



September 16, 2021

Representative Katie Porter
CA-45th District
1117 Longworth HOB
Washington, DC 20515

Subject: Corporate Tax Increases Spell Trouble for California's Economy

Dear Representative Porter,

A [new report](#) has shown that California is lingering near the bottom of the nation in recovering from the devastating economic fallout induced by the COVID-19 pandemic. A deficit of 1.13 million jobs continues to permeate our state, leaving many workers, businesses, and communities in a precarious economic situation.

Meanwhile, some in Congress are seeking to raise the corporate tax rate in the hopes of generating funds for a massive infrastructure package. This would place extra financial burdens on many small businesses and enterprises, leading to lower wages, fewer jobs, and reduced economic development at a time when our communities are hurting and need support.

As Executive Director of the South Orange County Economic Coalition, I am concerned that a corporate tax increase would do more harm than good. Our organization has served South Orange County since 1969 and it is our mission to be a leading business voice and advocate. Our members are committed to building a strong local business climate—both regionally and within our constituent local communities—and would undoubtedly feel the impacts of a corporate tax increase, despite not being large corporations. We urge Congress to find another way to generate funds that does not threaten local business growth and development.

A report by the [Joint Committee on Taxation](#) found that if the corporate tax is increased to a minimum of 25%, then within ten years 66.3% of the burden of a corporate tax would be felt by lower and middle-income taxpayers with earnings well below \$500,000. This is in line with findings by the nonpartisan [Tax Foundation](#), which concluded that the brunt of the corporate tax—anywhere from 50-100%—is passed on to laborers.



In addition, a corporate tax increase would be felt by the more than one million Main Street businesses that are classified as corporations but make under \$400,000 in business receipts annually. A study by the U.S. Chamber of Commerce found that 1.4 million small businesses, employing nearly 13 million Americans, would be forced to pay a higher corporate tax rate.

For these reasons, I hope you understand the dangers that an increase in the corporate tax rate would bring to California's businesses and communities. With so many still struggling to stay afloat due to the circumstances brought on by the pandemic, such an increase is not warranted.

Please say no to any proposals to raise corporate taxes.

Sincerely,

A handwritten signature in black ink that reads "Barbara J. Thomas".

Barbara J. Thomas
Executive Director