

Creating An Entrepreneurial Atmosphere To Help Small Businesses Succeed

President Bush Calls On Congress To Take Action Addressing Economic Uncertainty Among Small Businesses

Today, President Bush met with small business leaders at the 2008 Small Business Summit, and discussed actions the Administration is taking to help small businesses remain competitive. The Federal Government has taken action to address economic uncertainty in the short term, but in the longer term, small businesses and workers still face uncertainty about our economic future. While some of these sources of uncertainty are beyond anyone's control, there are some issues that are entirely within our power to resolve. The President laid out steps Congress can also take – especially in the areas of tax and trade – to help our Nation's small businesses continue to grow.

Reducing The Uncertainty Of Taxes And Expanding Trade Should Be Two Of Congress' Top Priorities The Rest Of This Year

Congress has an opportunity to expand access to key export markets by approving free trade agreements with three democratic allies – Colombia, Panama, and South Korea. Unfortunately, leaders on Capitol Hill seem to have put their special interests ahead of the economic and strategic interests of our Nation. House Speaker Nancy Pelosi recently changed the previously agreed to House rules so that she can put off a vote on Colombia. If this decision stands, it will kill the agreement and likely hurt American small business owners and workers the most.

- **More than 500 days have passed since the agreement with Colombia was signed.** Over 90 percent of imports from Colombia enter our country duty-free, but the 9,000 American businesses that export to Colombia – including 8,000 small and mid-sized firms – face tariffs up to 35 percent on their non-agriculture products. Colombian tariffs on U.S. agricultural products are even higher. Once implemented, the agreement will eliminate tariffs on more than 80 percent of American exports of industrial and consumer goods immediately and 100 percent of American exports over time. Leveling the playing field would make American products more competitive in Colombia, and would help American businesses create higher paying jobs here in the U.S.
- **By obstructing this agreement, Congress is signaling to a watching hemisphere that America cannot be trusted to support its friends.** Over the past six years, President Uribe has transformed his country from the brink of a failing state to a stable democracy with a growing economy. He has partnered with America in the fight against drugs and terror and responded to virtually every request of Congress, including revising the free trade agreement to include some of the most rigorous labor and environmental protections in history.

Congress should act to make the President's tax relief permanent. Over the past seven years, the President has signed more than \$1.3 trillion worth of tax relief into law. Unless Congress acts, this tax relief will expire at the end of 2010 - including the 10 percent individual income tax bracket, reductions in the marriage penalty, and reduced rates on regular income, capital gains, and dividends. As a consequence, 116 million taxpayers would see their taxes go up by \$1,800 on average and our economy would suffer.

- **The last thing small business owners need now is higher taxes.** Small business owners and workers would bear an especially heavy burden. Overall, 27 million small business owners would face an average tax increase of more than \$4,000 per year. The rate increases would hurt Subchapter-S corporations, partnerships, and many L-L-Cs that pay their business taxes at the individual rates. Taxes on capital gains and dividends would soar, which would discourage the investment needed to expand, and the death tax would return.

There Are A Variety Of Other Steps Congress Can Take To Help America's Small Businesses Weather This Difficult Time And Remain Competitive Into The Future

Congress should pass responsible housing legislation. This includes legislation to modernize the Federal Housing Administration, reform the regulation of Fannie Mae and Freddie Mac, and allow State housing agencies to issue tax-free bonds to refinance subprime loans.

Congress should work to make health care more available and affordable. Congress should create a standard deduction for health insurance so that all Americans have access to the tax advantage currently reserved for those who receive health care from their employer.

Congress should help ensure our workforce is prepared for the jobs of the 21st century. The President will continue working with leaders in both parties on a bill that he can sign into law to improve and reauthorize Trade Adjustment Assistance. Until Congress reauthorizes the No Child Left Behind Act, the Administration will use its administrative authority to strengthen and improve the law so that a new generation has the skills they need to compete and succeed.

Congress should reaffirm the principles of freedom and choice that gave rise to the labor movement. Congress is considering "card check" legislation that would strip workers of their fundamental right of a secret ballot when voting on whether to form a union or remain unaffiliated. The bill would expose workers to intimidation, and violates the principles of our democracy. The President will veto this bill if it reaches his desk.

The Administration Has Taken Action To Provide A Vital Boost To Our Economy

In February, the President signed a bipartisan stimulus package designed to jumpstart our economy. It will take some time for these changes to be reflected in our overall economy – the President's economic advisors and many outside experts believe that much of the impact of the stimulus will be felt starting in the third quarter, which begins in July. The economic growth package will boost the buying power of American consumers by providing tax rebates to more than 130 million American households. These rebates will return up to \$600 of hard-earned money for individuals, \$1,200 for married couples, and \$300 per child. When the rebates start to go out in a couple of weeks, a family of four could receive a tax rebate of \$1,800.

- **The stimulus package has been in place for about two months, and small businesses across America are now beginning to put it to use.** Across our Nation, small business owners are taking advantage of the investment tax incentives of the stimulus plan to boost investment and create jobs.
 - **As a result of the stimulus package, Permac Industries – a manufacturing company in Minnesota – will purchase much of their equipment to fill their recently doubled manufacturing space this year.** Owner, Darlene Miller expects these investments to expand manufacturing capacity by 25 percent, and plans to hire at least five more workers.
 - **Tom Sawner runs a small business in Virginia called Educational Options, which provides web-based curricula to schools across America.** Thanks to the stimulus plan, Tom is purchasing new computers, servers, routers, cars, and office space to expand his business. Tom says the stimulus plan has helped give him the confidence to expand his workforce. So far this year, Tom has hired four new employees, and plans to bring on at least a dozen more.