



THE BIG GOVERNMENT SOCIALISM BILL'S HARM TO SMALL BUSINESSES ACROSS AMERICA

The State of Small Businesses since the COVID-19 Pandemic

The COVID-19 pandemic has had a sizable impact on most small businesses. Their smaller scale, specialized activities, and constrained access to capital made them especially vulnerable to pandemic-related disruption and government-mandated shutdowns. The Trump administration acted swiftly and decisively in spring 2020 to provide aid to households and small businesses to mitigate the economic fallout from COVID-19 lockdowns and lay the foundation for a robust recovery, with estimates finding that these interventions likely saved tens of millions of jobs and prevented a much larger wave of small business bankruptcies.

Fortunately, as a result of these policies, many small businesses have weathered the storm, but now small businesses face the ominous specter of the big government socialism bill that is currently being advanced by liberals and the Biden Administration. This massive package of spending, tax, and regulatory hikes would radically hurt small businesses in the following ways:

DECREASES HIRING

- Hiring was already difficult as many workers were making more money on enhanced unemployment benefits and other government payments than they would have earned from working full-time.
- The Biden Child Tax Credit conversion to a de facto universal basic income program without work requirements reduces the reward for working and, as a result, could drive 1.5 million workers out of the labor force.
- “Free” community college decreases the need for people to work part-time while attending school, instead pushing higher education costs onto taxpayers.

INCREASES COSTS OF DOING BUSINESS

- It likely increases the costs of doing business by returning higher levels of regulation and greater government intrusion into small business activities.
- The bill serves as a federal takeover of paid family and medical leave that tilts the scales toward big businesses and threatens existing employer paid leave policies.
- The massive spending package imposes a one-size-fits-all plan that gives big businesses—which have the resources and wherewithal to more easily handle compliance and employee absences—a competitive advantage over small businesses.

STUNTS ECONOMIC GROWTH FROM HIGHER TAXES

- The Big Government Socialism Bill raises both personal and corporate income taxes.
- In a progressive income tax environment, the entrepreneur absorbs most, if not all, of the losses but pays tax rates of up to 50 percent when the venture succeeds. When success is taxed, less is realized.
- Tax rates directly impact the incentives to grow the private economy. Most of the daily needs of Americans are realized by the production of the private economy. By raising taxes on the businesses of our Nation, we will see less growth, less innovation, and a lower standard of living.