

Chamber of Commerce Members

Greater Augusta Regional
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Harrisonburg-Rockingham
Lexington, Buena Vista
and Rockbridge County
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Martinsville-Henry County
Montgomery County
Roanoke Regional
Salem-Roanoke County
Shenandoah County
Smith Mountain Lake
Top of Virginia
Two Virginias
Wytheville-Wythe-Bland

September 2, 2021

Honorable Members of the Virginia West Congressional Delegation:

On behalf of the 15 member business organizations that comprise the VA West Business and Legislative coalition, I am writing to ask for your continued support in developing federal policies that promote economic opportunity and growth. We appreciate your efforts to ensure Virginia remains the top state for business in the U.S.ⁱ and respectfully request such efforts advance thoughtful, forward-thinking tax policy that allows small businesses to thrive.

Recent proposals to increase the corporate tax rate from 21% to 28% and the potential doubling of the Global Intangible Low Tax Income (GILTI) rate have created concern among large and small businesses across Virginia. These additional taxes would pose a significant risk to the ongoing economic recovery and carry serious financial implications for workers, employers and the broader economic environment across the Commonwealth.

As you know, prior to the pandemic Virginia boasted more than 760,000 small businesses, which accounted for more than 99% of all businesses in the Commonwealth and nearly 1.6 million working Virginiansⁱⁱ. The majority of these small businesses have fewer than 100 employees. Many of these companies, organized as corporations, are subject to corporate income tax. An increase in this tax during these uncertain times, and as the effects of the pandemic continue to be calculated, would be untenable. Numerous studies have shown the corporate tax rate negatively affects workers through reduced wages and jobsⁱⁱⁱ. Earlier this year, Congress' Joint Committee on Taxation reported that within a decade, lower- and middle-income taxpayers would shoulder a substantial burden of an increased corporate income tax^{iv}.

Public and private sector efforts to grow exports from Virginia have resulted in more than 7,000 companies exporting goods. About 85% of these exporters are small firms, generating 29% of Virginia's total exports^v. Raising the GILTI rate alongside the corporate tax further hampers business activity and, as the National Association of Manufacturers recently showed, could cost up to 1 million jobs and \$20 billion in economic activity across the U.S.^{vi}

VA West remains grateful for your commitment to serving Virginians and appreciates your willingness to collaborate on policy that benefits our communities. We look forward to continuing to work together on these

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issues, and I hope you will reach out to me with any questions or comments you may have.

Sincerely,



Christine Kennedy
Chair, VA West
COO, Lynchburg Regional Business Alliance

ⁱ <https://www.cnbc.com/2021/07/13/virginia-is-back-as-americas-top-state-for-business.html>

ⁱⁱ <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144231/2020-Small-Business-Economic-Profile-VA.pdf>

ⁱⁱⁱ <https://taxfoundation.org/labor-bears-corporate-tax/>

https://www.finance.senate.gov/imo/media/doc/jct_analysis_on_corporate_tax_increase.pdf

<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144231/2020-Small-Business-Economic-Profile-VA.pdf>

<https://www.nam.org/wp-content/uploads/2021/08/EY-NAM-Analysis-of-proposed-GILT-changes-FINAL.pdf>

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