



July 12, 2012

The Honorable Harry Reid
Senate Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mary Landrieu
Chair
Senate Small Business and Entrepreneurship Committee
United States Senate
Washington D.C. 20510

The Honorable Olympia Snowe
Ranking Member
Senate Small Business and Entrepreneurship Committee
United States Senate
Washington D.C. 20510

Dear Majority Leader Reid, Senator Landrieu, and Senator Snowe:

On behalf of the 21 million self-employed Americans, the National Association for the Self-Employed would like to express our deep disappointment with the decision to not offer the Small Business Tax Extenders Act (S. 2050) in its entirety as an amendment to S. 2237 and furthermore, the purposeful delay in action on the President's proposal to extend tax cuts for those individuals making \$250,000 or less. While the NASE has been a strong, vocal supporter of the extension and expansion of deductions for start-ups, as they serve as an important tool for entrepreneurs, the other provisions in the SBC Entrepreneurship Amendment offered by Senator Landrieu provide minimal, if any, benefit to the self-employed community which represents 78% of the small businesses in our nation.



The decision to not extend the self-employment tax deduction on health insurance for the self-employed and the decision to punt on the extension of tax cuts for those individuals making \$250,000 or less, will further harm the self-employed community which are fighting for their survival in this difficult economic climate. These two measures would not only stimulate growth but would signal to the 21 million self-employed Americans the seriousness in which you are tackling the economic uncertainties facing the largest segment of the small business population.

In NASE's national health care survey released in June 2012, 85% of respondents indicated that rising health coverage costs have been detrimental to themselves, their families, their businesses and their "bottom line" over the past three years. Juxtapose this against the fact that in 2011, the number of insured self-employed was at its highest, 77%. And yet, the self-employed on average pay nearly \$1,800 in additional taxes because they decided to purchase and carry health insurance. If the self-employed were allowed to fully deduct their health insurance costs, the U.S. economy would have roughly \$39 billion injected annually that would allow for individuals to re-invest in their business, purchase goods, and hire additional employees.

Finally, as the ongoing political posturing on extension of tax cuts continues, the NASE cannot strongly emphasize enough the importance of extending the tax cuts for those making \$250,000 or less. In NASE's 2012 member demographic survey, 77% of respondents indicated that their gross receipts for 2011 ranged from \$199,000 to under \$10,000, all of whom are sole-proprietors and continue to pay taxes at individual income tax rates. In fact, the NASE believes raising the level to \$1 million would be inclusive of nearly the entire self-employed community and especially target those high growth sectors and businesses that are of current interest to policymakers.

The NASE fully understands the budgetary issues that face this Congress. However, our members often hear the phrase batted around Congress that "small business is the backbone of our economy." Our members often read of a myriad of "small business" legislation intended to be helpful but that ultimately has no benefit to their business. They continuously ask what is being done to aid America's smallest businesses - the self-employed. The NASE will yet again have to inform them that they have been placed last on the list of priorities by their legislators.



As an important member of the U.S. business community, we understand that there will be business owners who will benefit from this legislation. However, it is our role as the National Association for the Self-Employed to stand up for the self-employed which will now receive minimal assistance from this bill. We encourage you to reconsider and include an extension of the self-employment tax deduction on health insurance for the self-employed and we also ask that you work with your counterparts to pass an extension on the expiring tax cuts for individuals which affect self-employed Americans.

We thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Kristie G. Arslan". The signature is written in a dark ink and is positioned above the printed name and title.

Kristie Arslan
President & CEO