



July 28, 2022

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
S-221, The Capitol  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230, The Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204, The Capitol  
Washington, D.C. 205

*Re: The Inflation Reduction Act of 2022 and small businesses*

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi, and Minority Leader McCarthy:

As a leading representative of America's 32 million small businesses, we offer our strong support for the Inflation Reduction Act of 2022. The provisions in the bill will aid in leveling the playing field for small businesses, their employees, and the communities they reside in.

A [recent survey](#) of our network found that nearly 1 in 4 (24%) of small businesses report that they may not survive past the next six months without additional funding or market changes. These challenges are heightened for businesses in under-represented communities that have struggled to access equitable relief and resources during the pandemic. Small business owners have shown immense resilience throughout the pandemic, but the need for continuous government support is in great demand. That's why this bill comes at a critical time and why its immediate passage is imperative.

The policies outlined below will strengthen small businesses by helping to level the playing field on taxes and providing a boost to entrepreneurs and employees who need more support, particularly those who struggle to access affordable healthcare.

### **Ensuring healthcare affordability**

Access to affordable, quality healthcare significantly impacts small businesses and their employees because they have historically comprised a disproportionate share of the working uninsured population. This changed when the Affordable Care Act (ACA) was enacted, which strengthened the small group marketplace and provided healthcare to millions of small business owners. In fact, [more than half](#) of all ACA marketplace enrollees are small business owners, self-employed or small business employees. Still, the pandemic has exacerbated the inequities in accessing healthcare. [Our polling](#) revealed that 34% of small businesses struggled to obtain health insurance for themselves or their employees during the pandemic. This is why we support the following provisions as they seek to enhance access to coverage within the small business ecosystem, particularly among those that are still impacted by the effects of the pandemic:

- **Extending the Affordable Care Act's premium subsidies through 2025:** Last year, we [strongly supported](#) the American Rescue Plan's provision to expand the subsidies available for people earning more than 400% of the Federal Poverty Level. Extending these provisions through 2025 will support small business owners and their employees, and increase market competition,

which drives down premium costs. What's more, since sole proprietors make up a large share of the enrollees in the individual marketplace, this subsidy ensures our country's entrepreneurs and their families, who might struggle to afford coverage, can access it in the long run.

- **Lowering prescription drug prices:** This legislation empowers Medicare to begin negotiating the price of prescription drugs in 2023. The policy will help Medicare patients get the best cost on high-priced drugs and pay cost-sharing for those drugs based on Medicare negotiated prices. This is a critical provision, especially as these costs are [hurting small business owners' bottom lines](#).

### Closing tax loopholes

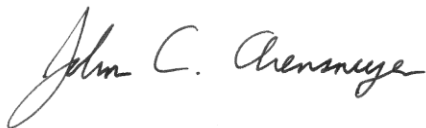
Our nation's tax system has unfairly benefited the wealthiest Americans at the expense of small business owners, their employees, and independent entrepreneurs. That's why Small Business Majority supports measures that guarantee that big corporations pay their fair share. Our [research](#) found that 73% of small businesses felt that the current tax system favors big business over small businesses and that their businesses are harmed when big corporations use loopholes to avoid taxes. Congress must do everything in its power to level the playing field by closing loopholes and improving the IRS enforcement among the biggest corporations. It should also be noted that these tax provisions will have no impact on small businesses. These commonsense measures support our small businesses while helping raise essential revenue:

- **Establishing a 15% corporate minimum tax on corporations with profits in excess of \$1 billion.** There are more than 200 large corporations that use tax loopholes to avoid paying a tax rate of 21%. In fact, many of these billion-dollar corporations pay below 15% in taxes. This tax would ensure that they pay their fair share with a minimum 15% tax on the income of corporations with profits of more than \$1 billion. Small businesses deserve to operate on a level playing field and we cannot do that with large corporations utilizing loopholes to take advantage of the system.
- **Tax enforcement.** The legislation appropriates essential dollars to the IRS, which would allow it to hold large corporations and the wealthiest Americans accountable. By investing \$80 billion in the agency over the next 10 years, the Congressional Budget Office estimates that the IRS will collect more than a two-fold return of \$203 billion. What's more, [62% of small businesses](#) support increasing the IRS tax enforcement budget to audit larger businesses and the wealthy.

In addition to the policies outlined above, we support the bill's investments in energy, security and climate change. These appropriations, particularly those allocated to disadvantaged communities, farmers and rural communities, will sustain our communities while building a thriving equitable clean energy economy for our future.

We call on Congress to do everything in their power to pass the Inflation Reduction Act of 2022 to better support our nation's small businesses.

Sincerely,



John Arensmeyer, Founder and CEO