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# United States Senate

COMMITTEE ON SMALL BUSINESS  
WASHINGTON, DC 20510-6350

EMILIA DISANTO, STAFF DIRECTOR  
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR

January 25, 2001

## SMALL BUSINESS WORKS IN AMERICA

Dear Colleague:

Today I introduced the "Small Business Works Act of 2001," which is built on one inescapable fact – small business "works" in this country. The men and women who venture into small businesses take incredible risks and dedicate time and energy away from their families to create prosperous businesses. Our country also reaps the benefits of these successful enterprises, with small businesses representing more than 99% of all employers, employing 53% of the private work force, and creating about 75% of the new jobs in this country.

Despite their success in recent years, one thing clearly does not work for small business – the Internal Revenue Code. Through this legislation, we can continue the task of changing that fact by reducing taxes on small businesses, simplifying the tax code, and ensuring that taxpayers are treated fairly as they struggle to comply with the complex tax laws.

In particular, the Small Business Works Act reduces the tax burden borne by small businesses through:

- ▶ Full and complete deductibility of health insurance for the self-employed;
- ▶ Relief from the Alternative Minimum Tax (AMT) for the self-employed and small corporations;
- ▶ Repeal of the Federal Unemployment Tax Act (FUTA) surtax;
- ▶ Permanent extension of the research and experimentation tax credit; and
- ▶ Increased deductibility of business meals.

This legislation also takes important steps in reducing the complexity of the tax code. For many small businesses, simply complying with the myriad rules, regulations, and forms eats up more than 5% of their revenues – and that is before they even write the tax check. The bill eases these burdens by:

- ▶ Clarifying the use of the cash method of accounting by small businesses;
- ▶ Expanding the amount of equipment, including software, that small firms may expense;
- ▶ Modifying the depreciation rules for computers and business vehicles; and
- ▶ Simplifying the estimated-tax requirements and the filing rules for certain jointly owned businesses.

Additionally, the bill includes protections for small business taxpayers who strive to comply with our increasingly complex tax code.

The Small Business Works Act is a common-sense package of tax relief, simplification, and protections for the small businesses that contribute so greatly to our national and local economies. It is based on tax priorities identified by the participants at the National Women's Small Business Summit, which I chaired in Kansas City, Missouri, last June, as well as recommendations from small business and the IRS National Taxpayer Advocate.

With an economy that appears to be slowing, small businesses are likely to be among the first affected. We need to ensure that they benefit from any tax stimulus we enact this year. Please join me as we work to ease the tax burdens on small enterprises and secure their continued vitality in the future.

If you would like to be a co-sponsor, or if you have any questions, please call me or have your staff contact Mark Warren, Tax Counsel for the Committee on Small Business, at 4-5175.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond  
Chairman