

June 6, 2025

The Honorable Destin Hall  
Speaker of the House  
16 west Jones Street, Rm 2304  
Raleigh, NC 27601

The Honorable Phil Berger  
Senate President Pro Tempore  
16 west Jones Street, Rm 2007  
Raleigh, NC 27601

*RE: Elimination of the state corporate income tax*

Dear Speaker Hall and Senate President Berger:

As a representative of the more than 2,700 small businesses in our network in North Carolina, Small Business Majority writes in opposition to the elimination of the corporate income tax in the final state budget to protect small businesses and ensure the state has the funds necessary to stabilize households and communities in the face of federal cuts to critical programs being proposed.

Elimination of the state corporate income tax is not a priority for small businesses. About [95%](#) of small businesses do not pay the corporate tax rate because of how they organize their business and therefore would not benefit from the corporate income tax elimination. Our [recent polling](#) found that more than three-quarters (76%) of small business owners we surveyed nationally agree that the tax system already favors large corporations over small businesses like theirs. Eliminating income tax for corporations, while still taxing small businesses will further skew the tax code to favor corporations. Nearly 7 in 10 (68%) entrepreneurs think that large corporations do not pay their fair share of taxes. A tax code that sets up a tilted playing field for small business owners hurts the potential for economic progress and community well-being.

When asked about the top challenges faced by business owners today, an elimination of the corporate income tax is simply not on their radar. Small business owners are facing drastic cuts to programs that support their wellbeing and that of their employees, including federally sponsored cuts to healthcare premium tax credits and Medicaid. Cuts to these critical benefits will impact small businesses as owners and employers are able to access these supports to make ends meet and indirectly as certain businesses benefit from the revenue that these programs provide to their businesses. Furthermore, small businesses are still reeling from Hurricane Helene and they require access to responsible disaster capital to rebuild. Cutting revenue which could be utilized to strengthen small business programs at the state level absent federal investment during an extremely volatile economic environment will invariably harm small businesses.

As you likely know from the data and your own conversations with business owners, small businesses create most new jobs in the state. In fact, small businesses contributed a net increase of 154,623 jobs according to a 2023 [report](#). They also provide essential services in their communities and contribute to the stability and sustainability of supply chains. That's why we urge you to stop the elimination of the corporate income tax in the next two-year state budget and start planning for the protections that small businesses will need as they feel the pain from steep cuts to reliable programs at the federal level.

Sincerely,

Awesta Sarkash  
Senior Public Policy Director  
Small Business Majority