

Las Vegas TRIBUNE

"I may disapprove of what you say, but I will defend to the death your right to say it."--Voltaire

August 12, 2005 -- Volume 7 Issue 2

Bush's Small Business Agenda

by Lynnea M. Bylund

Recently I accepted an appointment, at the behest of Congressman Tom Reynolds (R-NY), as Honorary Chairwoman of the National Republican Congressional Committee's Small Business Advisory Council. As such, I will be playing a role in helping to advance the President Bush's pro small business agenda during the next year. I thought I'd kick it off with an overview of the Presidential Business Commission's small business commitment, the main mission of which is to advance deeper tax cuts, health care and tax reform.

Small business issues played a central role in Bush's recent State of the Union speech: "To make our economy stronger and more competitive, America must reward, not punish, the efforts and dreams of entrepreneurs. Small businesses will be the heart of America's renewed economic growth."

Every new business starts with an idea for a better product or process. But ideas become reality only when confident entrepreneurs are willing to take economic risks. Small businesses are the heart of the American economy because they drive innovation – new firms are established on the very premise that they can do a better job. For innovative small businesses, adequate performance is never good enough and excellence is an endless pursuit. These dynamic companies also drive the job creation process. In fact, small and young companies create two thirds of the net new jobs in our economy, and they employ half of all private-sector workers.

The role of government is not to create wealth, but to create an environment where entrepreneurs can flourish. President Bush has stated his belief that low taxes and clear, sensible regulations are essential to helping all 25 million small businesses in America. Equally important, the President believes we must work to ensure that employees of small businesses have access to high-quality health care and reliable pensions. And for those small businesses that deal with the federal government, the contracting process should be fair, open, and straightforward.

High tax rates inhibit entrepreneurial activity because they act as a tax on success, claiming a larger share of income from flourishing enterprises, while the government shares little of the risk.

For entrepreneurs, taxes reduce their companies' cash flow – to ensure continued innovation, President Bush believes that the government should leave as many resources as possible with the entrepreneurs and companies that are generating new ideas, better jobs, and greater wealth, proposing:



Lynnea Bylund

- Increase small business expensing. This proposal would allow more small businesses to immediately expense more new investment. Under this proposal, firms with up to \$325,000 in new investments could immediately expense the first \$40,000. The cost of this proposal is \$7 billion over ten years;

- Simplify taxes for small businesses. The Treasury Department will shortly announce final rules to allow service-oriented businesses with less than \$10 million in gross receipts to use cash accounting rather than accrual accounting; and,

- Permanently repeal the death tax. The death tax can fall most heavily on small businesses that are asset rich but cash poor.

Catalyst House lauds President Bush's small business tax proposals because they will allow small business to grow, create new jobs and boost our nation's economic security.

Small businesses frequently have trouble providing health care and pensions to their employees. The President proposes:

- Permit associations to provide health insurance. This change would give small businesses the same kind of purchasing power and coverage options that large firms can provide for their employees;

- Dramatically improve Medical Savings Accounts that combine a tax-free saving account with a high-deductible health insurance plan, thus providing a lower-cost health care option that is ideal for small businesses.

Between 2001 and 2004, the Bush Administration increased the number of loans to small businesses by more than 100%, a 50-year record.

An additional item on the President's Small Business Agenda includes increased opportunity for small businesses in the bidding process for government contracts, ensuring that government contracts are open to all small businesses that can supply the government's needs.

The President has announced a new initiative to expand business ownership and entrepreneurship among minorities. The Administration will undertake a unique association with the National Urban League to create an entrepreneurship network. Supported by the Business Roundtable and the Ewing Marion Kauffman Foundation, it will include one-stop centers for business training, counseling, financing, and contracting.

All in all, President Bush is proving to be a great benefactor to our nation's small businesses.

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