



April 18, 2022

President Joseph R. Biden  
The White House  
1600 Pennsylvania Ave NW  
Washington, DC 20500

Dear President Biden,

Ordinary Americans and small businesses are reeling from record gas prices and the highest inflation in 40 years. These rising prices act as a regressive tax, reducing real wages and standards of living. Your Administration's recently announced budget would compound this pain by raising taxes by \$2.5 trillion.

These proposed tax hikes would essentially reverse the Tax Cuts and Jobs Act (TCJA) signed into law at the end of 2017. They would raise taxes by one-third on the approximately one million small businesses structured as corporations and increase tax rates on successful small businesses structured as pass-throughs.

We are writing to ask you to take the opposite approach and support making the TCJA permanent. Most of the major TCJA provisions that have been so beneficial for small businesses expire after 2025, including the 20 percent qualified business income deduction that approximately 15 million small businesses have taken advantage of each year. The TCJA's vital immediate expensing provision expires next year.

Making these tax cuts permanent can give small business owners the certainty they need to return the labor market and American economy to its pre-pandemic peak. Tax cut permanence can soften the blow of inflation and pain at the pump. State legislators who are members of the American Legislative Exchange Council recently passed a model resolution urging Congress to permanently extend the TCJA.

The TCJA ushered in unprecedented shared prosperity in 2018 and 2019, driven by boosted household earning power and strong performance by small businesses, the backbone of the American economy. As a result of the tax cuts, average families saved over \$2,000 per year in taxes, money that can be reinvested in household finances and communities. TCJA provisions, including the 20 percent deduction, immediate expensing, and lower marginal rates, allowed small businesses to keep more of their earnings and reinvest them into expansion, hiring, and wage increases.



For instance, Guy Berkebile, president of Guy Chemical Company in Central Pennsylvania, used the savings from the tax cuts to purchase new equipment, build a new lab five times larger than his old one, raise wages for employees, and hire new people from the community. He added 29 new jobs as a direct result of the tax cut savings. One of those new employees is a recently married immigrant, who was able to pay for a bigger wedding, pay down his student debt, and purchase a house as a result of his job. Due to the tax cut-induced increase in economic activity, Guy Chemical's sales increased by approximately \$9 million annually. This small business is just one of the millions nationwide with similar tax cut success stories.

The tax cuts caused the economy to surge. Real GDP increased 2.5 percent and 2.3 percent in 2018 and 2019, respectively, faster than any other Group of Seven nation. The unemployment rate reached a 50-year low and a record low for black, Latino, and Asian American workers. The labor force participation rate reversed its long decline and actually increased as the red-hot jobs market pulled Americans from all backgrounds, including ex-convicts, high-school dropouts, and those with disabilities, into the labor market.

Wages, including wages adjusted for inflation, surged. In 2019, real median income rose by 7.9 percent for black households, 7.1 percent for Hispanics, 10.6 percent for Asian Americans, and 5.7 percent for whites. Each of these numbers represents record increases and record absolute rates. Following TCJA, wages grew 24 percent faster for Hispanics, 79 percent faster for blacks, and 95 percent faster for Asian Americans than during President Obama's second term. The Hispanic homeownership rate reached a record high. More than six million people were pulled from poverty, reducing the poverty rate to the lowest level in U.S. history.

The widespread claim that these tax cuts only benefited the rich is fiction. The tax cuts created shared prosperity that helped ordinary workers more than the rich. They provided a larger tax reduction for the lowest-income Americans, who received a 10 percent cut, than the top 1 percent, who received less than one-half of one percent cut. Real wages for the bottom 10 percent of earners grew nearly twice as fast as for the top 10 percent. Real wealth of the bottom 50 percent of households rose three times faster than that of the top 1 percent. Wages rose faster for workers than managers. The TCJA made the tax code more progressive, with the rich paying a larger share of total taxes. It eliminated the tax liability entirely for millions of American families.

The TCJA is vital for American small businesses and families. Ordinary households and small businesses have come to depend on these tax cuts. They are especially important today, given the numerous other headwinds Americans are facing. Please reverse your position on tax hikes and support making the TCJA permanent. Doing so can bring small businesses and the nation back.

# JCN Job Creators Network

**Alfredo Ortiz**  
President and Chief Executive Officer



**Peter M. Dyga, CAE**  
President and Chief Executive Officer



**Jimmy E. Greene**  
President and Chief Executive Officer



**Chip Rogers**  
President and Chief Executive Officer



**Lisa B. Nelson**  
Chief Executive Officer



**Grover Norquist**  
President



**Sarah E. Pearson, IOM**  
Executive Vice President



**Robert Alt**  
President and Chief Executive Officer



**Tom Manzo**  
Founder



**Joni Inman**  
Executive Director



**Steve Moore**  
Co-Founder



**Carol Dover**  
President and Chief Executive Officer



**Julio Fuentes**  
President and Chief Executive Officer



**Adam Brandon**  
President



**Roy Bowen**  
President and Chief Executive Officer



**Randy Hicks**  
President and Chief Executive Officer



**Jim Sprouse, CAE**  
Executive Director



**Karen Bremer, CAE**  
President and Chief Executive Officer



**Ray Chadwick**  
Chairman



**Matt Haller**  
President and Chief Executive Officer



**Jimmy Kemp**  
President



**Dr. J. Robert McClure**  
President and Chief Executive Officer



**Jezree Friend**  
Assistant Vice President and External Relations



**Jerry Ross**  
President



**John Tsarpalas**  
President



**Darlene J. Robbins**  
President



**Joe Savarise, CTA**  
President and Chief Executive Officer



**Mary Lou Chapman**  
President



**Veronica Horn**  
President and Chief Executive Officer



**Joseph A. Catrambone**  
President and Chief Executive Officer



**Richard A. "Tony" Bennett**  
President and Chief Executive Officer

