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February 1, 2021

The Honorable Bobby Scott  
U.S. House of Representatives  
2328 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Scott:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in opposition to H.R. 603, the *Raise the Wage Act of 2021*. This legislation immediately increases the federal minimum wage by more than 30%, dramatically increases the federal minimum wage to \$15.00 per hour in four years, automatically increases the federal minimum wage threshold every subsequent year, and eliminates the federal minimum tipped wage.

NFIB continues to survey the impact of the COVID-19 pandemic on small businesses in a series entitled, *Covid-19 Small Business Survey*. Unfortunately, our research paints a stark picture of the current situation that many small businesses are facing. More than ten months have passed since the declaration of a national emergency concerning the COVID-19 outbreak,<sup>1</sup> and many small businesses are still struggling to survive as economic conditions and business restrictions remain serious challenges. One-in-four (25%) small business owners report that they will have to close their doors if current economic conditions do not improve over the next six months.<sup>2</sup> Moreover, according to NFIB's latest monthly *Small Business Economic Trends* survey, small business optimism dropped below its historic 47-year average, with 9 out of 10 components of the index declining. This month's drop in small business optimism is historically very large and most of the decline was due to the outlook of sales and business conditions in the first half of 2021.<sup>3</sup>

The *Raise the Wage Act of 2021* will eliminate hundreds of thousands of small business jobs. The non-partisan Congressional Budget Office confirms that the previous version of this legislation will damage the small business economy, estimating that 1.3 million workers will become jobless and

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<sup>1</sup> *Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak*, Federal Register, Proclamation 9994 of March 13, 2020, <https://www.federalregister.gov/documents/2020/03/18/2020-05794/declaring-a-national-emergency-concerning-the-novel-coronavirus-disease-covid-19-outbreak>.

<sup>2</sup> Holly Wade, *Covid-19 Small Business Survey (14) – PPP, EIDL, the Economy, and the Vaccine*, NFIB Research Center, December 15, 2020, <https://assets.nfib.com/nfibcom/Covid-19-14-Questionnaire-Write-up-FINAL-Web.pdf>.

<sup>3</sup> William C. Dunkelberg and Holly Wade, *NFIB Small Business Economic Trends*, NFIB Research Center, December 2020, <https://assets.nfib.com/nfibcom/SBET-Dec-2020.pdf>.

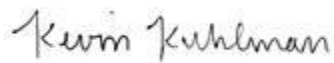
total real income will be reduced by \$9 billion by 2025.<sup>4</sup> The NFIB Research Center estimated that legislation will cost the economy 1.6 million jobs, reduce real Gross Domestic Product (GDP) by over \$980 billion, and reduce economic output by more than \$2 trillion by 2029.<sup>5</sup>

The negative effects of the proposed legislation will fall disproportionately on small employers and their workers as businesses with fewer than 500 employees will account for 57% of job losses (over 900,000 lost jobs) and businesses with fewer than 100 employees will account for 43% of job losses (nearly 700,000 jobs).<sup>6</sup> Small businesses are far less likely than larger businesses to have cash reserves or profit margins to absorb the increase in labor costs. Small businesses employ nearly half of the private-sector workforce.

More than doubling the federal minimum wage over a short period will have real and significant consequences for small business owners and employees. In an NFIB member ballot, 92% of small businesses opposed an increase in the federal minimum wage to \$15.00 per hour.

At a time when small businesses are confronted with the worst pandemic in more than 100 years, Congress should not be considering saddling them with a costly new mandate. Therefore, NFIB is opposes H.R. 603, the *Raise the Wage Act of 2021*.

Sincerely,



Kevin Kuhlman  
Vice President, Federal Government Relations  
NFIB

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<sup>4</sup> Congressional Budget Office, *The Effects on Employment and Family Income of Increasing the Federal Minimum Wage*, July 2019, <https://www.cbo.gov/system/files/2019-07/CBO-55410-MinimumWage2019.pdf>.

<sup>5</sup> Michael J. Chow and Paul Bettencourt, *Economic Effects of Enacting the Raise the Wage Act on Small Businesses and the U.S. Economy*, NFIB Research Center, January 25, 2019, [https://www.nfib.com/assets/NFIB\\_BSIM\\_RAISETHEWAGEACT-1.pdf](https://www.nfib.com/assets/NFIB_BSIM_RAISETHEWAGEACT-1.pdf).

<sup>6</sup> *Ibid.*