for small firms to obtain federal contracts to work on infrastructure projects

| | |
|---------------------------------|-----|
| Strongly support | 63% |
| Somewhat support | 18% |
| Neither support nor oppose..... | 15% |
| Somewhat oppose | 1% |
| Strongly oppose | 1% |
| Don't know | 2% |

16. The American Jobs Plan proposes to pay for the infrastructure plan by, among other things, increasing the corporate tax rate from 21% to 28%. Only 5% of the small businesses in this country are registered as C-corporations required to pay corporate taxes. Do you support or oppose this proposal to increase the corporate tax rate?

| | |
|---------------------------------|-----|
| Strongly support | 41% |
| Somewhat support | 11% |
| Neither support nor oppose..... | 12% |
| Somewhat oppose | 11% |
| Strongly oppose | 19% |
| Don't know | 6% |

17. To mitigate the burden on the smallest of businesses that do pay the corporate rate, we propose the following graduated tax brackets on corporate profits: First \$0-25,000: 0% Next \$25,0001-75,000: 15% Next \$75,001-150,000: 21%Next \$150,001-300,000: 25% Next \$300,001 and above: 28%Do you support or oppose this or a similar graduated corporate tax rate plan?

| | |
|---------------------------------|-----|
| Strongly support | 35% |
| Somewhat support | 29% |
| Neither support nor oppose..... | 14% |
| Somewhat oppose | 11% |
| Strongly oppose | 11% |

18. Do you support or oppose establishing a 15% minimum tax on profits that the largest corporations report to their investors (“book income”), which would stop firms from using manipulated “taxable income” to pay little or nothing in taxes?

| | |
|---------------------------------|-----|
| Strongly support | 55% |
| Somewhat support | 21% |
| Neither support nor oppose..... | 8% |
| Somewhat oppose | 4% |
| Strongly oppose | 6% |
| Don't know | 6% |

19. Do you support or oppose setting a minimum tax rate of 21% on corporate offshore profits?

| | |
|---------------------------------|-----|
| Strongly support | 51% |
| Somewhat support | 20% |
| Neither support nor oppose..... | 13% |
| Somewhat oppose | 2% |
| Strongly oppose | 5% |
| Don't know | 9% |

20. Do you support or oppose having wealthy people pay a 39.6% tax rate on their income over \$628,300 a year? The current top tax rate is 37%.

| | |
|---------------------------------|-----|
| Strongly support | 54% |
| Somewhat support | 13% |
| Neither support nor oppose..... | 12% |
| Somewhat oppose | 6% |
| Strongly oppose | 12% |
| Don't know | 3% |