



NEWS RELEASE

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NOT ON THE BACKS OF SMALL BUSINESS

We have heard reports about supposed offers made or contemplated within the informal deliberations of the Committee of 12, the congressional committee considering deficit reduction. We want to make certain solutions are fair and balanced.

We were not among those who drew lines in the sand before the Committee of 12 began its work. We said, "We believe that if we are going to secure long-term significant changes that will not only reduce the deficit but ensure we remain within our means as a nation, in discussions and debates on addressing the federal budget deficit, nothing should be eliminated or protected from such discussion and debate, including benefits, programs and projects cuts and revenue increases."

We also said, "We understand that good public policy requires balance."

Long before the Committee of 12 was anointed, we expressed concerns about "corporate tax reform." Historically, such discussions have centered on lowering rates for C Corporations while eliminating deductions and credits. The problem is that many small businesses, organized as sole proprietorships, partnerships, and S Corporations, do not receive the benefits of a reduction in the C Corporation rates. But, they do use many of those same deductions and credits.

The recent reports suggest that deductions such as the immediate write off for purchases of capital equipment might be targeted for elimination. There are several possibilities as to what that might mean. But we want to leave no doubt. SBLC was one of the original champions of the direct expensing allowance in the early 1980's. Many small businesses use the allowance for necessary equipment purchases. Further, we have also observed many times that it is not only about the businesses that make an equipment purchase but also about the small businesses that make and sell that equipment.

It is not that one example; the point we want to make is if deductions and credits are on the table and the trade-off is lower corporate rates, let's make sure that we are achieving balance in our solution, not overloading the "losers' column" with small businesses.

We might also note that the deficit reduction debate is not the time to take on issues that have no place in the deficit reduction debate such as employment classifications.

The Small Business Legislative Council is a 34 year old permanent, independent coalition of over 50 trade and professional associations that share a common commitment to the future of small business. Our members represent the interests of small businesses in such diverse economic sectors as manufacturing, retailing, distribution, professional and technical services, construction, transportation, and agriculture. Our policies are developed through a consensus among our membership. Individual associations may express their own views