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House Approval of Tax Reform Bill Hangs Main Street Small Businesses Out to Dry

Statement by Anne Zimmerman, co-chair of Businesses for Responsible Tax Reform and founder and owner of Zimmerman & Co CPAs Inc., a public accounting firm in Cincinnati and Cleveland, Ohio, on the House of Representatives' passage today of tax reform legislation H.R. 1

Washington, D.C., Nov. 16, 2017—Today, the House of Representatives disregarded the economic well-being of America’s 30 million small business owners in favor of an epic and fiscally irresponsible giveaway to large corporations when it passed its tax reform legislation H.R. 1.

At the heart of the House’s bill is a huge tax cut for corporations. This is a benefit for big business that is being financed on the backs of small entrepreneurs. For instance, corporations will still be able to deduct state and local taxes on their profits but the owners of small pass-through businesses, where owners’ business income is passed through to their personal income and taxed accordingly, will not. More than 90 percent of small businesses are structured as pass-throughs.

In this bill, 86 percent of small businesses get just a tiny fraction, if any, of the tax cut promised to corporations. Large corporations see an across-the-board tax cut from 35 to 20 percent. To pay for these massive cuts, the bill would eliminate or cap deductions that middle class small business owners rely on, including for home office expenses, tax preparation, state and local taxes and mortgage interest.

There is no reason tax reform should vastly benefit corporations over small business, and in fact, doing so misses an opportunity to boost future job creation and our nation’s economic vitality. Since the Great Recession, small businesses have created two-thirds of new American jobs. Tax reform must allow them to continue to grow and hire.

However, in its rush to score political points, the House of Representatives okayed a slapdash plan that does little to help the vast majority of America’s small businesses.

As the Senate takes up their bill, we hope more lawmakers find the courage to follow in Sen. Ron Johnson’s (R-WI) footsteps and stand up for America’s true job creators—small businesses.
The Senate plan also favors corporations over small businesses and we were pleased to see Sen. Johnson voice his opposition to both plans this week based on its treatment of pass-throughs.

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**About 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. Learn more about us on our website and follow us on Twitter and Facebook.