



## Trump-Republican Tax Giveaway Impact on Main Street Small Business Owners

### Summary of Trump-Republican Tax Giveaway

Republicans jammed through the Trump-Republican Tax Giveaway to give a massive tax cut to wealthy donors and big corporations at the expense of Main Street. It balloons the federal deficit by \$1.5 trillion, gives billions of dollars in tax breaks to corporations to outsource jobs, leaves 13 million Americans without health coverage, and Republicans want to pay for it with trillions of dollars in cuts to Social Security, Medicare, Medicaid, education and other critical programs small business owners and our communities rely on.

### The Trump-Republican Tax Giveaway will not benefit Main Street Small Business Owners.

**1. The Tax Giveaway is paid for by leaving 13 million Americans without access to health care, continuing the Trump Administration's efforts to sabotage the Affordable Care Act by destabilizing the marketplace.**

- Repealing the ACA's individual mandate leaves [13 million Americans without insurance](#) and drives up premiums by 10 percent for families who buy their own health insurance through the ACA marketplace. This will cause healthcare costs to increase for small business owners already struggling to afford insurance for themselves or provide insurance to their employees.
- Unlike congress, small businesses must fund their expenditures from month to month, and rely on predictability to forecast business decisions. Erratic premium increases would undermine their ability to project expenses.
- As healthcare costs increase, millions of Americans will have less money to spend at local businesses.

**2. The Tax Giveaway will not increase consumer demand on Main Street.**

- In order to prosper and grow, the single most important thing small business owners consistently say they need, is more customers. This tax giveaway does nothing to increase consumer spending on Main Street.
- In fact, [majority](#) of the tax break accrues to very wealthy, who are unlikely to spend their increased income on Main Street. Millionaires will receive an average tax cut of [nearly \\$70,000](#) this year—[more than 100 times](#) the size of the average tax cut for the bottom 80 percent of income earners (families earning less than \$150,000 per year).
- Moreover, in 2018, [7.8 million](#) families making less than \$200,000 per year will see their tax increases. By 2027, nearly [92 million](#) families making less than \$200,000 will see tax increases. As disposable income decreases, consumer demand on Main Street declines.

### **3. The Republican Tax Giveaway will not spur job creation on Main Street.**

- Main Street small businesses won't be able to create new jobs or give employees a raise with the nominal tax cuts they receive. Businesses only hire more people when there is a sufficient increase in demand to warrant an increase in employees.
- Main Street's ability to create job is particularly important to economic growth important because small businesses employ nearly [50 percent](#) of the country's private sector workforce. A recent report by the Small Business Administration found that small businesses, not large companies, led the way out of the Great Recession by creating most of America's jobs. Since then, small businesses have created [2 out of 3 private sectors jobs](#).
- The tax law doesn't do anything to help Main Street small business owners create jobs.

### **4. The GOP Tax Giveaway gives large corporations like Amazon, Apple, Walmart, AT&T, and Exxon \$1.4 trillion in tax breaks.**

- Large corporations are experiencing record profits, and yet corporate income tax revenue has drastically [decreased](#) since 1950. Large corporations benefit from public services, but don't pay their fair share in taxes. This forces small businesses and middle-class taxpayers to make up for the loss in tax revenue through higher taxes, or reductions in the quality of public services like healthcare, education, infrastructure, and other vital services.
- A decrease in the corporate tax rates further tilts the scales in favor of large corporations, giving them an unfair edge over Main Street small businesses.

### **5. The Tax Giveaway gives tax preferences to U.S. multinationals' foreign profits compared to domestic and small business earnings.**

- It creates a lower corporate tax rate on foreign profits compared to domestic profits, incentivizing multinational companies to shift profits and investments offshore to get the lower rate.
- This gives corporations with international operations and expensive tax advisors a large tax advantage against domestic and small businesses.
- Small businesses are rooted in our communities, and create jobs right here at home. Main Street businesses aren't going to move offshore, but multinational corporations will, and they are encouraged and incentivized to move jobs and profits offshore by the Republican tax law. When multinationals move their businesses offshore they take jobs and tax revenue with them, leaving small businesses and middle-class taxpayers footing their tax bill.

### **6. Republicans want to pay for tax cuts for the wealthy and large corporations by cutting [trillions of dollars](#) from Medicare, Medicaid, Social Security, and education, and other critical services that small businesses and our communities rely on.**

- These deep spending cuts would cause healthcare costs to skyrocket, and as families are forced to pay more for vital healthcare services, they will have less money to spend at local businesses, devastating Main Streets across the country.

## **What do small business owner need in a tax plan?**

**We need to repeal the Trump-Republican tax giveaway and a create tax system that ensures that the rich and big corporations pay their fair share of taxes by closing corporate tax loopholes and creating a more progressive income tax structure.**

- Reform multinational taxation so corporations are treated as unitary entities and taxed on global income. U.S. laws encourage American multinational corporations to keep their profits overseas instead of investing them here at home.
- In order to prevent CEOs from using profits to pay off shareholders and themselves instead of increasing worker salaries or investing to expand operations, raise the effective top marginal tax rates on high-income individuals.
- Raise the estate tax, which helps mitigate the large tax breaks that extremely wealthy households receive on their wealth as it grows, which can otherwise go untaxed because of loopholes.
- Raise taxes on capital gains, tax carried interest and stock dividends, which are taxed at much lower rates than earned income, to be in parity with the individual income tax rate, so that all forms of income are taxed at the same rate.

## **What do small business owners need to be successful?**

- Small business owners need customers. One way to increase consumer demand is by raising the federal minimum wage. When member of our communities can't earn enough to keep up with the basics – things like purchasing food, obtaining school supplies and making car repairs– they can't purchase goods and services from small businesses, and the entire local economy suffers. That's bad for small business, and bad for the economy as a whole.
- We must protect Social Security, Medicare, Medicaid, education and other vital services that small businesses, our employees, our customers and our communities rely on.
- Congress should fund public investment in transformational projects that create long-term economic growth and jobs: safe, reliable and clean infrastructure and mass transportation, quality child and elder care, and health care available to all, to name a few.

## **Example Business**

For example, take Mike's Tire Shop in Cleveland, OH, a small business that sells tires. At Mike's, a full set of new tires costs \$1,000. Giving more money to the wealthy is not going to entice them to purchase a new set of tires. (Wealthy families can likely already afford new tires.) However, increasing disposable income for middle-class families by raising the minimum wage, investing in health care or creating a national paid family and medical program, would enable them to purchase a new set of tires for the first time, creating new customers for Mike. As demand for his tires increase, Mike is able him to give his current employees raises, and hire more employees. This would stimulate spending on Main Streets across the country, creating vibrant local economies and fueling economic growth.

## Closing Summary

The tax bill is part of the Trump administration's broader economic agenda, which prioritizes tax cuts for wealthy donors and large corporations over investment in our communities—including the critical priority of maintaining and modernizing our infrastructure.

Main Street small businesses don't benefit from tax cuts to the wealthy and large, profitable corporations. We need public investments in our communities, which help create resilient and sustainable local economies that enable small businesses to thrive.

We need to repeal the Trump-Republican tax giveaway and create a tax system that ensures that the rich and big corporations pay their fair share of taxes by closing corporate tax loopholes and creating a more progressive income tax structure. We need to protect Social Security, Medicare, Medicaid, education and other priorities that matter to small business owners and our communities.

## Details of Tax Giveaway

- The [majority](#) of small business owners oppose the Trump-Republican Tax Giveaway, and feel that it favors the wealthy and large corporations over small businesses. In fact, the law is [opposed by the public two to one](#), and is the least popular bill Congress has passed in modern history.
- It will [balloon the federal debt by at least \\$1.5 trillion](#) to line the pockets of wealthy [Republican members of Congress and their donors](#). Some of the biggest beneficiaries of this bill are the very politicians who wrote it and their wealthy donors, not Main Street small business owners.
- The bill gives [\\$1.4 trillion](#) in tax cuts to large, profitable corporations that Republicans want to pay for by cutting [trillions of dollars](#) from Medicare, Medicaid, Social Security, and education, and other critical services that small businesses and our communities rely on.
- This tax giveaway is a jobs killer, since it eliminates nearly all taxes on offshore profits, and creates new corporate loopholes that reward corporations that [outsource American jobs and shift profits offshore](#).
- The Trump-GOP tax giveaways are paid for by sabotaging health care, leaves [13 million Americans without insurance](#) and drives up premiums by 10 percent for families who buy their own health insurance.
- It encourages corrupt tax avoidance tactics, [leaves in place loopholes for special interests](#)—including real estate developers like Donald Trump—and is a massive giveaway to Wall Street. Trump himself could see more than [\\$11 million](#) in tax breaks under the law.
- The tax giveaway [reduces](#) the popular state and local tax deductions used by millions of families. This will put pressure on state and local budgets, forcing cuts to education and other local funding priorities.