

To: S Corporation Association
From: The Winston Group
Re: Findings on SALT Parity

This is a brief summary of research from a national survey of 1,000 registered voters, conducted May 13-15.

Views About Tax Increases And Environment for Business

Looking at the current fiscal situation, voters by far see government spending as the bigger problem (70%) than not enough revenue coming in from taxes (21%). This is also true among independents (68-20 government spending-not enough revenue).

With the federal government's spending record, there is clearly not an appetite for tax increases. Some 62% believe the statement *With the country still dealing with inflation, now is not the time to raise taxes* (62-25 believe-do not believe). Conservative Republicans (71-17) and Republicans overall (68-20) believe this even more strongly, with independents believing this 58-27.

There is also a strong belief 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* (70-16 believe-do not believe). This strong belief extends across Republicans (79-13), conservative Republicans (84-10), and independents (62-17).

Voters also recognize that higher taxes will be passed on to consumers, with 70% who believe *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 is another statement with strong levels of belief across party (73-16 among Republicans, 73-17 among conservative Republicans, 70-14 among independents).

SALT Parity

On SALT parity, voters favor the idea of allowing small and family-owned to deduct from federal taxes:

Under the current tax code, in 36 states, business owners of small and family-owned businesses are able to deduct the cost of state, local and property tax as business expenses from their federal taxes. Do you favor or oppose this tax deduction?

Overall, 68% favor the idea of allowing small and family-owned businesses to deduct the cost of state, local and property taxes as a business expense from their federal taxes (68-13 favor-oppose). Strong majorities of conservative Republicans (70-11), Republicans overall (71-11) and independents (63-16) are also in favor.

In contrast, voters oppose the idea of Congress eliminating or limiting this deduction (25-49), with 26% undecided. This includes 53% of independents (20-53) with Republicans (31-42) and conservative Republicans (29-45) leaning opposed.

Favor-oppose (% don't know)	Overall	Cons GOP	GOP	Indep
The SALT deduction for small and family-owned businesses	68-13	70-11	71-11	63-16
Eliminating or limiting the deduction	25-49 (26%)	29-45 (26%)	31-42 (27%)	20-53 (26%)

Beliefs About SALT Parity

Given their view that the government has a spending problem rather than a revenue problem, voters believe that ***Small and family-owned businesses should be putting this tax revenue back into their businesses for wages and benefits for employees, rather than giving it to the federal government to spend*** (71-13 believe-do not believe). This includes 78% of conservative Republicans (78-9), 77% of Republicans overall (77-10), and 64% of independents (64-16).

Voters make the connection that eliminating or limiting the deduction is a tax increase: ***If this tax deduction is eliminated or limited, it will be a tax increase on small and family-owned businesses and put more out of business*** (63-16 believe-do not believe). Conservative Republicans believe this would be a tax increase (68-12), as do Republicans overall (68-13). In a rare example of bipartisan agreement on taxes, Democrats also agree that if the deduction is eliminated or limited, it will be a tax increase on small and family-owned businesses (62-18). Independents believe this 58-17.

Statements for keeping the deduction (Believe-do not believe)	Overall	Cons GOP	GOP	Indep
Small and family owned businesses should be putting this tax revenue back into their businesses for wages and benefits for employees, rather than giving it to the federal government to spend.	71-13	78-9	77-10	64-16
If this tax deduction is eliminated or limited, it will be a tax increase on small and family-owned businesses and put more out of business.	63-16	68-12	68-13	58-17
Limiting or eliminating this tax deduction for small and family-owned businesses would punish the companies that help build the US economy. This would weaken our competitiveness, reduce investment and harm workers.	56-24	58-25	60-23	52-26

In a third statement, 56% believe that ***Limiting or eliminating this deduction for small and family-owned businesses would punish the companies that help build the US economy. This would weaken our competitiveness, reduce investment, and harm workers*** (56-24). By party, 60% of Republicans believe this (60-23), including 58% of conservative Republicans (58-25), as well as 52% of independents (52-26).

Same Treatment As Corporations

By an overwhelming margin, voters say that small and family-owned businesses should receive the same treatment as corporations when it comes to their ability to deduct state and local taxes (*Under current law, corporations are allowed to deduct their state and local taxes. Should small and family-owned businesses receive the same treatment?* 82-10 yes-no). This was true across party, with 88% of conservative Republicans (88-6), 85% of Republicans overall (85-10), and 80% of independents (80-10) saying small and family-owned businesses should receive the same treatment.