



POLL Tax Law Won't Help Small Businesses Grow

Majority of small business owners say new tax law won't allow them to hire new employees or give raises, and that it favors big business and the wealthy over small business and the middle class



March 1, 2018

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Poll Toplines

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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Summary

New Tax Law Will Not Enable Majority of Small Business Owners to Hire, Give Raises

March 1, 2018

A scientific opinion poll performed in four Senate battleground states and with a +10 Republican sample (41% R, 31%D), significantly higher than the national average, shows the majority of small business owners will not be able to hire new employees or give raises because of the new tax law. When asked if they would hire a new employee as a result of the new tax law, 69% of the plurality Republican sample said they would not, while only 25% said they would. When asked if they will be giving their employees raises due to the new tax law, 59% said no, while 31% responded that they would.

While there have been numerous media reports of large corporations planning to hire or giving employees raises due to the tax law, small businesses, which provide half of all private sector jobs, do not feel the tax law gives them the wherewithal to do the same.

This is not surprising considering the poll found that 54% of small business owners say the tax law favors large corporations over small businesses (40% disagree), and 50% believe the wealthy and corporations will benefit most from the tax law, while only 20% believe the middle class and small businesses will benefit. The poll, a survey of 385 small business owners in battleground states Arizona, Tennessee, Maine and Nevada, also found that 55% of respondents do not believe the tax law puts small businesses on a level playing field with big businesses (only 31% believe they do). Additionally, 57% of small business owners oppose the fact that the tax law increases the national debt by \$1.4 trillion to pay for tax cuts.

The majority of respondents also oppose the fact that the corporate tax cuts are permanent while cuts for pass-through businesses are temporary: 58% oppose eventually ending tax cuts for pass-throughs like S-corps, LLCs and proprietorships in 2025 while making corporate tax cuts permanent, and only 34% support it. This is understandable, given 86% of respondents identify as being a pass-through such as an S-Corp., LLC, sole proprietorship or partnership. Only 5% of respondents said their business was organized as a C-Corp.

Of note, 41% of respondents identify as Republican, 31% as Democrat and 28% as independent or other.

Key Findings

- **Small business owners do not plan to hire new employees as a result of the tax law:** 69% of small business owners say they do not plan on hiring a new employee because of the new tax law, while 25% say they do plan on hiring.
- **Small business owners do not plan on giving employees raises as a result of the tax law:** 59% of small business owners say they do not plan to give their employees raises because of the new tax law, while 31% say they do plan to give raises.
- **Small business owners say the tax law favors large corporations over small businesses:** 54% of small businesses agree the tax law favors large corporations over small businesses, while 40% disagree that the law favors large corporations over small firms.
- **Small business owners say the tax law does not put small businesses on a level playing field with big businesses:** 55% of small businesses disagree that the tax law puts them on a level playing field with big businesses, while only 31% believe it does.
- **The majority of small businesses believe the tax law will benefit large corporations and the wealthy:** 50% of respondents say large corporations and the wealthy will benefit the most from the new tax law. Only 20% believe the middle class and small businesses will benefit the most.
- **Small businesses oppose raising the debt by \$1.4 trillion to pay for tax cuts:** 57% of respondents oppose the fact that the tax law increases the national debt by \$1.4 trillion to pay for tax reform over the next 10 years. Only 35% 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 the law that will end tax cuts for pass-through businesses such as S-corps, LLCs and sole proprietorships while making corporate tax cuts permanent, while 34% support it.
- **The vast majority of respondents organize their businesses as pass-through entities, such as S-corps or LLCs.** 86% of respondents organize their businesses as an LLC, S-Corp, partnership or sole proprietorship. Only 5% organize their businesses as C-corps. 7% said they organize their business as “something else.”
- **The vast majority of respondents (84%) have fewer than 10 employees.** 20% of respondents are self-employed, 50% have between 2-5 employees, 14% have been 6-10 employees, 8% have between 11-25 employees, 2% have between 26-50, 3% have between 51-100, and 2% had between 101 and 500 employees.
- **A plurality of respondents identified as Republican.** 41% of respondents identified as Republican, 31% as Democrat and 28% as independent or other.



Methodology

This is a scientific opinion poll of 385 small business owners in Arizona, Tennessee, Maine and Nevada, fielded by Public Policy Polling for Businesses for Responsible Tax Reform, from February 2-3, 2018. The margin of error is +/- 5%. This poll was conducted by automated telephone interviews.

Poll Toplines

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 20%
Between 2 and 5 people 50%
Between 6 and 10 people 14%
Between 11 and 25 people..... 8%
Between 26 and 50 people 2%
Between 51 and 100 people 3%
Between 101 and 500 people 2%
More than 500 people..... 0%

Q3 From what you understand of the new tax law, do you support it, oppose it, or do you not know enough to say?

Support 49%
Oppose 32%
Don't know enough to say..... 19%

Q4 Under the new law, C-corporations get a permanent cut in their tax rate while the owners of pass-through small businesses like LLCs, S-Corps and sole proprietorships will get a temporary tax deduction that expires in 2025. Do you support or oppose the fact that under the new law, C-corporations get a permanent cut in their tax rate while the owners of pass-through small businesses like LLCs, S Corps and sole proprietorships will get a temporary tax deduction that expires in 2025?

Support 34%
Oppose 58%
Not sure 9%

Poll Toplines

Q5 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 new tax law favors large corporations over small business.

Agree 54%
Disagree 40%
Not sure 6%

Q6 Here's the next one: the new tax law puts small businesses like mine on a level playing field with big businesses.

Agree 31%
Disagree 55%
Not sure 13%

Q7 The new tax law will increase the national debt by \$1.4 trillion to pay for the tax cuts over the next 10 years. Do you support or oppose this provision of the plan?

Support 35%
Oppose 57%
Not sure 8%

Q8 Who do you think will benefit the most from the new tax law: the wealthy and corporations, or the middle class and small businesses like yours, or do you think both will benefit equally?

The wealthy and corporations..... 50%
The middle class and small businesses like mine..... 20%
Both will benefit equally 28%
Not sure 2%

Q9 Do you plan on hiring a new employee or employees because of the new tax law, or not?

Yes..... 25%
No 69%
Not sure 5%

Q10 Do you plan on giving your employees a raise because of the new tax law, or not?

Yes..... 31%
No 59%
Not sure.....9%

Poll Toplines

Q11 Do you anticipate you will have to spend more time figuring out your taxes under the new tax law, or do you anticipate you will have to spend less time figuring out your taxes?

Anticipate I'll have to spend more time figuring out my taxes..... 36%
Anticipate I'll have to spend less time figuring out my taxes.....37%
Not sure 27%

Q12 Does the time you spend figuring out your taxes have a positive impact on your business, a negative impact or no impact?

Positive impact..... 17%
Negative impact 34%
No impact..... 47%
Not sure 2%

Q13 Now that you have heard a little more about the tax plan, let me ask again, do you support or oppose the new tax law or do you not know enough to say?

Support 47%
Oppose 39%
Don't know enough to say..... 15%

Q14 Are you less likely or more likely to vote to reelect your U.S. representative in Congress, in the Senate or the House, if they voted to support this tax plan, or would it not make a difference?

Less likely 47%
More likely..... 32%
Wouldn't make a difference..... 17%
Not sure 4%

Q15 If you are a woman, press 1. If a man, press 2.

Woman 56%
Man..... 44%

Q16 If you are a Democrat, press 1. If a Republican, press 2. If an independent or a member of another party, press 3.

Democrat 31%
Republican..... 41%
Independent / Other..... 28%

Poll Toplines

Q17 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.....	7%
White	82%
African-American	6%
Asian-American	1%
Other.....	4%

Q18 If you are 18-45 years old, press 1. If 46-65, press 2. If older than 65, press 3.

18 to 45.....	16%
46 to 65.....	60%
Older than 65.....	23%

Q19 Do you live in Arizona, Maine, Nevada, or Tennessee?

Arizona.....	25%
Maine.....	25%
Nevada	25%
Tennessee	25%

Q20 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	5%
LLC.....	29%
S-Corp	27%
Partnership	10%
Sole Proprietorship	20%
Something else	7%
Not sure	2%

Poll Toplines

Q21 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	15%
Construction and real estate.....	23%
Professional services including taxes, accounting, consulting, IT, legal, finance, and media.....	26%
Healthcare and education or social services.....	5%
Wholesale and distribution of goods	5%
Manufacturing	5%
Restaurant/food service.....	1%
Leisure and hospitality	1%
Other non-retail related services.....	12%
Prefer not to say	6%