

United States Senate

June 26, 2025

The Honorable John Thune
Majority Leader
United States Senate
Room S-230, The Capitol
Washington, D.C. 20510

The Honorable Mike Crapo
Chairman, Senate Finance Committee
239 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Majority Leader Thune and Chairman Crapo:

As the Senate considers budget reconciliation legislation, cutting Medicaid and the Supplemental Nutrition Assistance Program (SNAP), or allowing the enhanced Affordable Care Act (ACA) premium tax credits to expire would be a disaster, not just for families, but for the small businesses that drive our economy. These programs are essential infrastructure for small businesses including the more than 2.8 million small business owners who rely on ACA subsidies to afford health coverage for themselves and their employees¹. There are over 5 million small business owners and self-employed workers with ACA Marketplace coverage, nearly 40% of which are located in either Florida, Texas, or North Carolina². We urge you to stand with small businesses and protect the programs that make health care affordable for them.

One in four small business owners live in a household that receives coverage from Medicaid or the Children's Health Insurance Program, or food assistance through SNAP.³ A recent survey also revealed that over half of small businesses have owners, employees, or family members who rely on Medicaid or CHIP coverage or use the ACA premium tax credits.⁴ A majority of those

¹ U.S. Department of the Treasury. (2025, January 14). Affordable Care Act Marketplace coverage for the self-employed and small business owners in 2023. <https://home.treasury.gov/system/files/131/ACA-Mkt-Coverage-Self-Employed-Small-Business-Owners-2023-01142025.pdf>

² Lukens, G. (2025, June 12). 5 million small-business owners and self-employed workers likely enrolled in ACA coverage. <https://www.cbpp.org/research/health/5-million-small-business-owners-and-self-employed-workers-likely-enrolled-in-aca>

³ Gwyn, N. (2025, June 11). We can support work by helping people, not hurting them. <https://www.cbpp.org/research/income-security/we-can-support-work-by-helping-people-not-hurting-them>

⁴ *Small Business Survey: Small Business Owners Warn that Healthcare Cuts Would Hurt Their Workers, Operations, and Bottom Line*, Small Business for America's Future (June 18, 2025),

surveyed also stated that small businesses would face financial pressure if these cuts were enacted.⁵ Over 40 percent of small business owners surveyed are also concerned that these cuts would make it harder to compete with large companies, hurt local economies, and result in higher employee turnover and lower productivity.⁶ Small business owners are working entrepreneurs, people fueling local economies and creating jobs. Gutting these lifelines to give more tax breaks to billionaires is an insult to the workers and business owners who keep our communities going.

Simply extending existing tax breaks will not offset these harms. Despite Republican claims, the so-called “small business tax deduction” is mostly a giveaway to the wealthy, with half of the benefit going millionaires and billionaires.⁷ The pass-through deduction is a tax break that allows eligible pass-through business owners to deduct up to 20% of their qualified business income (QBI) from their taxable income. Under this deduction, a small business owner earning \$50,000 might see an \$800 benefit, only to lose \$925 or more in premium assistance if ACA subsidies were to expire.⁸ Merely extending the deduction would be a woefully inadequate response to the needs of small businesses. On the other hand, ending the pass-through tax deduction for millionaires and billionaires would raise about \$350 billion, more than enough revenue to fund ACA premium credits for nearly 3 million small businesses.⁹

It is no surprise, then, that small business owners across the country do not support Republicans’ health care and nutrition cuts: 7 in 10 small business owners oppose cutting healthcare programs while extending tax breaks for the wealthy¹⁰. As a small business owner in Pennsylvania stated, “These cuts don’t solve problems – they shift costs from government programs onto the businesses least able to absorb them, all while extending tax breaks for corporations that already pay lower effective rates than the corner store.”

Small businesses succeed when their owners and employees are healthy, secure, and financially stable. Policies that strip away basic support systems in favor of giveaways for the ultra-wealthy don’t just hurt families, they stifle entrepreneurship and economic growth. The Senate reconciliation bill should recognize this and support America’s small business owners and

<https://www.smallbusinessforamericasfuture.org/survey--healthcare-cuts-put-main-street-at-risk>.

⁵ Id.

⁶ Id.

⁷ Joint Committee of Taxation (2025 June 2). Distributional Analyses of Extension and Modification of Section 199A. https://www.finance.senate.gov/imo/media/doc/distributional_analyses_of_extension_and_modification_of_section_199a.pdf and Gale, W. G., & Haldeman, C. (2025, May 20). For once, economists agree: Extending Section 199A is a bad idea. *The Brookings Institution*. <https://www.brookings.edu/articles/for-once-economists-agree-extending-section-199a-is-a-bad-idea/>

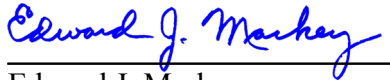
⁸ Jacoby, S. (2025, March 28). *Congress should end pass-through tax break for millionaire business owners, extend tax credit*. <https://www.cbpp.org/blog/congress-should-end-pass-through-tax-break-for-millionaire-business-owners-extend-tax-credit>

⁹ Id.

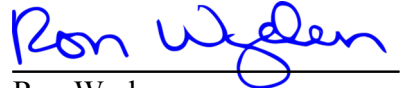
¹⁰ Small Business for America’s Future

employees. If this bill is enacted, small businesses would lose while big corporations and the ultra-wealthy win.

Sincerely,



Edward J. Markey
Ranking Member
Senate Committee on Small
Business
and Entrepreneurship



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



Charles E. Schumer
United States Senator

Cc:

The Honorable Joni Ernst