



POLL New Tax Law a Dud for Small Businesses

Majority of small business owners say the new tax law hasn't helped their business, and support rolling back cuts for corporations to help small businesses



April 10, 2019

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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.

www.businessesfortaxreform.org

info@businessesfortaxreform.org

Summary

Small Business Owners Say New Tax Law Hasn't Helped Their Companies; Want Tax Cuts for Corporations Partially Rolled Back to Help Small Businesses

April 10, 2019

A public opinion poll shows the new tax law has not helped the vast majority of small business owners hire, grow or invest in their businesses, nor has it had a positive impact on their businesses' growth or profitability. Additionally, the poll of 501 small business owners nationwide found two-thirds want the 40% tax cut corporations received from the law to be partially rolled back to fund policies that will help small businesses.

The poll, conducted March 26-27, 2019, by Morning Consult, found 48% of small businesses said the new tax law had no impact on the growth or profitability of their business, and 24% said it had a negative impact. Only 19% of owners said the law had a positive impact on their business.

The vast majority of small business owners said the new law didn't allow them to hire more employees, give employees raises, offer employees bonuses, pay off a business loan, or invest in new equipment or construction. Additionally, the majority of respondents said they did not have an easier time filing their business's taxes.

The new law, passed by Congress in 2017, gave corporations a permanent 40% tax cut (from 35% to 21%), and gave pass-through entities (which make up the vast majority of small businesses), a temporary 20% deduction. Six in 10 respondents said corporations benefitted the most from the law, while only 9% said small businesses benefitted most, and 53% believe the current tax code favors large businesses over small ones--likely why 65% of respondents support partially rolling back the 40% cut corporations received to fund policies to help small businesses.

Tax policies small business owners support include making the first \$25,000 in profit for a small business tax-free, simplifying the tax code, giving small businesses some relief on payroll taxes and equalizing the tax savings rate between small pass-through businesses and corporations.

Initial views on the 2017 Tax Cuts and Jobs Act fall along partisan lines, but once respondents learn how the law impacts small businesses versus corporations, opposition rises from 28% to 45%--a plurality--while support only rises from 30% to just 34%.

Of note, 35% of respondents identify as Republican, 34% as Democrat and 32% as independent, and more respondents voted for Donald Trump (38%) over Hillary Clinton (36%) in the 2016 election.

Key Findings

- **Nearly half of small business owners say the new tax law has had no impact on the growth or profitability of their business, and a quarter say it's had a negative impact.** 48% of respondents said the tax law had no impact on their business's growth or profitability, and 24% said it had a negative impact. Only 19% of owners said the law had a positive impact on their business.
- **Two-thirds of small business owners say they support partially rolling back the recent 40% tax cut corporations received to fund policies that help small businesses.** 65% of small businesses support rolling back the 40% corporate tax cut to fund policies that help small businesses, with 38% strongly supporting it. Just 16% oppose rolling it back.
- **Two-thirds of small businesses do not believe corporations pay their fair share in taxes.** 65% of small businesses say corporations do not pay their fair share in taxes, and 66% support increasing taxes on corporations.
- **Six in 10 small business owners believe corporations benefitted the most from the 2017 tax law.** 59% of respondents say corporations benefitted the most from the new tax law, while only 9% think small businesses benefitted the most.
- **The new law did not allow small businesses to hire more employees, give raises or bonuses, pay off a business loan, invest in their business, or make it easier to file their businesses' tax returns.** 74% of small businesses said the law didn't allow them to hire more employees, 66% weren't able to give employees raises, 71% weren't able to offer employees bonuses, 64% weren't able to pay off a business loan, 67% weren't able to invest in new equipment or construction, and 56% didn't have an easier time filing their tax returns.
- **Ranking tax policies that would help small businesses, respondents said their first choice is making the first \$25,000 in profit for a small business tax free.** Respondents ranked their second choice as simplifying the tax code, their third as giving small businesses relief on payroll taxes, fourth as equalizing the tax savings rate created by the law between small and large businesses and expand it to include entrepreneurs in all fields, and fifth as doubling the startup tax deduction for small business.
- **Respondents span the political spectrum, however more voted for Donald Trump over Hillary Clinton in 2016 election:** 35% identify as Republican, 34% as Democrat and 32% identify as independent. 38% of respondents voted for Donald Trump in the 2016 election, 36% voted for Hillary Clinton, 8% voted for someone else and 19% didn't vote.



Methodology

This is an online scientific opinion poll of 501 small business owners nationwide, fielded by Morning Consult for Businesses for Responsible Tax Reform, from March 26-27, 2019. The margin of error is +/- 4%. The interviews were conducted online and the data were weighted to approximate a target sample of adults based on age, race/ethnicity, gender, educational attainment and region.

National Poll

Project: 190350

N Size: 501 Small Business Owners

Margin of Error: ± 4%

March 26-27, 2019

Topline Report

Question	Response	Frequency	Percentage
1	<i>Are you the owner of a small business?</i>		
	Yes	501	100%
2	<i>How many people are directly employed by your business, including yourself?</i>		
	Just me	100	20%
	Between 2 and 5 people	250	50%
	Between 6 and 10 people	77	15%
	Between 11 and 25 people	43	9%
	Between 26 and 50 people	20	4%
	Between 51 and 100 people	11	2%
3	<i>How is your business organized?</i>		
	LLC	135	27%
	S-Corp	46	9%
	Partnership	46	9%
	Sole proprietorship	252	50%
	Other	7	1%
	Don't know / No opinion	15	3%
4	<i>Did you file your personal and business tax returns for 2018 or do you plan to?</i>		
	Yes, already filed	290	58%
	Yes, plans to file	211	42%
5	<i>Do you believe the current tax code:</i>		
	Favors large businesses over small businesses	265	53%
	Favors small businesses over large businesses	43	9%
	Favors large and small businesses equally	65	13%
	Don't know / No opinion	128	26%

Question	Response	Frequency	Percentage
6	<i>Do you believe corporations pay their fair share in taxes?</i>		
	Yes	119	24%
	No	328	65%
	Don't know / No opinion	54	11%
7	<i>Do you support or oppose increasing taxes on: Corporations</i>		
	Strongly support	195	39%
	Somewhat support	135	27%
	Somewhat oppose	52	10%
	Strongly oppose	60	12%
	Neither support nor oppose	35	7%
	Don't know / No opinion	24	5%
8	<i>How much do you agree or disagree with the following statements? Small businesses are harmed when large businesses or corporations use loopholes to avoid paying taxes.</i>		
	Strongly agree	259	52%
	Somewhat agree	130	26%
	Neither agree nor disagree	54	11%
	Somewhat disagree	27	5%
	Strongly disagree	9	2%
	Don't know / No opinion	22	4%

Question	Response	Frequency	Percentage
9	<i>Do you support or oppose the tax law called the Tax Cuts and Jobs Act passed in 2017?</i>		
	Strongly support	54	11%
	Somewhat support	94	19%
	Somewhat oppose	54	11%
	Strongly oppose	84	17%
	Neither support nor oppose	85	17%
	Don't know / No opinion	130	26%
10	<i>As you may know, under the Republican tax law, the Tax Cuts and Jobs Act, C-corporations get a permanent 40% cut in their tax rate while some but not all owners of pass-through small businesses like LLCs, S-Corps, and sole proprietorships will get a temporary 20% tax deduction that expires in 2025. Knowing this, do you support or oppose the tax law called the Tax Cuts and Jobs Act passed in 2017?</i>		
	Strongly support	60	12%
	Somewhat support	108	22%
	Somewhat oppose	79	16%
	Strongly oppose	144	29%
	Neither support nor oppose	69	14%
	Don't know / No opinion	41	8%
11	<i>Which of the following do you believe benefitted the MOST from the 2017 tax law?</i>		
	Small businesses	44	9%
	Corporations	296	59%
	Neither benefitted	28	6%
	Both benefitted equally	65	13%
	Don't know / No opinion	68	14%
12	<i>Did the 2017 tax law have a positive or negative impact on the growth or profitability of your business?</i>		
	Positive	93	19%
	Negative	119	24%
	No impact either way	238	48%
	Don't know / No opinion	51	10%

Question	Response	Frequency	Percentage
13_1	<i>Did the 2017 tax law cause any of the following to happen for your business? My business was able to hire more employees.</i>		
	Yes	73	15%
	No	372	74%
	Don't know / No opinion	56	11%
13_2	<i>Did the 2017 tax law cause any of the following to happen for your business? My business was able to give our employees raises.</i>		
	Yes	98	20%
	No	332	66%
	Don't know / No opinion	71	14%
13_3	<i>Did the 2017 tax law cause any of the following to happen for your business? My business was able to pay off a business loan.</i>		
	Yes	68	14%
	No	319	64%
	Don't know / No opinion	114	23%
13_4	<i>Did the 2017 tax law cause any of the following to happen for your business? My business was able to invest in new equipment or construction.</i>		
	Yes	105	21%
	No	334	67%
	Don't know / No opinion	62	12%
13_5	<i>Did the 2017 tax law cause any of the following to happen for your business? My business was able to offer bonuses to employees.</i>		
	Yes	79	16%
	No	356	71%
	Don't know / No opinion	66	13%
13_6	<i>Did the 2017 tax law cause any of the following to happen for your business? My costs for filing my business's tax return went down.</i>		
	Yes	57	11%
	No	369	74%
	Don't know / No opinion	75	15%
13_7	<i>Did the 2017 tax law cause any of the following to happen for your business? I had an easier time filing my business's tax return.</i>		
	Yes	112	22%
	No	281	56%
	Don't know / No opinion	108	22%

Question	Response	Frequency	Percentage
13_8	<i>Did the 2017 tax law cause any of the following to happen for your business? My in-house accountant had an easier time filing my business's tax return.</i>		
	Yes	62	12%
	No	252	50%
	Don't know / No opinion	187	37%
13_9	<i>Did the 2017 tax law cause any of the following to happen for your business? My outsourced accountant had an easier time filing my business's tax return.</i>		
	Yes	68	14%
	No	239	48%
	Don't know / No opinion	194	39%
13_10	<i>Did the 2017 tax law cause any of the following to happen for your business? I had to contract an accountant for the first time to file my business's tax return.</i>		
	Yes	52	10%
	No	387	77%
	Don't know / No opinion	62	12%
14	<i>Do you support or oppose partially rolling back the recent 40% tax-cut for corporations to fund policies that help small businesses?</i>		
	Strongly support	189	38%
	Somewhat support	134	27%
	Somewhat oppose	39	8%
	Strongly oppose	40	8%
	Neither support nor oppose	59	12%
	Don't know / No opinion	40	8%
15_1	<i>How much would each of the following policies help small businesses? Please rank the following from the most helpful policy (top) to the least helpful policy (bottom) for small businesses. - Giving small businesses some relief on payroll taxes.</i>		
	Rank: 1	84	17%
	Rank: 2	100	20%
	Rank: 3	115	23%
	Rank: 4	113	23%
	Rank: 5	89	18%
15_2	<i>How much would each of the following policies help small businesses? Please rank the following from the most helpful policy (top) to the least helpful policy (bottom) for small businesses. - Doubling the startup tax deduction for small business.</i>		
	Rank: 1	42	8%
	Rank: 2	106	21%
	Rank: 3	127	25%
	Rank: 4	103	21%
	Rank: 5	123	25%

Question	Response	Frequency	Percentage	
15_3	<i>How much would each of the following policies help small businesses? Please rank the following from the most helpful policy (top) to the least helpful policy (bottom) for small businesses. - Simplifying the tax code.</i>			
		Rank: 1	88	18%
		Rank: 2	94	19%
		Rank: 3	88	18%
		Rank: 4	100	20%
		Rank: 5	131	26%
15_4	<i>How much would each of the following policies help small businesses? Please rank the following from the most helpful policy (top) to the least helpful policy (bottom) for small businesses. - Making the first \$25,000 in profit for a small business tax-free.</i>			
		Rank: 1	218	44%
		Rank: 2	105	21%
		Rank: 3	77	15%
		Rank: 4	62	12%
		Rank: 5	39	8%
15_5	<i>How much would each of the following policies help small businesses? Please rank the following from the most helpful policy (top) to the least helpful policy (bottom) for small businesses. - Equalizing the tax savings rate created by the 2017 tax law between small and large businesses and expand it to include entrepreneurs in all fields.</i>			
		Rank: 1	69	14%
		Rank: 2	96	19%
		Rank: 3	94	19%
		Rank: 4	123	25%
		Rank: 5	119	24%

Question	Response	Frequency	Percentage
EMCdem1	<i>Which of the following categories best describes your business?</i>		
	Retail	73	15%
	Construction and real estate	72	14%
	Professional services including taxes, accounting, consulting, IT, legal, finance, and media	102	20%
	Healthcare and education or social services	35	7%
	Wholesale and distribution of goods	13	3%
	Manufacturing	16	3%
	Restaurant/food service	17	3%
	Leisure and hospitality	19	4%
	Other non-retail related services	140	28%
	Prefer not to say	14	3%
EMCdem2	<i>Which of the following categories best describes your business's total revenue for 2018?</i>		
	Under \$50,000	166	33%
	Between \$50,000 and \$99,999	93	19%
	Between \$100,000 and \$249,999	73	15%
	Between \$250,000 and \$499,999	57	11%
	Between \$500,000 and \$749,999	24	5%
	Between \$750,000 and \$999,999	20	4%
	Between \$1M and \$2M	43	9%
	More than \$2M	13	3%
	Prefer not to say	12	2%

Note: Group proportions may total to larger than one-hundred percent due to rounding. All statistics are calculated for registered voters with demographic post-stratification weights applied.

Respondent Demographics Summary

Summary Statistics of Survey Respondent Demographics

Demographic	Group	Frequency	Percentage
xdemAll	Small Business Owners	501	100%
xdemGender	Gender: Male	169	34%
	Gender: Female	332	66%
	N	501	
age5	Age: 18-29	41	8%
	Age: 30-44	148	30%
	Age: 45-54	116	23%
	Age: 55-64	124	25%
	Age: 65+	72	14%
	N	501	
demAgeGeneration	Generation Z: 18-21	7	1%
	Millennial: Age 22-37	111	22%
	Generation X: Age 38-53	171	34%
	Boomers: Age 54-72	201	40%
	N	490	
xpid3	PID: Dem (no lean)	170	34%
	PID: Ind (no lean)	158	32%
	PID: Rep (no lean)	173	35%
	N	501	
xpidGender	PID/Gender: Dem Men	50	10%
	PID/Gender: Dem Women	120	24%
	PID/Gender: Ind Men	56	11%
	PID/Gender: Ind Women	102	20%
	PID/Gender: Rep Men	63	13%
	PID/Gender: Rep Women	110	22%
	N	501	
xdemIdeo3	Ideo: Liberal (1-3)	173	35%
	Ideo: Moderate (4)	104	21%
	Ideo: Conservative (5-7)	202	40%
	N	479	
xeduc3	Educ: < College	280	56%
	Educ: Bachelors degree	115	23%
	Educ: Post-grad	106	21%
	N	501	

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Summary Statistics of Survey Respondent Demographics

Demographic	Group	Frequency	Percentage
xdemInc3	Income: Under 50k	182	36%
	Income: 50k-100k	200	40%
	Income: 100k+	119	24%
	N	501	
xdemWhite	Ethnicity: White	420	84%
xdemHispBin	Ethnicity: Hispanic	36	7%
demBlackBin	Ethnicity: Afr. Am.	41	8%
demRaceOther	Ethnicity: Other	40	8%
EMCdem4	Democrat w/ lean	212	42%
	Republican w/ lean	215	43%
	Neither party	74	15%
	N	501	
xdemUsr	Community: Urban	111	22%
	Community: Suburban	233	47%
	Community: Rural	157	31%
	N	501	
xdemMilHH1	Military HH: Yes	71	14%
	Military HH: No	430	86%
	N	501	
xnr1	RD/WT: Right Direction	213	43%
	RD/WT: Wrong Track	288	57%
	N	501	
xnr3	#1 Issue: Economy	144	29%
	#1 Issue: Security	106	21%
	#1 Issue: Health Care	113	23%
	#1 Issue: Medicare / Social Security	39	8%
	#1 Issue: Women's Issues	20	4%
	#1 Issue: Education	24	5%
	#1 Issue: Energy	27	5%
	#1 Issue: Other	28	6%
	N	501	
xsubVote18O	2018 House Vote: Democrat	196	39%
	2018 House Vote: Republican	190	38%
	2018 House Vote: Someone else	18	4%
	2018 House Vote: Didnt Vote	97	19%
	N	501	

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Summary Statistics of Survey Respondent Demographics

Demographic	Group	Frequency	Percentage
xsubVote16O	2016 Vote: Hillary Clinton	178	36%
	2016 Vote: Donald Trump	188	38%
	2016 Vote: Someone else	41	8%
	2016 Vote: Didnt Vote	94	19%
	N	501	
xsubVote14O	Voted in 2014: Yes	373	74%
	Voted in 2014: No	128	26%
	N	501	
xsubVote12O	2012 Vote: Barack Obama	228	46%
	2012 Vote: Mitt Romney	151	30%
	2012 Vote: Other	24	5%
	2012 Vote: Didn't Vote	98	20%
	N	501	
xreg4	4-Region: Northeast	97	19%
	4-Region: Midwest	118	24%
	4-Region: South	201	40%
	4-Region: West	85	17%
	N	501	
EMCdem3	Receive Tax Refund for 2018	184	37%
	Owe Taxes for 2018	141	28%
	Neither Refund nor Owe for 2018	105	21%
	N	430	
EMCdem5	Revenue <50k	166	33%
	Revenue 50k–99,999	93	19%
	Revenue 100k–249,999	73	15%
	Revenue 250k–749,999	81	16%
	Revenue 750k+	76	15%
	N	489	

Note: Group proportions may total to larger than one-hundred percent due to rounding. All statistics are calculated with demographic post-stratification weights applied.

The logo consists of a stylized 'M' shape formed by two overlapping chevron-like shapes pointing downwards.

MORNING CONSULT