

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

MAXINE TURNER, CHAIR
SMALL BUSINESS COUNCIL

TOM SULLIVAN, EXECUTIVE DIRECTOR
SMALL BUSINESS COUNCIL

July 12, 2017

The Honorable Peter Roskam
Chairman
Subcommittee on Tax Policy
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Lloyd Doggett
Ranking Member
Subcommittee on Tax Policy
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Roskam and Ranking Member Doggett:

On behalf of the Small Business Council of the U.S. Chamber of Commerce, I am writing to thank you for holding a hearing on the need for tax reform to spur small business growth and create economic prosperity.

The Chamber has already communicated strong support for the Ways and Means Committee's efforts to enact comprehensive reform, and I echo the Chamber's call that the individual and corporate tax codes should be reformed simultaneously to ensure consistency and to promote pro-growth tax policies.¹

The Chamber is the world's largest business federation. It represents the interests of over three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Ninety-six percent of Chamber member companies have fewer than 100 employees and 75 percent have fewer than 10. The Small Business Council works to ensure the views of small business are considered as part of the Chamber's policy-making process.

The company I founded, Cuisine Unlimited, was established more than 37 years ago as a small deli and catering operation in Salt Lake City, Utah. Today, we are a second-generation family owned business with 120 full- and part-time employees offering full catering and events services. We have catered events throughout the country and have been involved with seven Olympic Games. We were the exclusive caterer at USA House for the United States Olympic Committee in Athens and Torino.

As chair of the Small Business Council, I have met with hundreds of small business owners to better understand the U.S. small business landscape. Over the past decade, there have been many obstacles to overcome, including the worst recession since the Great Depression and a multitude of federal mandates and regulations coming from Washington, D.C. The tax code

¹ Letter to Chairman Kevin Brady (May 18, 2017), available at: <https://www.uschamber.com/letter/letter-chairman-brady-support-comprehensive-tax-reform>.

represents one of the largest barriers for us to overcome in order to expand, create new jobs, and have a positive impact on the economy.

Paramount to reform is tax simplification. A recent study conducted by the U.S. Chamber of Commerce Foundation found that compliance with federal regulations costs the employer community \$1.9 trillion per year.² Those costs hit small businesses the hardest, with an impact on firms with 50 employees or fewer that is 20 percent higher than the average for all firms.³ When dealing with the tax code, the cost of compliance has been estimated at \$100 billion, with small businesses bearing almost two-thirds of the cost.⁴

In addition to tax simplification, reducing rates is essential to free up capital and allow small businesses to reinvest and grow. Ninety-six percent of American's 29 million small businesses pay taxes as individuals.⁵ Those small businesses face a top marginal rate of 39.6 percent, even higher than the anti-competitive 35 percent rate faced by C corporations. Pass-throughs' combined federal and state marginal rates are close to 45 percent.⁶

Our situation at Cuisine Unlimited mirrors numerous examples from businesses throughout the United States and from the businesses presenting testimony before your Subcommittee. Lower rates would allow for us to upgrade our catering facility in Salt Lake City, buy new stoves, and replace some aging delivery vans.

Lowering rates equates to reinvestment in the dreams of entrepreneurs and small business owners on Main Streets across the country. Freeing up capital will enable employers to offer more generous benefits, make technology upgrades, and hire more employees.

The 62 million people employed at small firms represent about half of the nation's private sector workforce. And, since 1995 small businesses are responsible for creating two-thirds of the net new jobs in the country. The power of small business to create growth, spur innovation, hire workers, and improve communities throughout the United States is undisputed. However, an overly complex tax code with anti-competitively high rates is stifling our ability to expand our businesses and grow our communities.

I applaud your Subcommittee for highlighting the importance of tax reform for small business, and I thank you for considering our views in this letter. Please do not hesitate to contact Tom

² "The Regulatory Impact on Small Business: Complex. Cumbersome. Costly," U.S. Chamber of Commerce Foundation (May 2017), available at <https://www.uschamberfoundation.org/reports/small-business-regulation-study>.

³ *Id.*

⁴ "Taxpayer Compliance Costs for Corporations and Partnerships: A New Look," George Contos, John Guyton, Patrick Langetieg, Allen Lerman, and Susan Nelson, Department of the Treasury, Office of Tax Analysis (Presented at the 2012 Research Conference of the Internal Revenue Service and the Urban-Brookings Tax Policy Center, Washington, DC), available at: <https://www.irs.gov/pub/irs-soi/12rescontaxpaycompliance.pdf>.

⁵ "Frequently Asked Questions About Small Business," U.S. Small Business Administration, Office of Advocacy (June 2016), available at: <https://www.sba.gov/advocacy/frequently-asked-questions-about-small-business>.

⁶ See "A Better Way: Our Vision for a Confident America" (June 24, 2016), available at: <https://abetterway.speaker.gov/assets/pdf/ABetterWay-Tax-PolicyPaper.pdf>.

Sullivan at the U.S. Chamber of Commerce at (202) 463-3192 for any additional information about the views expressed here.

Sincerely,

A handwritten signature in black ink, appearing to read "Maxine Turner". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Maxine Turner, Founder
Cuisine Unlimited
Salt Lake City, Utah

cc: Members of the Subcommittee on Tax Policy