



# VOICE OF MAIN STREET

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Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies



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## Introduction

As a new Congress and administration have come into power and dramatically changed a number of federal policies, it's important that policymakers take the views of entrepreneurs into account. One major change on the minds of small business owners is the president's announcement of proposed 25% tariffs on imports from Canada and Mexico and recently enacted 10% tariffs on Chinese imports. The administration has also begun to increase mass deportations, leading to workplace raids by U.S. Immigration and Customs Enforcement agents. These policies are poised to have a dramatic impact on small businesses' bottom lines, as well as much needed workers, the supply chain and our economy as a whole.

This report is the first in Small Business Majority's new quarterly Voice of Main Street opinion poll series, which assesses the challenges and opportunities that entrepreneurs in our network are facing. The report reveals that small businesses are worried about various proposals and actions from the new administration. In particular, a large majority is concerned about the negative impact of tariffs on their business (53%) and the U.S. economy (77%). Business owners are also concerned about the negative impact of mass deportation policies on their business or their suppliers' businesses (37%) and on the U.S. economy (69%).

Instead of pursuing policies that could devastate small businesses and the economy, small business owners want the new administration and Congress to focus on policies that would actually help their businesses better succeed. Entrepreneurs say that their top policy priorities include tax incentives targeted to small businesses, ensuring fair competition, leveling the playing field with larger companies, increased access to small-dollar business loans, and increased access to affordable healthcare options. Federal policymakers must take small business owners' policy priorities into account and enact policies that benefit America's innovators and job creators.

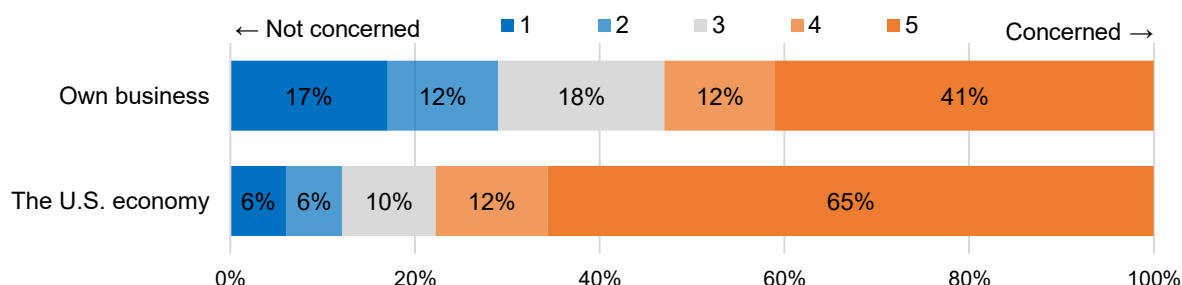
## Key findings

- **More than half (53%) of small businesses are concerned about tariffs negatively impacting their business**, and nearly 8 in 10 (77%) are concerned about tariffs negatively impacting the U.S. economy.
- **More than one-third (37%) of entrepreneurs are concerned about mass deportation policies** negatively affecting their business or their suppliers' businesses, while 69% are concerned about the negative impact on the U.S. economy as a whole.
- Increased tax credits that lower healthcare premiums for the Affordable Care Act (ACA) marketplaces are set to expire at the end of 2025. **Nearly 7 in 10 small business owners (69%) support extending the premium tax credits.**
- **Small businesses have several top priorities for the new Congress and administration** in 2025, including tax relief or incentives for small businesses (88%), addressing fair competition and leveling the playing field with larger companies (76%), increasing access to low, interest small-dollar loans under \$100,000 and/or grants (68%) and increasing access to affordable healthcare options for themselves and their employees (66%).
- Over the past three months, **business revenues have decreased for a plurality (42%) of entrepreneurs.** Revenues stayed the same for around one-third (34%) and increased for around one-quarter (24%) of small businesses.
- This comes as **business expenses have increased over the past three months for 62% of small businesses.** Costs stayed the same for 29% of small businesses and decreased for only 9%.
- **A majority of (58%) entrepreneurs remain optimistic about their business prospects** over the next six months, while 18% are pessimistic and 21% feel neutral. This marks a decline in optimism from previous surveys. Moreover, almost two times as many entrepreneurs report a decline in business revenues versus an increase.

## Small businesses are concerned about tariffs, mass deportations and access to affordable healthcare

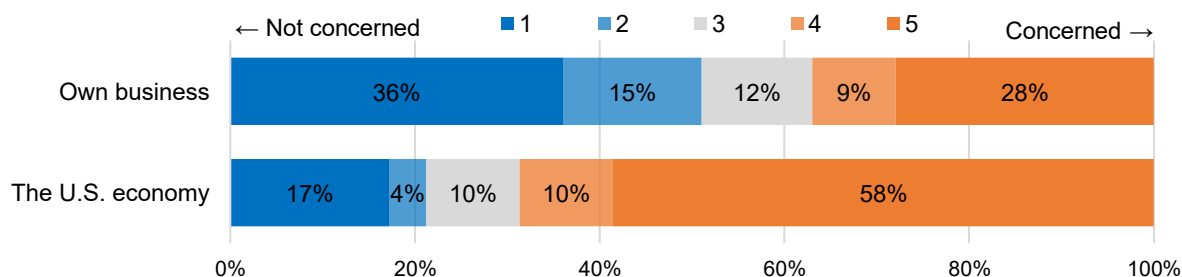
As the president issues sweeping executive orders and Congress passes new legislation on a number of issues, small business owners are worried about these policies' repercussions on their businesses. One issue that could have wide-ranging impacts on small businesses is tariffs, which the president recently announced he would levy on imports from Canada, China and Mexico. Tariffs are paid by U.S. businesses that import taxed products from affected countries. Therefore, it's not surprising that more than half (53%) of small business owners are concerned about tariffs negatively impacting their business. However, they are even more worried about the negative impact of tariffs on the U.S. economy. Nearly 8 in 10 entrepreneurs (77%) are concerned, with 65% reporting they are very concerned. Only 13% of small business owners are not concerned about the negative impact of tariffs on the U.S. economy.

### *Small business owners are concerned about tariffs negatively impacting their business and the U.S. economy*



Another issue that could have a profound impact on small businesses is increased mass deportations of immigrants, which the president has begun to put into effect. According to the Small Business Administration Office of Advocacy, immigrants account for 18% of small employers, 23% of self-employed business owners and 17% of the small business workforce.<sup>1</sup> A plurality (37%) of small business owners are concerned about the negative impact of mass deportation policies on either their business or their suppliers' businesses. Entrepreneurs are also even more worried about the broader impact of mass deportation policies: 69% are concerned about the negative impact on the U.S. economy, with 58% being very concerned. Only about one-fifth (22%) of small business owners are not concerned.

### *Small business owners are concerned about mass deportation policies' negative effect on their business and the U.S. economy*



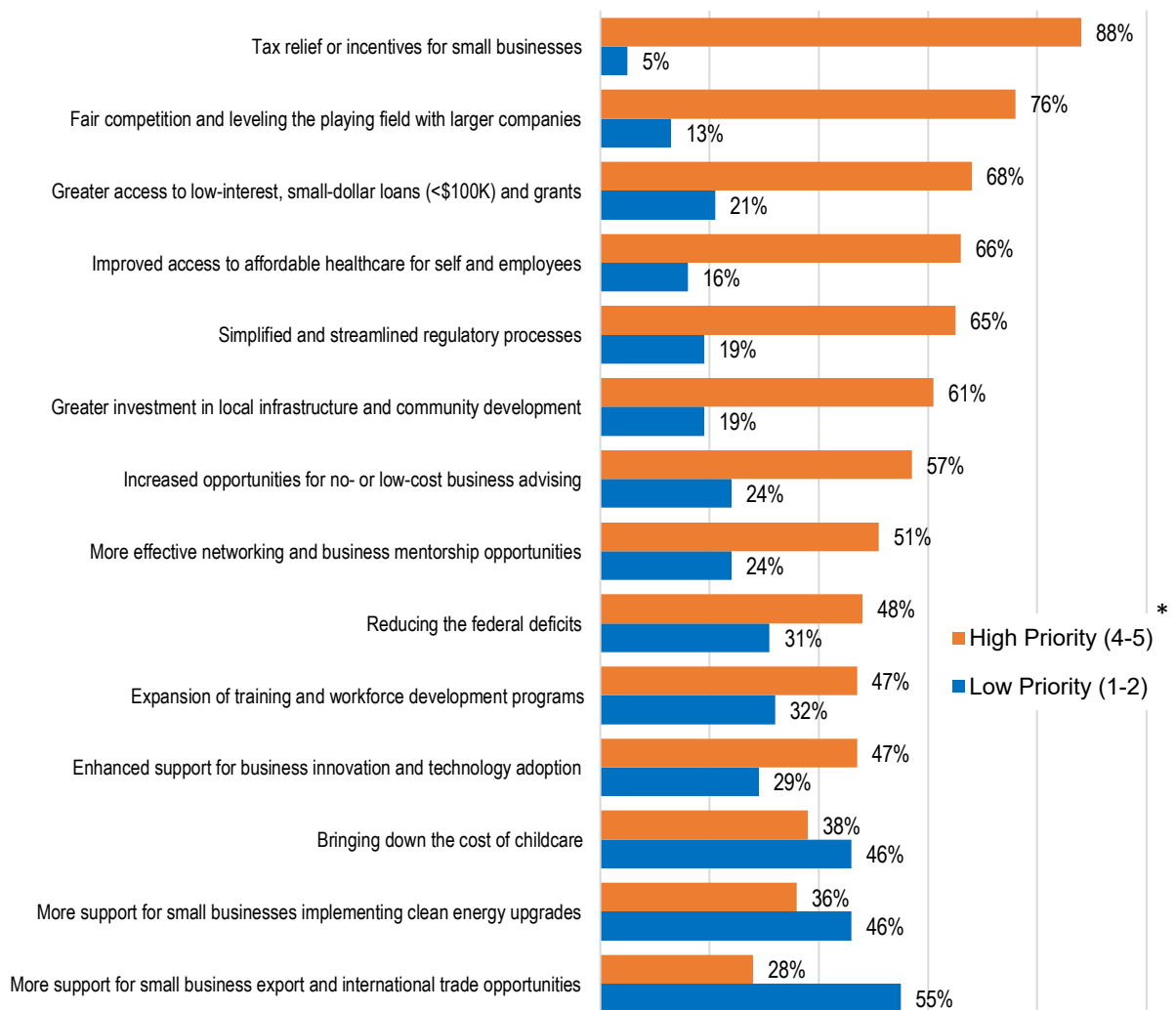
Additionally, entrepreneurs are worried about their ability to access affordable healthcare. In 2017, Congress attempted to repeal the Affordable Care Act (ACA). Nearly three-quarters (72%) of small business owners are concerned that the new Congress will attempt to repeal it again, with 61% reporting they are very concerned. In 2022, the Inflation Reduction Act increased tax credits that lower healthcare premiums for those in the ACA marketplaces and those additional tax credits are set to expire at the end of 2025. The vast majority (69%) of small businesses support extending the credits while only 9% favor letting the tax credits expire.

## Entrepreneurs want the new Congress and administration to prioritize small business friendly policies

Instead of focusing on tariffs and mass deportations, small businesses owners want the new Congress and administration to prioritize policies that would bring down costs, increase access to capital and level the playing field for small businesses. The most popular policy among small businesses is tax relief or incentives, which an overwhelming 88% of small businesses identify as a high priority for them. Additionally, more than three-quarters (76%) of small business owners say that addressing fair competition and leveling the playing field with larger companies is a high priority. Another top policy priority for nearly 7 in 10 (68%) entrepreneurs is increased access to low-interest, small-dollar loans under \$100,000 and/or grants. Two-thirds also agree that increased access to affordable healthcare options for themselves and their employees is a high priority.

A majority of small business owners agree that simplified and streamlined regulatory processes (65%), greater investment in local infrastructure and community development (61%), increased opportunities for no- or low-cost business advising (57%) and more effective networking and business mentorship opportunities (51%) are high policy priorities, among other issues.

### ***Priorities small businesses want to see addressed by the new Congress and administration in 2025***



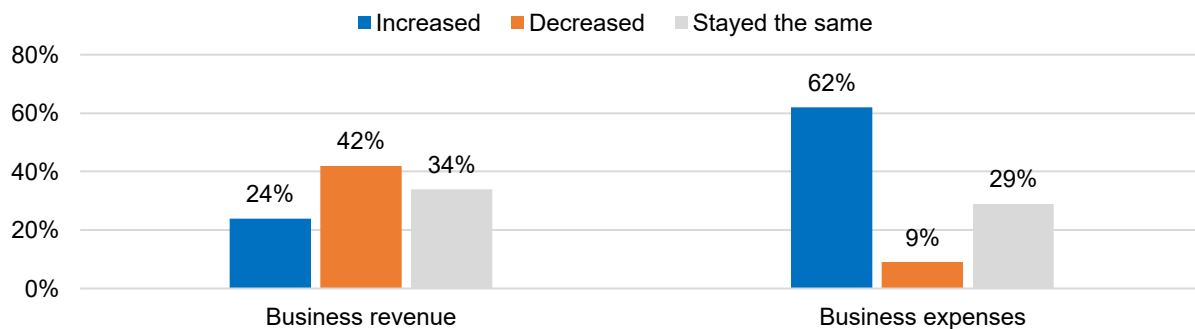
\* rated on a scale of 1-5

## Small businesses are optimistic but face obstacles

The majority (58%) of small business owners remain optimistic about their business prospects over the next six months, while 18% are pessimistic and 21% are neutral. This marks a 6% decline in optimism from Small Business Majority's survey in October when 64% of small businesses were optimistic.<sup>2</sup> While entrepreneurs are optimistic, they also report that they're facing challenges. Over the past three months, business revenues have decreased for a plurality (42%) of entrepreneurs. Revenues stayed the same for about one-third (34%) and increased for around one-quarter (24%) of small businesses.

In addition to declining or stagnant revenues for most businesses, 62% report that business expenses have increased over the past three months. Costs stayed the same for 29% of small businesses and decreased for only 9% of small businesses. Furthermore, while the number of employees employed by a small business has remained the same over the past three months for the majority (71%) entrepreneurs, headcount has decreased (18%) for more small businesses than it has increased (12%).

### *In the past three months, businesses saw decrease in revenue while expenses increased*



Small businesses owners are also struggling with financial difficulties. Large majorities say that increased costs of supplies/inventory (68%), difficulty accessing financing (65%), reduced consumer spending (64%) and difficulty making payroll and/or paying businesses expenses (59%) are challenging for their businesses. They also face technology challenges, with many reporting that keeping up to date with new technology (73%), integrating different business systems together (64%), integrating new technology into the businesses (63%) and problems with existing technology not working (54%) pose difficulties. Additionally, a majority entrepreneurs report that a lack of access to legal assistance (52%), handling legal matters related to business (53%) and adhering to industry or government regulations are legal challenges they face. These difficulties in running their businesses creates additional challenges for entrepreneurs: 70% struggle with burnout or a lack of personal time and 66% struggle with a fear of failure or impostor syndrome.

## Conclusion

As a new Congress and administration implement changes to federal policies, small business owners are worried about the negative impact of tariffs and mass deportations on both their business and the U.S. economy. Instead, they would like policymakers to focus on policies that expand access to affordable healthcare, increase access to small dollar loans, reform the tax code to better target the smallest businesses and level the playing field so our nation's entrepreneurs can compete fairly. While small businesses remain optimistic about their business prospects, they face financial headwinds that make it harder for them to succeed. As federal decision-makers consider new policies, it's crucial that they listen to the concerns of small businesses and prioritize legislation and executive actions that foster an environment in which they can thrive.

## Methodology

This survey of 160 small business owners in Small Business Majority's national network was conducted between December 4, 2024, and January 22, 2025. The margin of error is +- 8% at a 95% confidence level.

View full toplines on our website: <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>

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<sup>1</sup> "An Overview of Immigrant Business Ownership." U.S. Small Business Administration Office of Advocacy. October 2022. [https://advocacy.sba.gov/wp-content/uploads/2022/10/Small-Business-Facts-Immigrant-Business-Ownership\\_508c\\_V2.pdf](https://advocacy.sba.gov/wp-content/uploads/2022/10/Small-Business-Facts-Immigrant-Business-Ownership_508c_V2.pdf)

<sup>2</sup> "Opinion poll: Small businesses benefit from targeted grant and loan programs, support their continued existence." Small Business Majority. October 2024. <https://smallbusinessmajority.org/our-research/entrepreneurship-independent-economy/small-businesses-benefit-targeted-grant-and-loan-programs-support-their-continued-existence>