



## Border Adjustment Tax and Retail Small Business

For today's retail businesses, sourcing quality materials, finished goods and services from overseas markets is essential – especially for small businesses to thrive. In fact, **of small business owners who source such materials from overseas, 85 percent say doing so is important for their businesses to succeed.**<sup>1</sup>

If Congress were to pass a border adjustment tax that implements a 20 percent tax on all imports as proposed, most retail small business owners surveyed say they would need to make some drastic changes. **Regardless of party affiliation, at least three out of every five small retailers anticipate a negative business impact should a BAT be enacted.**

Ninety-eight percent of the 651,000 retail businesses in the United States have fewer than 100 employees. These small businesses form the backbone of many communities. Unfortunately, **9 percent of retail small business owners indicated that if the BAT were enacted, they would have to lay off workers.** When the scale of retail small business is considered, this would have a profound impact. **If those businesses reduced their head count by just 5 percent, 215,000 jobs would be lost.**

- 215,000 jobs is four times the total number of people employed by the coal mining industry
- That is more jobs than the entire newspaper publishing industry
- Those workers could form an unemployment line stretching the length of the entire Washington Beltway

**Eleven percent of those retail business owners would have to cut costs by decreasing employee hours.**

If each affected worker lost just two hours of work per week, that would cause about \$490 million<sup>2</sup> in lost wages in the first year.

Small business shoppers' wallets will also see the effect of a BAT: **A third (34 percent) of retail small businesses would need to raise prices.** When running a business with the kind of tight profit margins that retailers see, every penny counts. **Eighty-six percent of small retailers cite the importance of sourcing cost effective materials from overseas to the success of their business.**<sup>3</sup>

**The BAT would be more than just a cost increase on needed materials and products: It would threaten the existence of small retailers across the country.** Eighteen percent of small retailers say a border adjustment tax on all items they source from overseas would threaten their business or cause it to fail. The estimated employee loss of these retail small businesses going under: 772,000 jobs.<sup>4</sup>

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<sup>1</sup> Asked of those who source any materials, finished goods, and services for their business from overseas.

<sup>2</sup> 11% of retail employees at retail companies with fewer than 100 employees, assuming a \$10/hour wage

<sup>3</sup> Asked of those who source any materials, finished goods, and services for their business from overseas.

<sup>4</sup> NRF calculations based on U.S. Census Bureau, Statistics of U.S. Businesses dataset