



Opinion Poll

Small Business Owners Want Fair Tax System Over Tax Cuts

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Executive Summary

As lawmakers in Washington consider a plan to cut taxes for corporations and wealthy individuals, it's important they take into consideration the perspective of America's job creators. New scientific opinion polling found small businesses think they are at a disadvantage under the current tax system, and they want tax reform that is fair and responsible.

The poll, conducted for Small Business Majority by Greenberg Quinlan Rosner Research, found small business owners are generally optimistic about economic conditions for small businesses, and want tax reform that levels the playing field for their small business. The poll was an online survey of 500 small business owners conducted between September 29 and October 4, 2017.

Specifically, the poll found more than two-thirds of small business owners (68%) feel the current economic climate is good for small businesses, and 9 in 10 small business owners feel the economic conditions for their business will stay the same or improve over the next 12 months. Notably, healthcare, not taxes, is the top priority for small business owners. When asked to rank their top priorities, small business owners named bringing down healthcare costs, creating a tax system that is fair to all and improving healthcare coverage as the top three concerns.

The poll revealed small business owners are concerned about creating a level playing field when it comes to taxes. Seven in 10 small business owners believe their business is harmed somewhat or a lot 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.

Additionally, small business owners don't want tax cuts to come at the expense of long-term economic stability. Seven in 10 small business owners feel that while tax cuts are important, not increasing the federal deficit is more important. Small business owners are particularly concerned about the ability of large multinational firms to use the offshore profits loophole to evade American taxes. Three-fourths of respondents (75%) feel that large corporations should not be able to choose to declare some or all of their income in a foreign country in order to lower their taxes. Seventy-four percent of small business owners support allowing firms that booked profits overseas to avoid the top corporate rate to be able to bring their profits back to the United States and pay a one-time 10% tax, *provided that Congress eliminates this loophole going forward*.

It's important to note that respondents are politically diverse: 46% identify as Republican or Republican-leaning independents, 35% are Democrat or Democrat-leaning independents and 12% are pure independent.

Main Findings

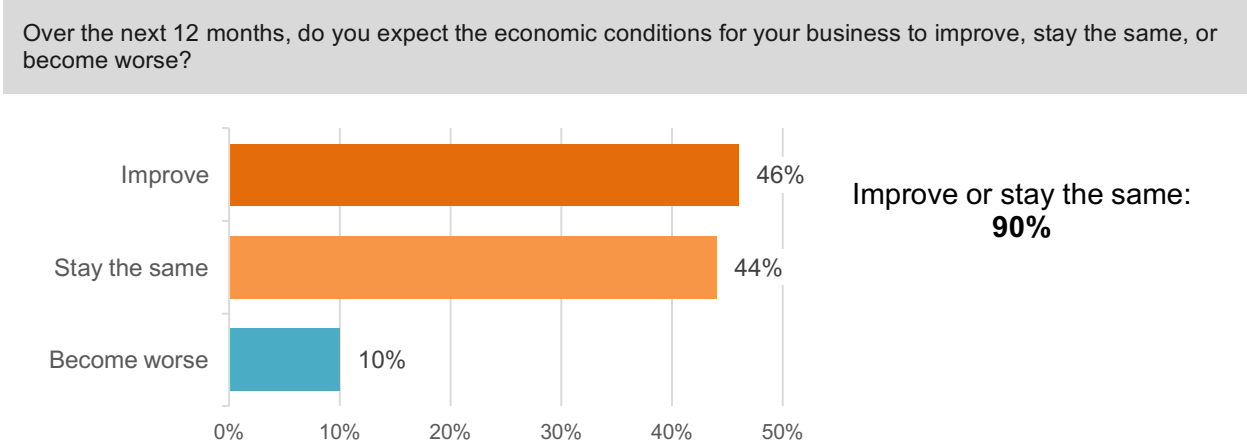
- **Small business owners are generally positive about economic conditions:** More than two-thirds of small business owners (68%) have an overall positive outlook on the current economic conditions for small businesses today.
- **An overwhelming majority of small business owners expect conditions for their business to stay the same or improve:** 90% of respondents expect economic conditions for their business to stay the same or improve over the next 12 months. A plurality (46%) expect the conditions for their business to improve during this period, reflecting an overall sense of optimism for their business and the economy.
- **Tax reform is not the top priority for small business owners:** When asked to rank their top priorities, small business owners rated healthcare costs as the top concern. The top three issues for small business owners were bringing down healthcare costs, creating a tax system that is fair to all and improving healthcare coverage.
- **Small business owners feel they are harmed by a tax system that favors large corporations, and want these corporations to pay their fair share of taxes:** 7 in 10 small business owners feel that they are somewhat or greatly harmed when big corporations use loopholes to avoid taxes. This is especially significant as 85% of small business owners believe that the current tax code unfairly benefits large corporations over small businesses.
- **Small business owners want tax reform that is fair and responsible:** 85% of small business owners want large corporations and wealthy Americans to pay their fair share of taxes. What's more, 7 in 10 small business owners agree that while tax cuts are important, it is more important that cuts do not increase the federal deficit.
- **Large corporations should not be able to take advantage of loopholes like offshore deferral:** 3 in 4 small business owners (75%) believe large corporations should not be able to choose to declare some or all of their income in a foreign country in order to lower their taxes. Seventy-four percent of small business owners would agree with allowing these multinational firms that have booked their profits overseas to avoid a 35% tax on profits to bring profits back to the United States and pay a one-time 10% tax, *provided that Congress eliminates the offshore profits loophole going forward.*

Small Business Owners Have Positive Economic Outlook, Do Not Rate Tax Reform as Top Concern

More than two-thirds of small business owners feel positive about the economic conditions for small businesses. Asked to rate the current economic conditions on a scale of 1 to 10, with 10 representing very good economic conditions for small businesses today, 68% of small business owners rated economic conditions a six or above, reflecting optimism for overall economic conditions.

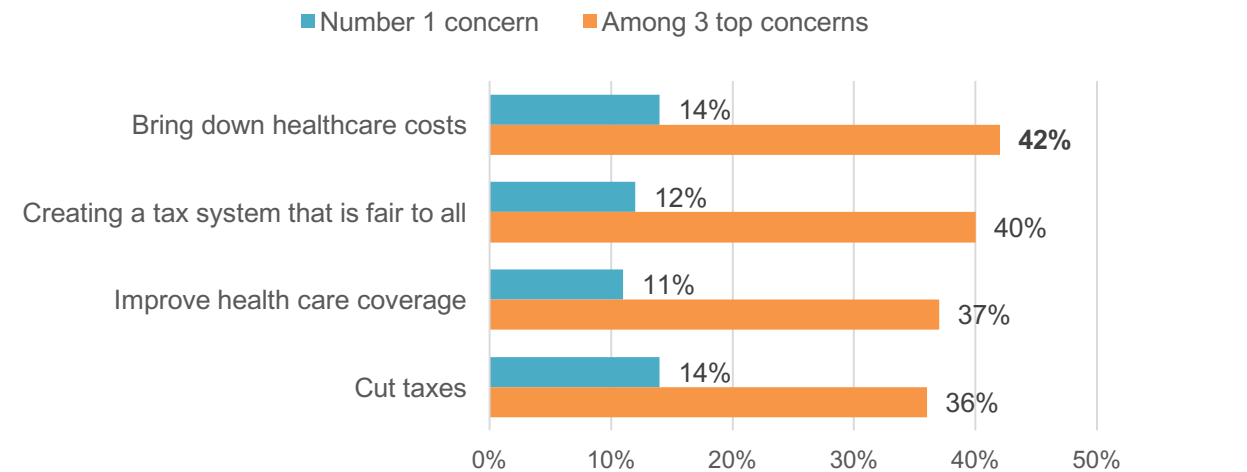
Small business owners also feel positive about the economic conditions for their own businesses. Nine in 10 small business owners feel that economic conditions for their business will stay the same or improve over the next 12 months. Almost half of small business owners (46%) expect economic conditions for their business to improve in the next year.

Figure 1: Small business optimistic about economic conditions



Respondents were also asked to think about what the top priorities for Congress and the federal government should be, ranking a list of 12 issues from most to least important. The top priority among small business owners was bringing down healthcare costs, followed by creating a tax system that is fair to all and improving healthcare coverage. Cutting taxes ranked fourth on the list. These responses reveal a significant concern around healthcare affordability and quality that surpasses concern over taxes. Further, the top concern for small business owners when it comes to tax reform is creating a tax system that is fair for all, before tax cuts.

Figure 2: Tax reform not the number one concern of small business owners

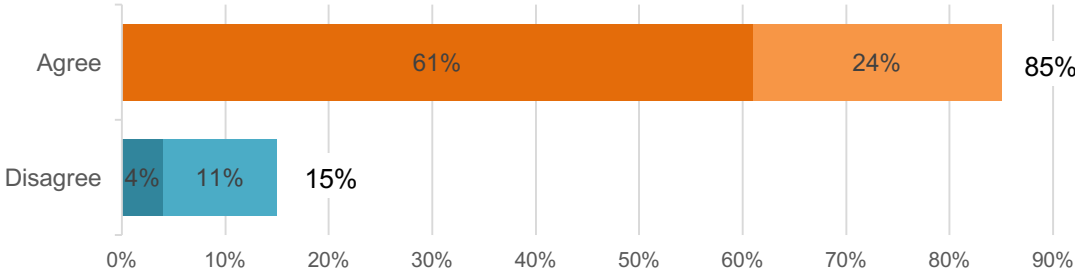


Small Business Owners Feel the Current Tax System Favors Big Business

Survey results reveal that small business owners are seriously concerned by the current tax system that creates an uneven playing field for small businesses. An overwhelming majority of 85% feel the existing tax system unfairly benefits large corporations over small businesses. A similarly large proportion of small business owners (70%) believe that their business is somewhat harmed or harmed a lot when corporations use loopholes to avoid taxes.

Small business owners want any tax reform to treat small businesses fairly, and want overall reform to be done responsibly in respect to the deficit. A vast 85% of small business owners agree that corporations and wealthy Americans should be required to pay their fair share of taxes. More than 6 in 10 small business owners (61%) strongly agree with this statement. Seven in 10 small business owners also agree that tax cuts are important, but not increasing the federal deficit is more important.

Figure 3: Small business owners feel the current tax system favors big business

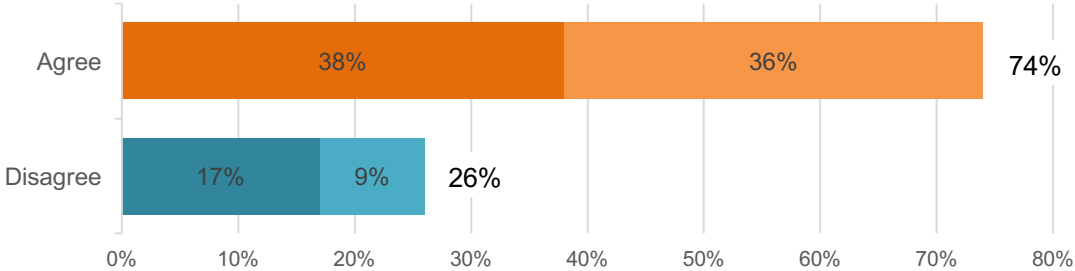


Small Business Owners Want to Close Loopholes that Favor Large Corporations

As stated above, small business owners feel the current tax system unfairly favors large corporations and that they are hurt when big businesses take advantage of loopholes to avoid taxes. It’s no surprise then that small business owners are not supportive of specific corporate loopholes and favor closing them. Three-fourths of small business owners believe large corporations should not be able to choose to declare some or all of their income in a foreign country in order to lower their taxes, with 45% of small business owners strongly agreeing with this statement.

A large majority of small business owners—74%—would support allowing multinational firms that have booked their profits overseas to avoid a 35% tax to bring these profits back to the United States and pay a one-time 10% tax, provided that Congress eliminates the offshore profits loophole moving forward.

Figure 4: Small business owners support closing the offshore profits loophole



Conclusion

While the current administration is selling their tax proposal as a boon for small business in a struggling economy, small business owners are in fact generally optimistic about economic conditions and the outlook for their business. They want tax reform that remedies what they see as an unequal system that currently favors large corporations. This involves large corporations and wealthy Americans paying their fair share of taxes, ensuring that tax cuts do not increase the federal deficit and closing corporate loopholes like the offshore profits loophole that give big business an unfair advantage. As this survey makes clear, it's crucial that these small business voices are heard in the debate on tax reform.

Methodology

This poll reflects an Internet survey of 500 small business owners nationwide with 1-99 employees. The poll was conducted by Greenberg Quinlan Rosner Research for Small Business Majority between September 29 and October 4, 2017. The margin of error is +/-4.4%.

Toplines

Q.1 Do you own your own business?

	Total
Yes	100
No.....	-
Not sure	-

Q.2 How many people are directly employed by your business or company, including yourself?

	Total
1.....	20
2-5	49
6-10	13
11-25	9
26-50	4
51-100	4
More than 100	-
25 or less	92
26 or more	8

Q.3 How is your business organized?

	Total
LLC.....	39
S-Corp	22
Sole proprietorship.....	22
C-Corp (i.e. you do not pass your business income to yourself personally)	8
Partnership	7
Other	2
Not sure	-

Q.4 Please rate the current economic conditions for small businesses such as yours today, on a scale of zero to ten, where zero means very poor economic conditions for small businesses today and ten means very good economic conditions for small businesses today.

	Total
10.....	5
9	4
8	20
7.....	24
6	15
5.....	15
4	5
3	4
2	3
1.....	2
0	1
Not Sure	2
Mean	6.3
10	5
8-10.....	29
6-10.....	68
0-5	31
Not Sure.....	2

Q.5 Over the next 12 months, do you expect the economic conditions for your business to:

	Total
Improve.....	46
Stay the same.....	44
Become worse.....	10
Not sure.....	-
Improve - Become worse.....	36

Q.6 Thinking about Congress and the federal government, what do you think should be their top priorities? Rank each in order of importance on a scale of one to twelve where one means the most important priority and twelve meaning the least important priority.

	Mean	1	1-3
Bring down health care costs	4.8	14	42
[250 Respondents]			
(SPLIT A) Creating a tax system that is fair to all	5.0	12	40
Improve health care coverage	5.6	11	37
Cut taxes	5.6	14	36
[250 Respondents]			
(SPLIT B) Reduce federal spending.....	6.0	8	30
End partisan gridlock.....	6.1	20	32
Create jobs	6.3	9	23
[250 Respondents]			
(SPLIT A) Reduce federal deficit.....	6.6	4	24
[250 Respondents]			
(SPLIT B) Closing loopholes that favor large businesses over small businesses... ..	6.6	7	21
Improve infrastructure (roads, bridges, broadband)	7.0	3	16
Invest in education and vocational training	7.2	2	14
Improve small business access to capital and credit	7.2	4	13
Ease federal government regulations.....	7.2	5	18
Reduce immigration	8.9	3	12

Do you agree or disagree with the following statements:

	Strng Agree	Smwt Agree	Smwt Dis	Strng Dis	Not Sure	Total Agree	Total Dis	Agree - Dis
Q.7 [250 Respondents] (SPLIT B) Multinational firms that have booked their profits overseas to avoid a 35 percent tax on those profits should be able to bring profits back to the United States and pay a one-time 10 percent tax, provided that Congress eliminates the offshore profits loophole going forward.	38	36	17	9	-	74	26	48
Q.8 Large corporations should not be able to choose to declare some or all of their income in a foreign country in order to lower their taxes.	45	30	15	9	-	75	25	50
Q.9 The current tax code unfairly benefits large corporations over small businesses.	47	39	11	3	0	85	14	71
Q.10 Corporations and wealthy Americans should be required to pay their fair share of taxes.	61	24	11	4	-	85	15	70
Q.11 Tax cuts are important, but not increasing the federal deficit is more important.	29	41	22	8	-	70	30	40

Q.12 Do you think your small business is harmed a lot, harmed somewhat, harmed a little, or not harmed at all when big corporations use loopholes to avoid taxes?

	Total
Harmed a lot	37
Harmed somewhat	33
Harmed a little.....	18
Not harmed at all.....	12
Not sure	-
A Lot/Somewhat	70
Little/Not	30
A Lot/Somewhat - Little/Not	40

Q.13 Now these last questions are for statistical purposes, Which ONE of the following categories best describes your business?

	Total
Professional services, including taxes, accounting, IT, legal, finance, media	37
Retail.....	10
Construction and real estate	10
Healthcare and education or social services.....	6
Wholesale and distribution of goods.....	6
Restaurant/food service	4
Manufacturing	4
Leisure and hospitality.....	3
Other non-retail related services.....	20
Prefer not to say.....	-

Q.14 In what year were you born?

	Total
18 - 24	0
25 - 29	4
30 - 34	6
35 - 39	7
40 - 44	11
45 - 49	10
50 - 54	12
55 - 59	16
60 - 64	16
65 and over	18

Q.15 Generally speaking, do you think of yourself as a Republican, a Democrat, an Independent, or something else?

	Total
Democrat	23
Independent-lean Democrat	12
Independent	12
Independent-lean Republican.....	14
Republican	32
Other	2
Don't know/Prefer not to say	5

Q.16 For statistical purposes only, which of these categories best describes your total household income last year, that is in 2016?

	Total
Less than \$10,000	1
\$10,000 to \$19,999	1
\$20,000 to \$29,999	4
\$30,000 to \$49,999	6
\$50,000 to \$74,999.....	13
\$75,000 to \$99,999.....	16
\$100,000 to \$149,999.....	24
\$150,000 to \$199,999	12
\$200,000 or more.....	15
Prefer not to say.....	6
Under \$100,000.....	42
\$100,000 or more.....	51

Q.17 What is your race?

	Total
White.....	79
African American or Black	5
Hispanic or Latino.....	8
Asian or Pacific Islander.....	5
American Indian or Native American	0
Other	1
Biracial or multiracial.....	1
Prefer not to say.....	1

Q.18 Before you begin, please answer a few questions about yourself to ensure that the survey has a representative sample. What is your gender?

	Total
Male	60
Female.....	40

Q.19 In what state do you currently live?

	Total
AL.....	1
AK.....	0
AZ.....	4
AR.....	0
CA.....	12
CO.....	2
CT.....	2
DE.....	1
DC.....	0
FL.....	10
GA.....	3
HI.....	0
ID.....	1
IL.....	6
IN.....	2
IA.....	0
KS.....	1
KY.....	0
LA.....	1
ME.....	-
MD.....	1
MA.....	3
MI.....	3
MN.....	2
MS.....	0
MO.....	2
MT.....	0
NE.....	1
NV.....	1
NH.....	1
NJ.....	2
NM.....	1
NY.....	6
NC.....	3
ND.....	0
OH.....	2
OK.....	1
OR.....	1
PA.....	4
RI.....	1
SC.....	1
SD.....	-
TN.....	3
TX.....	7
UT.....	0
VT.....	0
VA.....	3
WA.....	3
WV.....	-
WI.....	2
WY.....	0