



November 14, 2012

Dear Representative:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, we call on Congress to avert the tax increases that are scheduled to occur in 2013 if the fiscal cliff is not resolved. In the current economic environment, the last thing small businesses should face is a tax increase. Furthermore, NFIB remains adamantly opposed to any fiscal cliff resolution that cuts taxes for large corporations at the expense of small businesses organized as pass-through entities.

The expiration of current individual tax rates is particularly important to small businesses because 75 percent of them are organized as pass-through entities that pay taxes at the individual rate. The economic consequences of this tax increase have been made abundantly clear. A recent study by Ernst & Young concluded that raising the top two tax rates over time would result in 710,000 fewer jobs and shrink the economy by 1.3 percent. Echoing this impact, the Congressional Budget Office stated that the same tax increase would cost 200,000 jobs in 2013 alone. On the other hand, the Congressional Budget Office concluded that avoiding across the board tax increases would grow the economy by 1.4 percent and add 1.8 million jobs in 2013.

Given the uncertainty about whether these impacts will occur, it is no wonder that small businesses are pessimistic about the future. NFIB's Small Business Optimism Index is still at recession levels and the percentage of business owners who are uncertain about future business conditions is at a record high. Not coincidentally, taxes are also one of the top concerns in NFIB's Small Business Problems and Priorities Survey.

It is important to remember that these avoidable tax increases are on top of new taxes already scheduled to go into effect under the Patient Protection and Affordable Care Act. Added to these tax increases are 4,100 costly new regulations already in the pipeline. These new mandates will act as a tidal wave, hampering the ability of small businesses to grow.

Raising taxes on small businesses, especially in the current economic environment, stifles their ability to grow and create jobs. Congress must act to avoid this economic hit to over half of the business community that creates two-thirds of net new jobs and employs over half the private sector workforce.

Sincerely,

A handwritten signature in black ink that reads "Susan Eckerly". The signature is written in a cursive, flowing style.

Susan Eckerly
Senior Vice President
Public Policy