

July 2, 2021

The Honorable U.S. Representative Derek Kilmer
District Office
950 Pacific Avenue, Suite 1230
Tacoma, WA 98402

RE: Corporate Tax Hikes

Dear Representative Kilmer,

Washington state is experiencing strong economic rebound as the pandemic slowly comes to an end. But the massive tax increases proposed by the Biden administration threaten to derail the recovery, hurting Washington job creators and families alike.

The President's recent budget proposal includes \$3.6 trillion in tax hikes. The administration claims that the tax increases will only hit big corporations and the rich, but the truth is the proposed tax increases will be paid for by workers and families through lost jobs and lower wages impacting thousands of small businesses.

Consider the proposal to raise the corporate tax rate from 21% to 28%, which the administration wants you to believe will only affect "big business." The reality is it would hurt businesses of all sizes, their employees, and consumers. With a corporate tax rate increased to 28%, Washington companies would face a rate more than 3 percentage points higher than China, making it harder for Washington state's manufacturers to compete with foreign companies. Additionally, under the President's budget proposal, companies headquartered in Washington state would face higher U.S. taxes on global income.

In total, this tax hike would hit 35,812 Washington state employers, including 24,754 small businesses with fewer than 500 employees. Many of these businesses are just now beginning to get back on their feet. We believe that sudden and substantial tax hikes will halt their economic recovery dead in its tracks.

History shows that the damage from higher corporate tax rates will be borne overwhelmingly by workers, who will see lower wages and fewer jobs. And Washingtonian consumers can expect to see higher prices and higher utility bills as companies are forced to pass along the cost of these tax increases.

President Biden's proposed tax hikes are not just on thriving companies but also threaten investment in Washington start-ups and growing businesses. The Biden plan essentially doubles the tax rate on capital gains, hitting approximately two-thirds of capital investment in the United States. Adding further to the burden, the President's proposal would levy a much higher tax burden on the transfer of assets of family-owned businesses upon death. This would threaten the ability of the next generation of Washingtonians to keep their family-owned retail stores, restaurants, autobody shops, construction companies, and farms up and running.

Hard-working Washingtonians and Americans deserve better. We encourage you to oppose raising taxes that will hurt our small retailers, workers, and families. Thank you for your consideration.

Sincerely,



Renée Sunde
President & CEO
Washington Retail Association