Just the Facts:
The Truth About Small Business, Corporate Tax & the American Jobs Plan

PRESENTED BY:

SMALL BUSINESS
FOR AMERICA'S FUTURE
The American Jobs Plan is an important step forward for small businesses, providing a clear, bold plan of action to invest in the country’s infrastructure paid for by partially rolling back the massive 40% corporate tax cut passed in 2017. The proposal to pay for the American Jobs Plan still leaves corporate taxes lower than they were just three years ago and does not impact the vast majority of America’s small businesses. In fact, it levels the playing field for Main Street entrepreneurs and ensures corporations pay their fair share.

**Small Businesses will not be affected**

- A new corporate tax rate will not impact the vast majority of the nation’s 30 million small businesses, which comprise 99.9% of all American businesses
- Small businesses are overwhelmingly organized for tax purposes as sole proprietors, limited liability companies and S-corporations and as such will not be impacted by corporate tax rollbacks. Only businesses organized as C-corporations will pay a slightly higher corporate tax rate
- Our research shows that 75% of small business owners say corporations do not pay their fair share in taxes
- Our research shows that 67% of small business owners support increasing taxes on corporations

**Large Corporations have exploited the 2017 tax cuts:**

- The 2017 Tax Cuts and Jobs Act (TCJA) masqueraded as a plan to enable big businesses to invest in growing their operations, employ more workers and pay higher wages and the tax cuts were promised to pay for themselves by bringing in more revenue. Instead, corporations overwhelmingly used their windfall for record breaking stock buybacks, artificially inflating the value of their stocks to benefit their shareholders and executives
- As a result, corporate income taxes decreased by $100 billion thus increasing the federal deficit by 26%
● In fact, big corporations have used legal deductions, tax breaks and other tax loopholes that have lowered the effective tax rate for the largest businesses to well below the 21% that took effect in 2018

● About 400 of the Fortune 500 companies paid an effective tax rate of only 11.3% in 2018

● Last year, 55 of the country’s largest businesses (like FedEx, Nike and Archer-Daniels-Midland) paid no federal taxes despite bringing in billions in profits

**Corporations claiming their new tax rate will harm economy are crying wolf**

● Big business has lost the credibility to claim that a 28% corporate tax rate will cost jobs and productivity

● Even with the proposed corporate rate increases, 49,000 new manufacturing jobs were created in March 2021, compared to the 22,000 average monthly new manufacturing jobs in 2018

● Month over month, March had the fastest rate of growth in factory activity since 1983

● Overall, 916,000 new jobs in all business sectors were created in March

● By comparison, 2017 claims that a 40% corporate tax rate cut would allow for big investment in factories, jobs and worker pay were not realized. Manufacturing wages rose by only 3% in 2018

**Small Businesses are the backbone of the economy**

● America’s 30 million small businesses represent 99.9% of all businesses in the country

● Small businesses employ nearly half of all private sector workers and created two-thirds of all new jobs since the Great Recession

● Small businesses can be found in every community across the country, creating employment, economic activity and valuable goods and services

● Exposing the false narrative that large corporations are the driver of the American economy is long overdue
Bottom Line on the American Jobs Plan

- The bottom line is the American Jobs Plan will not increase the taxes of small businesses. It will provide much needed investments in the economy, and make large corporations pay their fair share.
- Through bold infrastructure investments, the American Jobs Plan will stimulate local economies and benefit small businesses that provide goods and services, creating the economic impact the 2017 corporate tax cuts promised and failed to deliver.
77% of small business owners in the survey believe that the current tax code favors large corporations over small businesses.

75% of small business owners say corporations do not pay their fair share of taxes.

60% of small business owners support rolling back the 40% tax cut corporations received in 2017 to fund the American Jobs Plan.

Source: Small Business for America's Future national surveys of small business owners, www.smallbusinessforamericasfuture.org