

February 23, 2026

Donald J. Trump
President of the United States of America
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

RE: The State of Small Business

Dear President Trump:

As a leading representative of America's 36 million small businesses, Small Business Majority writes today to share information about the current state of small business, including the challenges and opportunities that they face in the pursuit of the American Dream ahead of the 2026 State of the Union Address. This particular State of the Union address comes at a critical point in America's history. As we celebrate 250 years of American ideals that underpin our economy, we must not forget the impact and contributions of America's entrepreneurial community.

While entrepreneurship rates have exploded in recent years demonstrated by a record-breaking number of small business creation, small business owners and entrepreneurs are facing increased pressure caused by national policies that threaten their growth and sustainability for years to come.¹ From rising healthcare premiums to unprecedented tariff rates and escalating immigration enforcement, small businesses are at the center of an affordability crisis that is making it increasingly difficult to sustain and grow their operations. Simply put, the state of small business is reaching a breaking point. It is not too late for Washington to take action to support not only small businesses but all Americans through policies that lower costs and make access to opportunity more readily available for all.

On the campaign trail, small businesses were told that President Trump would work to prioritize American entrepreneurs by bringing down costs for Americans including through more affordable healthcare, lower costs through tax reform, and access to markets for the American entrepreneurial community. However, small businesses continue to face mounting pressure stemming from federal policy decisions that threaten the sustainability of their business.

- **Healthcare services and premiums continue to skyrocket, absent executive and congressional action to bring down costs.** This year, small businesses were looking to Washington to extend critical access to affordable healthcare markets, but policymakers failed to extend the Enhanced Premium Tax Credits (EPTCs) that millions of small businesses depend on to access coverage. Despite the fact that the enhanced tax credits contributed to record enrollment among the small business community, with entrepreneurs and small business employees now accounting for nearly half of all Marketplace enrollees, and despite harrowing stories that demonstrate the harm that small businesses would face if Washington failed to act, we have not seen this issue receive the attention and dedication it deserves from policymakers.² Policymakers must work together to extend the EPTCs and enact policies that require more transparency and

¹ "Business Formation Statistics." United States Census Bureau. February 11, 2026. <https://www.census.gov/econ/bfs/current/index.html>

² "About Half of Adults with ACA Marketplace Coverage are Small Business Owners, Employees, or Self-Employed." KFF. September 10, 2025. <https://www.kff.org/affordable-care-act/about-half-of-adults-with-aca-marketplace-coverage-are-small-business-owners-employees-or-self-employed/>

oversight into the providers, insurers, and middlemen that control and set the prices that patients pay for healthcare services. These reforms are especially critical for small businesses because less than 30% are able to provide an employer-sponsored plan to their workforce, resulting in the majority of Main Street owners and employees being forced to pay out of pocket or settle for a lower quality plan with limited coverage.³ Rising costs have direct consequences on the financial health of small businesses and their employees, and our research shows that two-thirds of small business owners say that increasing premium costs places a financial burden on their business.⁴

- **Instead of fulfilling the promise to create easier access to markets through trade policy reform, unprecedented and sweeping tariff rates have saddled small businesses with debt, cashflows problems, and supply chain challenges.** Simply put, tariffs are a tax paid by Americans, not foreign countries. While large businesses have the market power to negotiate their way out of these tariffs while still passing on costs to the consumer, small businesses must either eat the cost upfront or make the difficult decision to close their doors due to skyrocketing costs. Following the Supreme Court’s decision to strike down the tariffs issued under the International Emergency Economic Powers Act (IEEPA) we urge the President to issue trade policy that provides real relief, access to markets, and trading agreements that keep America’s trading prowess strong with small business at the center.
- **Immigration enforcement tactics are hurting Main Street businesses and their customers in many ways.** First, extreme enforcement actions have resulted in fear and chaos on Main Street—our research shows that nearly half of all small businesses say increased immigration enforcement has had a negative impact on their business. This is seen through reduced customer foot traffic, plunging revenues, and a loss of critical workforce that business owners need to depend on each day. Additionally, federal agencies are following suit when it comes to extreme practices that shut out and ignore the job-creating power of immigrants to our economy. Small Business Majority supports commonsense immigration reform to support legal immigration pathways for those who wish to contribute to our national economy and to our small business workforce. The Small Business Administration recently made the decision to shut out legal permanent residents (or green card holders) from accessing SBA financing, defying more than 70 years of precedent in supporting legal immigrants who are creating American businesses and jobs. We urge the President to direct SBA to reverse this decision that simply serves to harm our small business community and economy.
- **Tax reforms to expand workplace benefits have not delivered adequate relief to the smallest businesses that drive job creation.** While many tax policies were made permanent through H.R. 1, small business will continue to pull the short stick when it comes to actually benefitting from reforms that intended to boost access to workforce benefits. For example, tax policies that attempt to incentivize access to critical workplace benefits like paid family and medical leave (45S expansion) and childcare (45F expansion) fail to deliver meaningful relief for small businesses that operate on razor thin margins. These credits require an astronomical investment from small businesses, and these policies represent a shortsighted approach to a broader problem when it comes to providing a national investment into critical programs that most developed countries have in place to bolster their workforces. For example, a lack of access to federally supported childcare programs means small businesses suffer when the owner or employee faces childcare challenges. Likewise, absent a 12-week paid family and medical leave infrastructure (despite some states already having this in place) small businesses must choose between the American Dream and taking care of their own or a loved one’s health. There is

³ “Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions.” Small Business Majority. February 21, 2024. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

⁴ “Voice of Main Street: Small businesses support healthcare premium relief, immigration reform.” Small Business Majority. November 13, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-support-healthcare-premium-relief-immigration-reform>

another way, and the President has the power to set the tone for Congress to implement policies that already have demonstrated sweeping bipartisan support among the small business community—an overwhelming 93% of Democratic small business owners and 72% of Republican small business owners support establishing a national paid family and medical leave (PFML) program.⁵

We encourage President Trump to work on behalf of America’s small business community and create meaningful reforms that supercharge the small business community

While these challenges seem grave, there is still an opportunity to provide meaningful reforms that will support the job creating power of America’s small business community for centuries to come. These reforms start with the Executive Office. To set the tone for the rest of the administration, we urge the President to consider pushing for the following policy reforms which would help bring affordability back to Main Street.

- Lower healthcare costs for small business owners and employees
 - Extend the Affordable Care Act’s enhanced premium tax credits (EPTCs) that help lower premium costs for the millions of entrepreneurs and small business employees enrolled in the Marketplace. Three in four small business owners support extending the enhanced credits.⁶
 - Tackle the underlying causes of rising healthcare costs by enacting bipartisan proposals that promote competition and lower costs across the healthcare market, including strengthening hospital service and health plan price transparency. Nearly all small business owners (96%) agree that healthcare providers should be required to publicly post the prices they charge for services and 88% agree that hidden fees like ‘facility fees’ should be banned.⁷
- Foster a trade environment that supports, not punishes, small businesses
 - Exempt small businesses from global baseline and reciprocal tariffs, and ensure the federal government provides refunds to any small business that has already paid tariffs under IEEPA. According to our research, three in four small businesses support an exemption from tariffs for small businesses.⁸
- Bring an end to disruptive immigration enforcement that has magnified workforce shortages and rising costs on Main Street. Small business owners are urging policymakers to advance bipartisan immigration reforms that support the small business economy. In fact, our research found that small businesses strongly support (89%) immigration reform that modernizes the legal immigration system to reduce backlogs and makes it easier for qualified workers to come to the U.S. legally.⁹
 - Pass legislation like the ***Dignity Act (H.R. 4393)***, which works to strengthen immigration laws in the country while providing certain undocumented, DACA recipients, and Dreamer

⁵ “Small businesses support a national paid family & medical leave program.” Small Business Majority. October 20, 2024.

<https://smallbusinessmajority.org/our-research/workforce/small-businesses-support-national-paid-family-medical-leave-program>

⁶ “Small businesses support Section 199A reform and bottom-up tax benefits.” Small Business Majority. May 8, 2025.

<https://smallbusinessmajority.org/our-research/taxes-budget-economy/small-businesses-support-section-199a-reform-and-bottom-tax-benefits>

⁷ “Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions.” Small Business Majority. February 21, 2024. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

⁸ “Voice of Main Street: Small business optimism declines amid concerns about tariffs, healthcare; Latino-owned businesses report biggest losses.” Small Business Majority. August 20, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-business-optimism-declines-amid-concerns-about-tariffs-healthcare-latino-owned-businesses-report-biggest-losses>

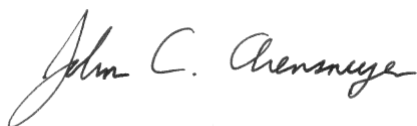
⁹ “Voice of Main Street: Small businesses support healthcare premium relief, immigration reform.” Small Business Majority. November 13, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-support-healthcare-premium-relief-immigration-reform>

status holders with temporary status while they obtain legal citizenship to support our economy on Main Street.

- Reinstate legal permanent residents' ability to access capital through the SBA's flagship 7(a) and 504 programs.
- Promote competition and level the playing field for America's small businesses
 - Rein-in the use of anti-competitive practices like price discrimination and predatory pricing that drive up costs and restrict access to competitive markets for small businesses by reinvigorating investigations and enforcement of the Robinson Patman Act (RPA).
 - Lower credit card transaction, or 'swipe,' fees by enacting the bipartisan Credit Card Competition Act (H.R. 7035/S. 3623). Swipe fees, which range anywhere from 2-4% per transaction, represent an immense burden for small businesses operating on razor-thin margins, forcing them to either absorb or pass on billions of dollars in fees each year. More than 7 in 10 small businesses support legislation to limit swipe fees, like the Credit Card Competition Act.¹⁰
- Increase access to affordable childcare and paid leave on Main Street
 - Enact the FAMILY Act (S. 2823/H.R. 5390), which would establish a national paid family and medical leave insurance program to provide partial wage replacement for small business owners, self-employed entrepreneurs and small business employees for up to 12 weeks of family and medical leave. The vast majority (79%) of small business owners support enacting a national paid family and medical leave program.¹¹

These policies represent a starting point for discussions that will work to bring down the cost of doing business, supporting a localized workforce in American communities, and ensuring that the entrepreneurial spirit of America can continue to strengthen our economy and our strategic economic position relative to the rest of the world. Should you have any questions or if your team would like to discuss this further, please contact Alexis D'Amato, our Senior Director of Federal Government Affairs, at adamato@smallbusinessmajority.org.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority

¹⁰ "Voice of Main Street: Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital." Small Business Majority. April 29, 2025. <https://smallbusinessmajority.org/sites/default/files/research-reports/2025-April-Voice-of-Main-Street-Toplines.pdf>

¹¹ "Small businesses support a national paid family & medical leave program." Small Business Majority. October 20, 2024. <https://smallbusinessmajority.org/our-research/workforce/small-businesses-support-national-paid-family-medical-leave-program>