



January 24, 2020

Delegate Richard Sullivan  
Chairman of House Finance Committee,  
Subcommittee #3  
900 E. Main Street  
Richmond, VA 23219

*RE: HB 1435, Refundable income tax credit for low-income taxpayers*

Dear Chairman Sullivan and other members of the Subcommittee:

As a leading representative of the 30 million small businesses in America the nearly 750,000 small businesses in Virginia, Small Business Majority writes to offer our support for HB 1435 (Del. Jerrauld Jones), which would greatly benefit our state's entrepreneurs as they're starting and growing their businesses, as well as low-income small business employees.

Small Business Majority was founded and is run by small business owners to ensure America's entrepreneurs are a key part of thriving and inclusive economy. We actively engage our network of 58,000 small business owners in support of public policy solutions and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy.

Virginia's small business owners, including its sole proprietors and independent entrepreneurs, are key elements of a thriving and dynamic state economy. These small business owners create jobs, generate wealth throughout their communities and expand economic prosperity throughout the state. But while entrepreneurship can be a path to financial stability for many, often solo entrepreneurs at young, unincorporated businesses have unreliable or low incomes as they work to build their businesses. Indeed, according to the U.S. Small Business Administration, the median income for Virginia self-employed workers at their own unincorporated firm was \$25,219 in 2017.

HB 1425 by Del. Jones would support these entrepreneurs, as well as many low-wage small business employees, by allowing low-income individuals and married persons to claim either: (1) a nonrefundable income tax credit equal to \$300 for each individual, their spouse and any dependents, or (2) a refundable income tax credit equal to 20% of the federal earned income tax credit claimed that year by the individual or married persons. This would help put more money back into the pockets of entrepreneurs as they're growing their businesses, as well as their customers and local economies.

For Virginia's economy to grow and thrive, people need to feel they can take the risk of leaving their job to become an entrepreneur. Expanding the state's income tax credit and making it refundable will ensure more individuals are able to make that leap without fear of living in poverty. We strongly support this proposal and urge you to consider the impact on small business and self-employed individuals while assessing this issue.

Sincerely,

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