

Small businesses share views on proposed tax reforms, workforce shortages

As lawmakers in Washington consider a robust budget reconciliation package to invest in “human infrastructure” and debate how to pay for this plan, it’s important that they consider the perspective of America’s job creators on these issues. Small Business Majority surveyed small business owners and managers of operations at small businesses around the country to better understand their views on our tax system, as well as their opinions on tax policies that have been proposed to offset the costs of the human infrastructure plan.

The survey reveals that America’s small businesses strongly believe our nation’s tax system favors large corporations and the wealthy over Main Street. They feel disadvantaged by loopholes that allow larger and wealthier businesses to avoid paying their share of taxes, expressing the following views on our nation’s tax policies:

- The current tax system favors big business over small businesses like mine (73% agree).
- Offshore tax loopholes allow big businesses to avoid paying their fair share (69% agree).
- Wealthy individuals currently do not pay their fair share of taxes (64% agree).
- More tax incentives for small businesses should be provided (76% agree).

Additionally, the respondents showed strong support for a number of provisions aimed at leveling the playing field through tax reforms, many of which have been proposed as a way to help pay for the \$3.5 trillion human infrastructure package being debated by Congress. This includes the following measures:

- Nearly 7 in 10 (69%) support establishing a 15% minimum tax on profits that the largest corporations report to their investors (“book income”), which would stop firms from using manipulated taxable income to pay little or nothing in taxes.
- Two-thirds (66%) support setting a minimum tax rate of 21% on corporate offshore profits.
- Sixty-five percent support increasing the tax rate on households earning more than \$400,000 per year.
- Sixty-two percent support increasing the tax enforcement budget at IRS to audit larger businesses and the wealthy.
- Roughly 6 in 10 (59%) support attracting private investment through financing authorities and issuing bonds.

Meanwhile, the issue of workforce shortages has been a hot topic over the past few months, particularly its impact on recovering businesses. Our survey found that small business owners have mixed views on this topic. More than half of small businesses (53%) are hiring or have hired recently, and 37% who are hiring report the hiring process has been easy, while nearly the same number (42%) report it has been difficult. Additionally, a number of businesses have taken measures to create more incentive for workers such as: increasing pay (32%), increasing benefits (20%), creating more part-time positions (26%) and hiring younger staff (23%).

As this survey reveals, small businesses want a more level playing field when it comes to our nation’s tax system. They support policies that will help them compete while offsetting the cost of investments in healthcare, child care and paid leave that would provide a much-needed boost on their road to recovery. As policymakers debate the human infrastructure package, it’s critical that they take these views into account.

Methodology

The survey reflects the opinions of 469 small business owners and managers of operations of small businesses between July 28, 2021 through July 29, 2021. The sample was taken from an online panel from Momentive (formerly SurveyMonkey).

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1. Are you the owner of a small business, or do you manage the business' operations?

- Yes, I own or co-own the business81%
- Yes, I manage the business' operations19%

2. What is your race?

- American Indian or Alaska Native 2%
- Asian or Asian American 8%
- Black or African American13%
- Hispanic or Latino..... 9%
- Native Hawaiian or other Pacific Islander1%
- Prefer not to say 2%
- White or Caucasian 65%
- Another race.....1%

3. What is your gender?

- Female..... 47%
- Male.....51%
- Non-binary/non-conforming.....1%
- Prefer not to say 2%

4. In what industry do you operate your business?

- Agriculture and Mining..... 6%
- Consulting and Business Services 11%
- Education and Youth Services..... 6%
- Energy and Utilities 2%
- Engineering..... 3%
- Food and Beverage 6%
- Healthcare, Pharmaceuticals and Biotech 6%
- Insurance and Financial Services..... 2%
- Manufacturing..... 4%
- Media and Entertainment..... 4%
- Non-profit 3%
- Other15%
- Real Estate and Construction..... 8%
- Retail10%
- Service and Consumer Services..... 6%
- Software and Internet1%
- Technology, Computers and Electronics..... 2%
- Telecommunications1%
- Transportation and Storage1%
- Travel, Recreation and Leisure1%
- Wholesale and Distributors..... 2%

5. How is your business organized?

C corporation	6%
Limited liability corporation (LLC).....	21%
Other	6%
Partnership.....	7%
S corporation.....	7%
Sole proprietor or single-member LLC	52%

6. Are you currently operating your business?

Yes	94%
No.....	6%

7. What is your household income?

Under \$50,000	22%
Between \$50,000 and \$74,999.....	20%
Between \$75,000 and \$99,999	18%
Between \$100,000 and \$199,999	24%
Between \$200,000 and \$399,999	8%
\$400,000 or more.....	3%
Prefer not to say	5%

The following are some ideas and sentiments around taxes and small businesses. For each of the following statements, indicate whether you agree or disagree.

8. The current tax system favors big business over small businesses like mine.

Strongly agree	46%
Somewhat agree	27%
Neither agree nor disagree	17%
Somewhat disagree	7%
Strongly disagree.....	3%

9. Offshore tax loopholes allow big businesses to avoid paying their fair share.

Strongly agree	43%
Somewhat agree	26%
Neither agree nor disagree	21%
Somewhat disagree	6%
Strongly disagree.....	3%

10. Wealthy individuals currently do not pay their fair share of taxes.

Strongly agree	38%
Somewhat agree	26%
Neither agree nor disagree	19%
Somewhat disagree	10%
Strongly disagree.....	7%

11. More tax incentives for small businesses should be provided

Strongly agree	46%
Somewhat agree	30%
Neither agree nor disagree	17%
Somewhat disagree	5%
Strongly disagree.....	2%

There are several ideas to pay for the infrastructure compromise. For each, indicate whether you agree or disagree.

12. Increasing the tax enforcement budget at IRS to audit larger businesses and the wealthy

Strongly agree	33%
Somewhat agree	29%
Neither agree nor disagree	23%
Somewhat disagree	8%
Strongly disagree.....	9%

13. Attracting private investment through financing authorities and issuing bonds

Strongly agree	24%
Somewhat agree	35%
Neither agree nor disagree	35%
Somewhat disagree	7%
Strongly disagree.....	3%

14. Do you support or oppose establishing a 15% minimum tax on profits that the largest corporations report to their investors (“book income”), which would stop firms from using manipulated “taxable income” to pay little or nothing in taxes?

Strongly agree	41%
Somewhat agree	28%
Neither agree nor disagree	19%
Somewhat disagree	5%
Strongly disagree.....	8%

15. Do you support or oppose setting a minimum tax rate of 21% on corporate offshore profits?

Strongly support.....	34%
Somewhat support	32%
Neither support nor oppose	20%
Somewhat oppose	7%
Strongly oppose.....	8%

16. Another idea to pay for the infrastructure package is to increase the tax rate on households earning over \$400,000 per year. Do you support or oppose this proposal?

Strongly support.....	29%
Somewhat support	36%
Neither support nor oppose	17%
Somewhat oppose	8%
Strongly oppose.....	11%

17. How many people do you employ including yourself? Please count full- and part-time employees, but do not include independent contractors/1099 workers.

Self-Employed.....	41%
Small Business, fewer than 10 employees	32%
Small Business, 10-24 employees	15%
Small Business, 25-49 employees	5%
Small Business, 50-100 employees	4%
Small Business, more than 100 employees	4%

18. Are you currently hiring, or have you hired recently? (Asked of those with employees)	
Yes	53%
No.....	47%
Don't know	2%
19. How difficult is it for you to find qualified workers?	
Very easy	13%
Somewhat easy.....	24%
Neither easy nor difficult.....	21%
Somewhat difficult	23%
Very difficult.....	19%
20. Have you done any of the following in regard to attracting more workers? Select all that apply.	
Increased pay	32%
Increased benefits	20%
Created more part-time positions.....	26%
Hired younger staff than usual.....	23%
21. On average, what wages do you pay the typical worker?	
Under \$10 per hour.....	8%
\$10-\$15 per hour.....	37%
\$15 to \$20 per hour.....	33%
\$20 to \$25 per hour	11%
More than \$25 per hour	12%
22. Are you a Republican, Democrat, or Independent?	
Republican	32%
Democrat.....	31%
Independent.....	20%
Prefer not to answer.....	17%
23. What is your annual business revenue?	
Less than \$50,000	31%
\$100,000-\$199,999	14%
\$200,000-\$499,999	12%
\$50,000-\$99,999.....	19%
\$500,000-\$999,999	7%
\$1 million to \$5 million.....	7%
More than \$5 million	3%
Prefer not to say	8%
24. Region	
East North Central	16%
East South Central	6%
Middle Atlantic.....	14%
Mountain.....	6%
New England.....	3%
Pacific.....	17%
South Atlantic.....	21%
West North Central	6%

West South Central12%

25. Age

18-2918%

30-44.....31%

45-60.....30%

> 60 22%