

*United States Senate*  
*Committee on Finance*



*Sen. Chuck Grassley • Iowa*  
*Ranking Member*

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MEMORANDUM

To: Reporters and Editors  
Fr: Jill Gerber for Sen. Grassley, 202/224-6522  
Re: House surtax hits small businesses  
Da: Tuesday, Nov. 3, 2009

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on a new analysis from the Joint Committee on Taxation showing that one-third of the \$460.5 billion raised by the surtax in the House of Representatives' health care bill comes from business income. The Joint Tax analysis looked at the amount of revenue raised by the surtax on flow-through business income. Most small businesses are organized as flow-through entities.

“Anybody looking for proof that the House surtax hits small businesses has it right here. This is from the official estimators on taxes. This isn't a pie-in-the-sky estimate from people exaggerating the impact to help themselves. Joint Tax says one out of every three dollars raised by the House surtax would come from small businesses. That's probably a conservative estimate, because other kinds of income that these business owners receive, such as capital gains and dividends, aren't included in the one-third figure. The marginal tax rate on that kind of small business income would rise by 69 percent. Small businesses create 70 percent of new jobs. If the surtax is enacted, job creation will go down. The economy is struggling enough without these huge tax increases on those who create jobs.”