

To: S Corporation Association  
From: The Winston Group  
Re: Key Findings From New National Survey On Taxes

This memo is based on findings from a new national survey for the S Corporation Association (1,000 registered voters, May 13-15).

### Economic Policy Context For the Tax Bill

From the electorate's perspective, government spending is by far the bigger problem than not enough revenue coming from taxes (70-21). Independent voters also see spending as the larger problem at 68-20.

Inflation is still a major concern, with almost half the electorate (49%) believing that inflation is getting worse, rather than better (30%) or not changing (18%).

**Given this economic outlook, voters are opposed to a tax increase in this environment: *With the country still dealing with inflation, now is not the time to raise taxes* (62-25 believe-do not believe). This belief is even higher among conservative Republicans (71-17) and Republicans (68-20). Independents also believe this 58-27.**

Additionally, tax increases on businesses are seen as leading to higher costs for consumers. 70% of the country believes that *if companies have to pay more in taxes, those costs will be passed on to consumers in higher prices* (70-16 believe-do not believe). This belief is consistent among conservative Republicans 73-17, Republicans 73-16, and independents 70-14. Even Democrats believe this (68-19).

### Maximum Tax Rates

In the survey, voters were asked what would be the maximum rate at which each of these entities should be taxed.

For each of the following, what is the maximum rate at which you think they should be taxed?	Overall	Cons GOP	GOP	Indep	Dem
Small and family-owned businesses	15.63%	14.95%	15.87%	15.59%	15.44%
Wealthy individuals	34.89%	29.19%	30.8%	35.99%	38.01%

For small and family-owned businesses, the maximum tax rate voters thought they should pay — 15.63% — is much lower than the current rates that they are paying. Even for wealthy individuals, the maximum rate that voters thought they should be paying is about 35%.

### Allowing Rates To Increase On Small and Family-Owned Businesses

Given the discussion about allowing rates to increase on high income earners, this tax increase would apply to small and family-owned businesses who are taxed on individual income. Knowing that a proposal to raise the top individual tax rate would also apply to small and family-owned businesses, voters oppose this idea 30-46 favor-oppose (24% don't know). By 2:1, conservative Republicans oppose this (25-56) as well as Republicans overall (30-49) and independent voters 28-48.

## **Raising Taxes As Pay-Fors**

Using revenues from a tax increase to pay for other legislative items will be complicated among Republicans.

*If this tax increase were allowed to pass, the revenues would be used to pay for other legislative items in a larger tax and spending cuts bill that Congress is considering. Knowing this, do you favor or oppose this proposal?* 32-32 favor-oppose, 36% don't know.

Conservative Republicans are split 32-33 (34% don't know) with a similar result among Republicans overall (34-32, 33% don't know).

Instead of looking for pay-fors at the expense of small and family-owned businesses, Congress should be looking to support those businesses that are the backbone of the US economy. A strong majority of the electorate believes this statement: *We need to do everything we can to help businesses get back on their feet so they can get Americans back to work to keep the economy moving in the right direction* (70-16 believe-do not believe).