POLL

Small Business Owners Oppose Tax Proposals

Majority of small business owners say tax proposals under consideration in Congress benefit big business and the wealthy over small business
Businesses for Responsible Tax Reform

Businesses for Responsible Tax Reform is a coalition of business leaders calling for tax reform that truly benefits America’s small business owners. We are dedicated to ensuring tax reform is fiscally responsible, creates a level playing field for all businesses, grows the economy and works for our nation’s 30 million small business owners.

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Majority of Small Businesses Oppose Tax Reform Proposals Under Consideration in Congress

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A new scientific opinion poll shows the majority of small business owners oppose the tax plans under consideration in Congress, with 51% of respondents saying they oppose the tax plan while only 34% support it. The poll of 794 small business owners nationwide also found 52% agree the current proposals favor large corporations over small businesses (37% disagree), and 58% believe the wealthy and corporations will benefit most from the plan, while only 32% believe the middle class and small businesses will benefit most. A full 60% of respondents do not believe the current tax proposals put small businesses on a level playing field with big businesses (only 24% believe they do).

In order to pay for tax reform, the current proposals cap or eliminate deductions most small business owners take. The majority of small business owners oppose Congress doing away with or limiting these deductions: 53% oppose capping the mortgage interest deduction and eliminating the state and local tax and the home office deductions in favor of reducing their income tax bracket several percentage points. Indeed, 82% of respondents take the state and local tax deduction on their federal taxes, 62% take the federal mortgage interest deduction, and 45% take the home office deduction. Sixty-nine percent of small business owners oppose the provision preventing pass-through businesses from deducting state and local taxes from their federal taxes while allowing corporations to continue to do so.

Importantly, 37% of respondents reported a household income of less than $75,000 per year. More than half (54%) of respondents reported an annual household income of $100,000 or less.

Additionally, six in 10 respondents (61%) oppose increasing the national debt by $1.5 trillion to pay for tax reform, as the current proposals would do.

The majority of respondents also oppose making corporate tax cuts permanent and cuts for pass-through businesses temporary: 58% oppose eventually ending tax cuts for pass-throughs like S-corps, LLCs and proprietorships in 2026 while making corporate tax cuts permanent, and only 20% support it. This is understandable, given 84% of respondents identify as being pass-throughs, such as an S-Corp., LLC, sole proprietorship or partnership. Only 6% of respondents said their business was organized as a C-Corp.

Of note, 36% of respondents identify as Republican, 29% as Democrat and 35% as independent or other.
Key Findings

- **The majority of small business owners oppose the tax proposals under consideration in Congress.** Based on what they've heard so far, 51% of respondents oppose the tax plan that has been proposed in Congress, while 34% support it.

- **Small business owners say the current proposals favor large corporations over small businesses.** 52% of small businesses agree the proposals favor large corporations over small businesses, while 37% disagree that they favor large corporations over small firms.

- **Six in 10 small business owners say the tax proposals do not put small businesses on level playing field with big businesses.** 60% of small businesses disagree the proposals put them on a level playing field with big businesses, while only 24% believe they will.

- **The majority of small businesses believe the current tax proposals will benefit large corporations and the wealthy.** 58% of respondents say large corporations and the wealthy will benefit the most from the tax plans before Congress. Only 32% believe the middle class and small businesses like theirs will benefit.

- **Small businesses oppose raising the debt by $1.5 trillion to pay for tax reform.** 61% of respondents oppose the plan that increases the national debt by $1.5 trillion to pay for tax reform over the next 10 years, while just 28% support it.

- **The majority of small businesses oppose making tax cuts for pass-through businesses temporary, while making those for corporations permanent.** 58% of respondents oppose a tax bill that would eventually end tax cuts for pass-through businesses such as S-corps, LLCs and sole proprietorships while making corporate tax cuts permanent (20% support it).

- **Nearly 7 in 10 small business owners oppose allowing corporations to continue to deduct state and local taxes while pass-through businesses cannot.** 69% of respondents oppose allowing corporations to continue to deduct state and local taxes from their federal taxes, but not allowing the owners of pass-through businesses, such as S-corps, LLCs, and sole proprietorships, to do the same.

- **Small businesses don't want deductions eliminated in order to reduce their tax bracket several percentage points.** 53% of small businesses oppose eliminating the home office and state and local tax deduction, and capping the mortgage interest deduction, in favor of reducing their tax bracket several percentage points. 38% support this.

- **Most small business owners take the deductions lawmakers have proposed eliminating or capping to pay for tax reform.** 82% of respondents take the state and local tax deduction, 62% take the federal mortgage interest deduction, and 45% take the home office deduction.
Key Findings

- The vast majority of respondents organize their businesses as pass-through entities, such as S-corps or LLCs. 84% of respondents organize their businesses as an LLC, S-Corp, partnership or sole proprietorship. Only 6% organize their businesses as C-corps. 8% said they organize their business as “something else.”

- All respondents have fewer than 50 employees. 25% of respondents are self-employed, 47% have between 2-5 employees, 13% have been 6-10 employees, 10% have between 11-25 employees and 4% have between 26-50 employees. No respondents reported having more than 50 employees.

- Respondents believe their small businesses are harmed when big corporations exploit tax loopholes. 70% of small business owners agree their businesses are harmed when large corporations are able to exploit tax loopholes to lower their tax rates. Also, 72% agree 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.

- The majority of respondents reported an annual household income of $100,000 or less. 8% reported an annual household income of less than $25,000. 15% reported an annual household income between $25,000 and $50,000. 14% reported an annual household income between $50,000 and $75,000. 17% reported an annual household income between $75,000 and $100,000. 21% reported an annual household income over $100,000. 25% chose not to report their annual household income.

- A plurality of respondents identified as Republican. 36% of respondents identified as Republican, 29% as Democrat and 35% as independent or other.
Methodology

This is a scientific opinion poll of 794 small business owners, fielded by Public Policy Polling for Businesses for Responsible Tax Reform, from November 17-18, 2017. The margin of error is +/- 3.5%. This poll was conducted by automated telephone interviews.
Q1  Are you the owner of a small business?
Yes..............................................................100%
No ...............................................................0%

Q2  How many people are directly employed by your business, including yourself: just you, between 2 and 5 people, between 6 and 10 people, between 11 and 25 people, between 26 and 50 people, between 51 and 100 people, between 101 and 500 people, or more than 500 people?
Just me .............................................................25%
Between 2 and 5 people .................................. 47%
Between 6 and 10 people .............................. 13%
Between 11 and 25 people ............................ 10%
Between 26 and 50 people ...........................  4%
Between 51 and 100 people ..........................  0%
Between 101 and 500 people .........................  0%
More than 500 people .................................  0%

Q3  From what you have heard so far, do you support or oppose the tax plan that has been proposed in Congress, or do you not know enough to say?
Support.......................................................... 34%
Oppose ........................................................... 51%
Not sure ......................................................... 15%

Q4  Do you take the federal home office deduction when filing taxes?
Yes............................................................... 45%
No .................................................................... 55%

Q5  Do you take the federal mortgage interest deduction when filing taxes?
Yes............................................................... 62%
No .................................................................... 38%

Q6  Do you take the state and local tax deduction on your federal taxes?
Yes............................................................... 82%
No .................................................................... 18%

Q7  Do you support or oppose a tax bill that eliminates the home office and state and local tax deductions and caps the mortgage interest deduction in favor of reducing your income tax bracket several percentage points?
Support ........................................................... 38%
Oppose ............................................................ 53%
Not sure ...........................................................  9%
Q8 Do you support or oppose a tax bill that would eventually end tax cuts for pass-through businesses such as S-corps, LLCs and sole proprietorships in 2026 while making corporate tax cuts permanent?
- Support ........................................................ 20%
- Oppose ........................................................ 58%
- Not sure ....................................................... 21%

Q9 Do you support allowing corporations to continue to deduct state and local taxes from their federal taxes but not allowing the owners of pass-through businesses, such as S-corps, LLCs and sole proprietorships, to do the same?
- Support ........................................................ 20%
- Oppose ........................................................ 69%
- Not sure ....................................................... 11%

Q10 Which of the following would work better for your business: a tax deduction that reduces your taxable income, OR a tax credit that directly reduces your tax bill?
- Tax deduction that reduces taxable income ........... 41%
- Tax credit that directly reduces tax bill ................. 38%
- Not sure ...................................................... 21%

Q11 Now I am going to read you a series of statements. After each one, please tell me whether you agree or disagree with that statement. Here’s the first one: The current tax reform proposals favor large corporations over small businesses.
- Agree ........................................................... 52%
- Disagree ....................................................... 37%
- Not sure ...................................................... 12%

Q12 Here’s the next one: current tax reform proposals put small businesses like mine on a level playing field with big businesses.
- Agree ........................................................... 24%
- Disagree ....................................................... 60%
- Not sure ...................................................... 16%

Q13 Here’s the next one: small businesses are harmed when large corporations are able to exploit tax loopholes to lower their tax rates.
- Agree ........................................................... 70%
- Disagree ....................................................... 23%
- Not sure ...................................................... 7%

Q14 Here’s the next one: 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.
- Agree ........................................................... 72%
- Disagree ....................................................... 20%
- Not sure ...................................................... 9%
Q15 The tax plan increases the national debt by $1.5 trillion dollars to pay for tax reform over the next 10 years. Do you support or oppose this provision of the tax plan?

Support ........................................................ 28%
Oppose ........................................................ 61%
Not sure ......................................................... 12%

Q16 Who do you think will benefit the most from the tax plans that are now before Congress: the wealthy and corporations, or the middle class and small businesses like yours?

The wealthy and corporations ....................................... 58%
The middle class and small businesses like mine........... 32%
Both will benefit equally ........................................... 6%
Not sure .................................................................. 4%

Q17 If you are a woman, press 1. If a man, press 2.

Woman .................................................................. 41%
Man ..................................................................... 59%

Q18 If you are a Democrat, press 1. If a Republican, press 2. If an independent or a member of another party, press 3.

Democrat ............................................................ 29%
Republican .......................................................... 36%
Independent / Other ............................................. 35%

Q19 If you are Hispanic, press 1. If white, press 2. If African-American, press 3. If Asian-American, press 4. If other, press 5.

Hispanic ............................................................ 9%
White ................................................................. 74%
African-American ................................................. 9%
Asian-American .................................................. 2%
Other .................................................................... 6%

Q20 If you are 18-29 years old, press 1. If 30-45, press 2. If 46-65, press 3. If older than 65, press 4.

18 to 45 ............................................................ 21%
46 to 65 ............................................................ 56%
Older than 65 ..................................................... 23%
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#### Q21 How is your business organized: is it a C-Corp, an LLC, an S-Corp, a partnership, a sole proprietorship, or something else?
- C-Corp ......................................................... 6%
- LLC .............................................................. 22%
- S-Corp ......................................................... 15%
- Partnership...................................................
- Sole Proprietorship .......................................41%
- Something else............................................. 8%
- Not sure ....................................................... 0%

#### Q22 Which of the following categories best describes your business – retail; construction and real estate; professional services including taxes, accounting, consulting, IT, legal, finance, and media; healthcare and education or social services; wholesale and distribution of goods; manufacturing; restaurant/food service; leisure and hospitality; other non-retail related services; or do you prefer not to say?
- Retail.....................................................................................................................................................13%
- Construction and real estate .............................................................................................................20%
- Professional services including taxes, accounting, consulting, IT, legal, finance, and media.....33%
- Healthcare and education or social services ...........................................................................3%
- Wholesale and distribution of goods ............................................................................................6%
- Manufacturing .....................................................................................................................................2%
- Restaurant/food service......................................................................................................................1%
- Leisure and hospitality .....................................................................................................................6%
- Other non-retail related services .....................................................................................................10%
- Prefer not to say.................................................................................................................................6%

#### Q23 What is your household's annual income: less than $25,000 a year, between $25,000 and $50,000 a year, between $50,000 and $75,000 a year, between $75,000 and $100,000 a year, or more than $100,000 a year, or do you not care to say?
- Less than $25,000 a year ............................. 8%
- Between $25,000 and $50,000 a year........... 15%
- Between $50,000 and $75,000 a year........... 14%
- Between $75,000 and $100,000 a year........... 17%
- More than $100,000 a year............................ 21%
- Don't care to say .............................................. 25%