



AMERICANS *for* TAX REFORM

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President

FOR IMMEDIATE RELEASE
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Obama's "Spread the Wealth" Plan Raises Taxes on two-thirds of Small Business Profits

Obama Tax Hike Hits 10 Percent of Small Businesses annually, but two-thirds of Small Business Profits

WASHINGTON, DC—"The vast majority of small businesses would not be affected by Obama's income tax increases. Among those that receive at least half of their income from a business or farm, 335,000 (2.7 percent) are in the top two tax brackets that are targeted for Obama's tax increases. Among tax units with any income from a business, 663,000 (1.9 percent) are in those tax brackets. Clearly, most business owners are safe from Obama's individual income tax increases."

--Len Burman and Eric Tolder, *Tax Policy Center*, 10-20-2008

You hear this from the Obama camp and their surrogates a lot—very, very few small businesses will face a tax hike under an Obama Administration.

And that's true as far as it goes—but it distracts from the Obama tax hike's real economic damage. The Tax Policy Center says it's 2 percent of small business owners. ATR argues that it's closer to 10 percent of small business owners. Either way, it's a small minority (but one which gains and loses thousands of households every year, so ultimately it affects millions of families).

But that minority is where all the action is.

According to the IRS Statistics of Income Division (<http://www.irs.gov/pub/irs-soi/06in14ar.xls>), there were about 28 million small business owners in 2006. Almost 3 million of these earned at least the Obama tax hike-triggering \$200,000 per year.

Altogether, these business owners reported \$700 billion in profits. **And two-thirds of these profits--\$470 billion—were earned in the Obama tax hike households.**

You can't tax "the rich" without raising taxes on the lion's share of small business profits. Their marginal tax rate could easily exceed 50 percent.

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Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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