STAY IN THE BLACK NEWSLETTER

The Hidden Costs of the H1-B Fee Hike and the HIRE Act: A Small Business Perspective

By Colin Barnhart · 25 Sep 2025 · 8 min read

This is a longer read, but one I believe is worth your time. As a small business owner, I've lived through the ups and downs of hiring, scaling, and keeping a company alive. And right now, two policy shifts, the sharp increase in H1-B visa fees and the proposed HIRE Act, pose a real threat to businesses like mine and yours.

This isn't a theory. It's not politics. It's business. It's personal.

Why the H1-B Fee Hike Hurts Small Businesses

For small companies, the new H1-B fees aren't just another line item. They're a brick wall. Even if you spread the costs across years, the math doesn't work.

And the ripple effect is dangerous. Employers will consider the total cost of employment and adjust compensation downward. That's not just bad for foreign workers, it's bad for American workers, too. When wages are squeezed, everyone feels it. In my own field of accounting, where finding good people is already difficult, these changes make it harder to grow and ultimately hurt profitability. That impacts not only business owners but also entire teams that rely on healthy businesses for their livelihoods, regardless of whether they are on a visa or are American employees.

These visas are designed to allow U.S. employers to hire highly skilled professionals in areas where there are domestic shortages. These are not just engineers and accountants. These are nurses and doctors who work in your local hospital, the special education teacher at your kids' school, maybe the veterinarian on the farm, or your local pharmacist. These roles are not just technical jobs at the big tech companies we often hear about.

A Human Story: From H1-B to Partner

To put a human face on this, let me share the story of one of our firm's partners.

They came to the U.S. from India on a student visa, paying full tuition that helped subsidize the education of American students. After earning their advanced degree, they began their careers under Optional Practical Training (OPT) and then obtained an H-1B visa.

During that time, they couldn't go home. For over 10 years, they missed milestones with their family in India. We often don't realize how much can happen in a decade. Parents pass away, children are born, siblings get married. During these moments, people with these visas contribute to our economy, save lives, and develop cures, and they wait. They put their personal lives on hold for the benefit of other Americans. I remember how deeply that weighed on them, but they stayed, dedicated to building a life here. Eventually, they earned their green card, became a CPA, bought a home, and started a family.

Today, they are not just an employee, they are a partner in our firm. They are also a homeowner, a taxpayer, a parent, a spouse, and a volunteer who gives countless hours each week to nonprofits, and a leader in their Texas community. They are the kind of neighbor and citizen we should all want more of.

However, if today's H1-B fees had been in place back then, the math would not have worked. They likely would have taken their degree and moved home or to Canada or Europe. America would have lost. And we would have lost the financial growth, jobs created by their success, and tax revenue that came with their earnings. We would have lost their community engagement and their support for our local communities.

The HIRE Act: An Even Bigger Threat

The proposed Halting International Relocation of Employment (HIRE) Act takes it a step further. It would:

Impose a 25% excise tax on U.S. companies paying overseas professionals for services directed to U.S. consumers.

Deny tax deductions for those payments. Think about this for a minute, and what this means: this would create phantom income and, in a pass-through entity, personal income tax to the owners on real business expenses!

Add new reporting requirements and steep penalties for non-compliance.

The stated goal is to "bring jobs back," but here's the reality: those jobs won't come back. They'll vanish. Small firms like mine will shrink. Startups will stall. The U.S. will be less competitive. And other countries, such as Canada, Europe, and India, will welcome the talent and innovation that we have pushed away.

The point has been made, but there's more at stake. The very educational system that should be creating a pipeline of U.S.-born professionals is being defunded and, in some ways, outsourced itself. You've probably heard of the "brain drain." Every business owner knows pipelines are long-term investments, but right now we're dismantling ours. Cuts to programs, shrinking research budgets, and tighter restrictions on international students are making our universities less attractive to both foreign and U.S.-born students. The result? The pipeline isn't just slowing down. It's being shut off, right now, in real time. And here's the bigger risk: you can't just turn off the spigot and expect water to appear somewhere else. If we keep this up, the next generation of top talent will train elsewhere, build elsewhere, and strengthen someone else's economy, not ours.

Why Our India Office Matters

Four years ago, we opened our office in Ahmedabad, India. I'm actually writing this while sitting in that office today.

Initially, people assumed it was solely about labor costs. They were wrong. We didn't start with cheap labor, we started with senior people. Ahmedabad is unlike any other place I've seen when it comes to education and talent, especially in finance and accounting. The depth of skill here is extraordinary.

And over the years, this office has become more than just an extension of Black Ink. It's part of our heartbeat. Every time I come here, I'm blown away by the culture: how quickly people bond, how seamlessly they work together, and how much they show up for one another.

I've celebrated births and weddings here. I've been with colleagues when parents were ill. These aren't faceless overseas workers, they're my teammates, my friends, my extended family.

This loyalty and consistency are priceless. In India, when you do right by people, you build lasting bonds. And that shows up in our work: our clients stay with us an average of five years, and they count on that consistency. Without this team, we couldn't provide it.

Growth Made Possible by Global Talent

Trying to grow only with U.S. hires was painfully slow. Sometimes it took months just to find one good hire. And recently, 30 to 50% of those hires never started. They accepted another job and rescinded their acceptance. In India, we could find the right talent in weeks. That speed allowed us to scale in ways that simply would not have been possible otherwise.

But it wasn't just about speed. The India team raised the bar for all of us. If you have ever led a team, you know how significant the impact is of a single team member raising the bar. Consider for a moment how an office could raise the bar. The India team's proficiency and consistency have pushed our U.S. team to step up, resulting in a stronger overall company culture.

The result? We've grown faster, employed more people in the U.S., and delivered better outcomes for our clients. And this isn't unique to Black Ink. Countless startups, tech companies are frequently in the news, but this is not just a "tech problem." Many industries rely on global teams to develop their products and bring bold ideas to life in the U.S. Cutting that off doesn't just hurt businesses; it harms America's future innovators. It affects everyday Americans. It impacts Republicans, Democrats, Independents, and those who are unaffiliated.

A Call to Action

Here's what I ask of you: don't let these issues pass by unnoticed.

Talk to your representatives. Share real stories of how global talent has fueled growth and created jobs here at home.

Engage other business leaders. Many people are unaware of the HIRE Act. Start conversations and keep them going.

Educate those outside your industry. Even if they aren't directly impacted, they need to understand the ripple effects: higher costs, fewer jobs, slower innovation, and a weaker economy. This is inflationary!

America has always been a place where ambitious people could come, build, and contribute. That's free-market capitalism at its best. That's the system that created the Googles, the NVIDIAs, the PayPals, the Intels, the eBays, the Yahoos.

Whether you are pro-small business, a Free Market Capitalist, someone who wants more opportunities for Americans, or a parent who wants your child to have the chance at a life better than yours, pay attention and take action.

If we turn away from that now, if we tax and regulate ourselves out of global talent, we risk losing the next generation of great companies. And once they're gone, they won't come back. Inviting the best and brightest from around the world to help us build has never been un-American. It's the very definition of the American story. Cutting off that flow of talent is like cutting off our nose to spite our face. We don't hurt anyone more than we hurt ourselves.

This isn't about politics. It's about protecting the American dream: the chance to create, to grow, and to contribute, no matter where you start.

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