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Love Is Blind by Ann Sullivan, WIPP Government Relations

If you listen to the Congress and the White House, small business is the key to the economic recovery—everyone loves us. But all that love will not translate into business growth unless public policies reflect that priority.

While business owners make revenue projections, hiring decisions and determine capital needs, we are not the only ones making those decisions—our elected officials are making them with us. A significant portion of our business and personal income is subject to taxation—not only on the federal level, but state and local. No matter how much we plan, unless we know our rate of taxation, we are in a position of guessing.

Outstanding issues are expiring tax breaks to stimulate investment and growth and the expiring Bush tax cuts in 2013. Although it sounds painfully simplistic, the small business owner's personal income is derived from her business income. There is an inextricable tie between the two.

The good news is that on the small business tax front, Senators Snowe, Landrieu and Brown just introduced a small business tax extenders bill, S. 2050 which extends tax deductions and credits which expired and enjoyed bipartisan support. The five tax provisions that are extended are as follows: (1) deduction for health insurance premiums for the self employed; (2) allows general business credits to be carried back 5 years and taken against the Alternative Minimum Tax, AMT; (3) Section 179 expensing up to \$250,000 for real property and up to \$250,000 for equipment, or up to the full \$500,000 for just equipment; (4) shorten the recognition period for S corporation built-in gains tax from a decade to 5 years and (5) complete exclusion on capital gains attributable to small business stock held for five years. If business owners get behind this bill, it has a real chance of enactment.

On the personal tax front, all of the experts predict no action on the expiring Bush tax cuts until after the election. That pushes the decisions to the end of the year. And that is bad for business planning. For a business owner the calculation is—how much more revenue do I have to generate to overcome the additional tax burden on my personal income to stay at the same level. And that question likely will not be answered satisfactorily until the end of the year. The behavior of a small businessperson is to hold onto money to make up the shortfall, in the absence of a definitive answer. The consequence is no new hires.

Simply put, we are operating without critical knowledge necessary to create jobs. So we sit and wait blindly for elected officials to make decisions critical to our business growth. To coin the old adage, actions speak louder than words. That goes for us as well. We need to take action. Contact your Senators, urging their support for legislation such as S. 2050. Tell them what you need to make good business decisions.