

# IN CASE YOU MISSED IT

## President Biden's Budget Proposal *Threatens* Small Businesses

On March 11—five **weeks after the statutory deadline**—President Joe Biden submitted his Fiscal Year 2025 (FY25) budget request to Congress. [His proposal for fiscal year 2025](#) quadruples down on the [unbridled spending](#) and failed economic policies included in his three previous budget proposals.

The Biden administration proposed targeting the lifeblood of the American economy: **small businesses**. Rather than shrinking the size and scope of an already bloated federal government, the President's budget **proposes the highest sustained levels of spending in American history**, including the imposition of nearly **\$5 trillion in new taxes**.

The anti-Main Street policies included in the President's budget have ignited a firestorm of opposition from industry groups like the National Federation of Independent Business (NFIB), the preeminent, national voice of small businesses across America.

According to Jeff Brabant, Vice President of Federal Government Relations of NFIB, these proposed changes aren't adjustments but a fundamental mischaracterization of critical financial mechanisms that would hamstring small businesses, stifling their ability to operate, innovate, and employ U.S. workers.



### WORD ON THE STREET



Via [NFIB](#):

- *“The White House continues to wrongly characterize proposed tax hikes as the closing of ‘loopholes,’ but this is inaccurate and would make it tougher for small business to operate, invest in their business, and create jobs,” explained Jeff Brabant, Vice President of Federal Government Relations.*
- *“The inclusion of the Small Business Surtax is the biggest concern for NFIB members. This is a 5% surtax on all business income over \$400K, and the ‘loophole’ it refers to is money that is re-invested in the company. Social Security and Medicare tax do not come out of that since it is never taken home.”*



- *“The White House budget seeks to raise the C-Corp rate to 28%. This would be a direct tax on small businesses. About 20% of all small business employers are C-corps.”*
- *“At a time when small businesses are dealing with inflation and other potential tax hikes, they need financial stability to plan for the future of their business. NFIB will fight to remove this direct tax increase on C-Corps from the budget proposals.”*
- *“One-size-fits-all paid leave mandates have a disproportionately negative impact on small businesses who have trouble complying with the mandates. Workforce shortages continue to challenge small businesses, and paid leave mandates that work for big business would add an unnecessary burden to small business owners.”*

## THE BOTTOM LINE

Thought leaders and business owners alike are sounding the alarm about the disproportionate impact tax hikes would have on small businesses nationwide. President Biden’s budget request effectively punishes entrepreneurs for reinvesting in their operations—**a critical practice for promoting economic growth and job creation.**

Further, raising the corporate tax rate to **28%** and the one-size-fits-all approach to Paid Family and Medical Leave forces families to grapple with the ongoing inflationary volatility and ongoing workforce shortages, generated solely by Democrat’s reckless overspending, on their own.

By prioritizing regressive tax increases over economic vibrancy, the President’s policies exemplify a stark departure from the pro-growth policies included in the Republican-led *Tax Cuts and Jobs Act*, moving towards a more punitive financial environment for small business owners.

President Biden’s FY25 budget request represents a significant challenge to small businesses.

By contrast, House Republicans’ [“Reverse the Curse”](#) budget will supercharge the economy through pro-growth tax policies, leading to **\$3 trillion** of sustained economic growth for families and businesses over 10 years.

