

May 5, 2021

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: Supporting small businesses through the American Families Plan*

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

As a leading representative of America's 30 million small businesses, we offer our strong support for key provisions in the American Families Plan that are essential to supporting the small businesses, their families, and their employees on their road to recovery. We also offer recommendations to strengthen measures that would ensure small businesses benefit from both the American Families Plan and the American Jobs Plan.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,000 business organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

### **Advancing healthcare affordability**

Access to affordable, quality healthcare significantly impacts small businesses because they and their employees have historically comprised a disproportionate share of the working uninsured. The Affordable Care Act (ACA) was a pivotal step forward, but more must be done to ensure small businesses and their employees can access the affordable, quality coverage they need. [Our recent polling](#) found 34% of small businesses have struggled to obtain health insurance for themselves or their employees during the pandemic. We support the following \$200 billion investments in the American Families Plan that would help address small businesses' healthcare challenges:

- **Making permanent the American Rescue Plans' temporary premium reductions:** In March, [we called on Congress](#) to make the healthcare provisions in the American Rescue Plan permanent because it provided vital measures that would strengthen access to healthcare and lower costs for small businesses and their employees. Indeed, more than 50% of the ACA marketplace enrollees are small business owners, employees and sole proprietors. We support the American Families Plan proposal that would ensure ACA enrollees pay no more than 8.5% of their income on health insurance premiums and expanding the subsidies available for people earning more than 400% of the Federal Poverty Level. This will make health coverage more accessible to small business owners and employees who are struggling to afford coverage.

We also encourage the Administration and Congress to include the following provisions that were not proposed in American Families Plan:

- **Lower prescription drug prices:** While the President has indicated this is a top priority, it is essential it is addressed now by including it in the American Families Plan, as these costs are [hurting small business owners' bottom lines](#).
- **Expand Medicare coverage:** Expanding Medicare coverage to include individuals age 55 and older is an important step towards closing the gap in access to care, which our research found is strongly [supported by small business owners](#).
- **Extend support for COBRA coverage:** The American Rescue Plan expanded support for COBRA coverage for those who have been impacted by the pandemic, but the provision expires in two years. Making it permanent will benefit small businesses that have been forced to lay off employees or cut benefits to keep their doors open, which is particularly important for the small businesses that face a long road to recovery.

### **Paid family and medical leave**

The way Americans work and start a business is changing, which has been especially true during the COVID-19 pandemic. The health crisis has also underscored why today's entrepreneurs and small business employees need a modernized and robust benefits infrastructure that promotes wealth creation, financial security, and quality jobs for those who do not work for large organizations.

The American Families Plan proposes a \$225 billion investment to create a national comprehensive paid family and medical leave program. This critical measure would greatly benefit small businesses because they want to provide robust benefits like paid family leave to their employees, but they can't afford to do so on their own, putting small businesses on an unequal playing field with larger businesses that have more resources to attract and retain a talented workforce. Additionally, previous research from Small Business Majority found 70% of small business owners and operators feel it's important to establish a national paid family and medical leave program.

### **Child care**

Access to quality, affordable child care impacts the small business ecosystem in a multitude of ways. For one, the lack of access to affordable childcare has become increasingly more difficult and a significant burden to working parents. As such, it has impeded the ability to retain a skilled workforce for many small business owners. What's more, most child care providers are in fact small business owners, largely comprised of women and minorities, and they are often underpaid and overworked.

The current proposal invests \$225 billion to make care affordable and increases the wages of child care staff. These provisions will better support American families and small business providers, particularly women and people of color.

### **Tax reform**

Our nation's tax system has unfairly benefited the richest Americans at the expense of small business owners, their employees and independent entrepreneurs. That's why Small Business Majority supports measures that guarantee the wealthy and big corporations pay their fair share. Like the American Jobs Plan, the American Families Plan provides an opportunity to level the playing field, particularly for the smallest of businesses.

Our [polling](#) shows that seven in 10 small business owners believe their business is harmed when big corporations use loopholes to avoid taxes. What's more, the vast majority of small business owners (85%) feel the current tax code unfairly benefits large corporations over small businesses. The same majority (85%) feel that corporations and wealthy Americans should be required to pay their fair share of taxes. As such, the Plan's provisions to expand tax enforcement of high-income earners and eliminate the "carried interest" loophole, used exclusively by hedge funds, address these concerns.

It should be noted that the tax provisions in the American Families Plan will have virtually no adverse impact on small businesses as these enterprises have an [average income of \\$73,000 per year](#). Specifically:

- According to the [Tax Policy Center](#), only 1.6% of businesses with pass-through income pay tax at the top rate, the only rate impacted by the income tax proposal in the Plan.
- Similarly, the provisions regarding the taxation of capital gains for those with incomes over \$1 million and expanding payroll taxes for those with incomes more than \$400,000 ([3.3% of small business owners](#)) will have no impact on the vast majority of small enterprises who need the help the Plan offers to be able to rebuild better.
- Finally, the estate tax provision eliminating “stepped up” capital gains in excess \$2.5 million will impact a miniscule number of businesses and even above that level will be deferred so long as the heirs continue to run the business.

### **Additional provisions**

In addition to the proposals listed above, the American Families Plan includes other provisions that would assist small businesses, such as making the Earned Income Tax Credit (EITC) permanent, which would greatly benefit small business employees and self-employed individuals. Finally, unemployment insurance reform and significant investments in tuition and Pell grants will undoubtedly benefit small businesses, entrepreneurs, and their employees.

In conjunction with the American Jobs Plan, we call on the Administration and Congress to do everything in their power to pass the American Families Plan to better support our nation’s small businesses on their road to recovery.

Sincerely,



John Arensmeyer  
Founder and CEO

cc:

The Honorable Ron Wyden: Chair, Senate  
Committee on Finance

The Honorable Richard Neal: Chair, House  
Committee on Ways and Means

The Honorable Ben Cardin: Chair, Senate  
Committee on Small Business &  
Entrepreneurship

The Honorable Nydia Velázquez: Chair, House  
Committee on Small Business

The Honorable Patty Murray: Chair, Senate  
Committee on Health, Education, Labor &  
Pensions

The Honorable Carolyn Maloney: Chair, House  
Committee on Oversight and Reform

The Honorable Mike Crapo: Ranking Member,  
Senate Committee on Finance

The Honorable Kevin Brady: Ranking Member,  
House Committee on Ways and Means

The Honorable Dr. Rand Paul: Ranking  
Member, Senate Committee on Small Business &  
Entrepreneurship

The Honorable Blaine Luetkemeyer: Ranking  
Member, House Committee on Small Business

The Honorable Richard Burr: Ranking Member,  
Senate Committee on Health, Education, Labor  
& Pensions

The Honorable James Comer: Chair, House  
Committee on Oversight and Reform