

To: S-Corporation Association
From: The Winston Group
Re: Key findings from new national survey

This document is a brief summary of key findings from a national survey of 1000 registered voters, conducted May 3-6.

1.) From voters' perspective, the economy is in an alarming situation, with inflation being a driving concern.

- Economic issues dominate the issue concerns, with 23% citing the economy or jobs as their top issue. Another 14% cited inflation. The focus on economic issues eclipsed other issues like health care/prescription drugs (11%) or immigration (8%).
- Voters are negative about the direction of the economy, with six in ten saying it is off on the wrong track (24-60 right direction-wrong track).
- Voters generally have a realistic understanding of the current economic situation.
 - For example, 62% believe that businesses cannot find enough people to work (62-28 believe-do not believe).
 - They also see a link between government spending and inflation. Another 56% disbelieve the assertion that *government spending did not cause inflation* (25-56).

2.) Seven out of ten believe that 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 (70-17 believe-do not believe). This includes 63% of independents (63-16).

- In contrast to the widespread belief in the need to support businesses getting back on their feet, voters have a negative view of the federal government (33-59 favorable-unfavorable). Only Democrats have a positive view (53-39), while Republicans (20-72) and independents (24-68) are decidedly more negative.
- On the other hand, voters have a positive view of the private sector (55-23), and this view is shared across party (59-23 among Republicans; 49-22 among independents; 55-23 among Democrats).
- Voters have a very favorable view of individually and family-owned businesses (86-7) on par with their view of small businesses (85-8).

3.) Given what is happening with inflation, the electorate does not see the Biden administration's government spending approach as having worked so far.

- Nearly one in two voters (49%) believes the American Rescue Plan increased inflation, with only 11% saying it decreased inflation and 24% saying it had no impact. A quarter (25%) said the American Rescue Plan increased inflation significantly. Among independents, 52% believe it increased inflation (52-6 increased-decreased), with 22% saying it had no impact.
- Additionally, government policy has not been viewed as helpful in getting people back to work. A plurality of voters (42%) believe that government policy has hurt people getting back to work, rather than helping (23%) or had no impact (19%). Independents were similar, with 43% saying government policy had hurt people getting back to work (16% helped, 21% no impact).

- Two-thirds of the country believes Senator Manchin’s statement that *Congress must proceed with caution before adding fuel to an economy already on fire* (62-21 believe-do not believe), with a majority of independents (55-23) believing this.
- By an overwhelming margin, people believe reducing inflation (73%) would do more to help families than would direct, one-time help in the form of a check (18%). This included 80% of Republicans (80-13 reduce inflation-check), 71% of independents (71-16) and 68% of Democrats (68-25).

Which would do more to help families?	Overall	Indep
Reducing inflation to help reduce costs across the board and on a more permanent basis	73	71
One-time help in the form of a check to provide direct relief	18	16

4.) Voters have real concerns about raising businesses taxes in an inflationary environment. There is concern about the effect that raising taxes would have on individually and family-owned businesses – and concern that raising taxes would make inflation worse.

- Voters believe tax increases will be passed on to consumers, with two-thirds believing that *if companies have to pay more in taxes, those costs will be passed on to consumers in higher prices* (66-20 believe-do not believe).
- A 57% majority did not believe that *to curb inflation, we will need tax increases* (23-57). Even Democrats narrowly did not believe this (36-41).
- As for the impact a tax increase would have on inflation, voters tend to believe that it would increase (42%) rather than decrease (16%) or have no impact (20%) on inflation.
- Their belief that a tax increase would negatively impact individually and family-owned businesses is even stronger. Two-thirds (67%) say a tax increase would hurt these businesses (10% no impact, 9% would help).

Impact of a tax increase on inflation		Impact of a tax increase on individually and family-owned businesses	
Increase	42	Hurt	67
No impact	20	No impact	10
Decrease	16	Help	9

- However, when certain tax proposals are presented as stand-alones, there is some openness to them. There is some level of support for raising the corporate tax rate from 21% to 25% (56-30 favor-oppose) – but there are concerns about implementation in the current environment. The idea of raising the top capital gains tax rate from 23.8% to 28% receives generally a neutral response (43-39).
- In terms of the implementation of those two tax proposals, voters were generally split on how this would affect inflation (31% help, 35% hurt, 16% no impact). They were clearly more concerned about the impact of these tax proposals on individually and family-owned businesses (20% help, 50% hurt, 14% no impact).

5.) Voter estimates of what the “fair share of taxes” should be are below the rates that most entities and individuals are already paying.

- A majority of voters do believe that corporations and wealthy individuals are not paying their fair share of taxes (61-26 believe-do not believe). Independents believe this 60-23, and Republicans believe it more than not, at 46-39.
- However, voters underestimate what the wealthy and individually/family-owned businesses actually pay. People believe that wealthy individuals pay an average 21% rate and that individually/family-owned businesses pay a 24% rate (they also estimated a 24% rate for small businesses). They correctly estimated that corporations pay a 21% rate.
- As for the maximum rate at which these entities should be taxed, voters believed that wealthy individuals should pay more (33%), but that perception still underestimates what they are currently paying. Voters thought small businesses (17.8%) and individually/family-owned businesses (17.5%) should pay less compared to what they thought these businesses actually pay.
- Voters were then asked the tax rate they thought these entities should be paying in order to be paying their fair share. In almost each case, the tax rate to qualify as paying their fair share was lower than the rate they already pay. For wealthy individuals, the fair share rate was about 33%, corporations at 25.5%, small businesses at 17.5%, and individually/family-owned business at 16.8%.

Entity	Perceived Current Tax Rate	Maximum Tax Rate	Fair Share Tax Rate
Wealthy individuals	21.1	33.0	32.7
Public corporations	21.1	26.1	25.5
Small businesses	24.1	17.8	17.5
Individually or family-owned businesses	24.2	17.5	16.8

- Consistent with past research, voters overwhelmingly agree that taxing the same business income twice is unfair (76-10 agree-disagree).