

BUSINESS FORWARD



Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader Schumer, and Minority Leader McConnell:

We small business leaders know that when families in our communities are economically secure, our businesses thrive. Amid rising costs in all aspects of life, we strongly and respectfully urge you to extend the expanded Child Tax Credit (CTC) and the expanded Earned Income Tax Credit (EITC) no later than the end of 2022.

The benefits of the expanded CTC are well documented — a [sharp, historic drop in child poverty rates](#), thanks to monthly payments to parents of up to \$300 per child. The EITC expansion last year likewise meant \$700 more in the pockets of [17 million American workers](#) than under the previous tax credit.

Our coalition writes you today to highlight the additional benefits of these tax credits, such as:

- ***Supporting economic development:*** [Columbia University](#) found that every \$1 of CTC payments generates \$8 in social and economic benefits, with families using their payments to buy goods and services that benefit local small businesses.
- ***Encouraging entrepreneurship:*** According to researchers at Appalachian State University, Washington University in St. Louis, University of North Carolina, Greensboro, and Urban Institute, 21.3% of former tax credit recipients were either currently [running their own business or planning to start one](#). Support from these tax credits helps burgeoning business owners by helping cover some of the costs of food, child care, and gas — allowing more freedom to take a risk.
- ***Creating jobs:*** The Niskanen Center found that if an expanded CTC was in place for another year, it would support the equivalent of [500,000 private-sector jobs](#).
- ***Offsetting inflation:*** More than [130 economists](#) recently called for restarting the monthly CTC payments to offset the toll of inflation, while attesting that the expanded CTC will not itself drive further inflation.
- ***Helping families get back to work:*** Contrary to talking points from opponents, this money allows families to gain a better financial footing, afford child care, leave other

social welfare programs, raise their children, and make more substantial long-term contributions to the economy. In fact, [nearly 94%](#) of parents said they planned to continue working or even work even more once receiving the CTC.

- ***Streamlining government:*** Even though it represents the largest middle-class tax cut in a generation, the expanded CTC is direct, efficient, and requires little to no bureaucracy. The IRS has proven, and the SSA has long demonstrated, that this is a simple program they can handle.
- ***Empowering parents:*** Direct support enables choices and lets families choose how to spend the money on their household priorities. Mothers and fathers — not the government — know best what their children need.

There's a reason why the CTC and EITC have been prioritized by both parties through the years. These programs work as they are designed — to help families and workers stay afloat. At a time when budgets are tighter than ever before, these tax credits are needed more than ever.

By helping families and lower-income workers cover their costs, you're helping small businesses also wrestling with rising costs. We urge you to extend these expanded tax credits before the end of this year.

Sincerely,

Business Forward
Main Street Alliance