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Scientific Opinion Poll Shows Small Businesses Very Concerned About “Fiscal Cliff”

Entrepreneurs show widespread concern about budget crisis and want lawmakers to act

Washington, DC—A scientific opinion poll released today shows nearly eight in 10 small business owners are aware of the so called “fiscal cliff”—a host of tax increases and billions of dollars in automatic spending cuts that will take effect on Jan. 1 if Congress and the president can’t agree on a plan to reduce the deficit by year’s end. If not avoided, this situation will have a dire effect on entrepreneurs and the middle class, small firms’ core customer base. The poll revealed just how widespread the unease is about this critical situation, as strong majorities of small business owners expressed worry about nearly every fiscal cliff issue they were asked about.

The national telephone poll of 500 small business owners, conducted by Greenberg Quinlan Rosner Research for Small Business Majority, revealed entrepreneurs don’t want a solution to interfere with job creation opportunities: a majority think it’s more important for Congress to focus on creating jobs than reducing the deficit. However, entrepreneurs see eliminating tax cuts that only benefit the wealthiest as one part of a potential solution. By nearly a 2:1 ratio, small business owners believe spending cuts for education, healthcare and infrastructure would hurt the economy more than a tax increase on the top 2 percent. A majority also believe allowing tax cuts for high-income earners to expire is the right thing to do given our current economic situation.

“Our economy is slowly recovering. Allowing the tax increases and drastic spending cuts that going over the fiscal cliff would trigger would cripple our small businesses and middle class, and with them our fragile recovery,” said John Arensmeyer, founder & CEO of Small Business Majority. “Lawmakers need to act now and give small employers a sense of certainty about what they can expect come Jan. 1st.”

The poll found more than three-quarters of small business owners are concerned about an increase in the employee portion of payroll taxes, which saves a typical household \$1,000 a year, and could lead to decreased disposable income and demand from customers, as well as less money in entrepreneurs’ own pockets. It is estimated that if this 2 percent tax cut is allowed to expire, it could cost nearly one million jobs and almost a percentage point of economic output in 2013.

“From a business perspective, what I’m most concerned with is consumer demand,” said Mike Brey, owner of Hobby Works, which has five locations throughout Maryland and Virginia. “That’s what drives my decision to open new stores, allows me to create new jobs and to continue investing in the company. For that demand to be there, we need to ensure middle class taxpayers have spending money. That means keeping their tax rates where they are now rather than letting them go up, and extending the employee payroll tax holiday, so consumers don’t see smaller paychecks next year.”

Additional findings include:

- Entrepreneurs are concerned about spending cuts that will occur if the fiscal cliff situation is not resolved: 65 percent are concerned about \$500 billion in defense cuts that would occur over the next 10 years; 77 percent are worried about infrastructure cuts; more than six in 10 are worried about funding reductions for the small business loan and counseling programs under the Small Business Administration; nearly seven in 10 are concerned about funding cuts for government contracts small businesses can bid on.
- 81 percent are concerned about an eightfold increase in the number of households facing the Alternative Minimum Tax— a tax some people have to pay instead of a lower income tax to ensure they pay a minimum amount of taxes—increasing from 4.4 million to 32.9 million households, or by about \$2,800 per family. Fifty-three percent are very concerned.
- 86 percent are concerned that there will be cuts to state grants for career and technical education and job-specific technical training; 66 percent are concerned there will be cuts to Workforce Investment Act state grants that provide employment and training services to disadvantaged, underemployed people who want to go back to school or enter the labor market.
- Nine in 10 favor allowing the self-employed to deduct health insurance costs from their payroll taxes.
- More than three-quarters support permanently allowing small businesses to expense qualified capital investments up to \$1 million, and more than eight in 10 are anxious about cuts that would reduce the amount of qualified capital investments small businesses can expense to \$25,000.
- Respondents were politically varied, with Republicans being the most dominant group: 47 percent identified as Republican or independent-leaning Republican, 35 percent as Democrat or independent-leaning Democrat and 8 percent as independent.

Related Findings From Recent Polling (released Oct. 25, 2012):

- 52 percent of small businesses agree that while no one likes to raise taxes, we should do so on the wealthiest 2 percent given our budget crisis (4 in 10 strongly agree).
- By a 5:4 ratio, small business owners believe the most important job for Congress and the president next year is a plan to create jobs, compared to a plan to reduce the deficit.
- 72 percent support eliminating tax loopholes for large corporations.
- 63 percent support ending tax breaks for gas and oil companies.

For the full report visit: <http://smallbusinessmajority.org/small-business-research/taxes/>

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About Small Business Majority

Small Business Majority is a national small business advocacy organization, founded and run by small business owners, to support America's 28 million small businesses. We conduct extensive opinion and economic research and work with our rapidly growing network of small business owners across the country to ensure their voices are an integral part of the public policy debate. Learn more about us on [Wikipedia](#) and follow us on [Twitter](#) and [Facebook](#).