National Taxpayers Union

May 7, 2015

The Honorable Susan Collins
United States Senate
413 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Collins:

On behalf of the members of National Taxpayers Union, I am writing to endorse your legislation S. 1141, the "Small Business Tax Certainty and Growth Act of 2015." This bill would help limit the burden our complicated Tax Code imposes on small businesses and make progress toward the comprehensive tax reform we urgently need.

The small business community has long been an essential source of economic growth. According to the Small Business Administration (SBA), small businesses make up 99.7 percent of U.S. employers, and contributed 64 percent of net new private sector jobs between 1993 and 2011; this trend actually accelerated in the latter part of the Great Recession. Among private sector employees, 49.2 percent work for a small business. Especially now, as we continue to experience an anemic recovery, Congress should be taking steps to further encourage small businesses in their salutary activities.
Instead, by taking an inconsistent legislative approach toward small business tax provisions, lawmakers have generated an atmosphere of uncertainty. Expensing, deductions, and other important accounting mechanisms have been treated as virtual political hostages in so-called "extenders" packages, to be traded for narrow, distortionary Tax Code provisions that benefit only a few. The result is a policymaking process driven by political gamesmanship rather than economic merit. In recent years it has been far from clear what tax rules will be applied when, making financial planning and tax compliance a needlessly onerous chore for already stretched business owners.

Through a combination of common-sense provisions, S. 1141 would help restore some much-needed certainty to small business finances. First and foremost, this legislation would make permanent the pre-2014 Section 179 expensing amount of $500,000 (phased out after investment tops $2 million) that can be immediately deducted by small and medium-sized businesses. This increased threshold for the deduction of certain capital investments in the year when they were made removes costly ambiguity related to financial decisions and long-term planning. S. 1141 also would double the amount of deductible startup expenses, lowering the financial hurdles that stand in the way of launching new and often capital-intensive businesses. Such relief would come none too soon; the SBA notes that startups have generated 40 percent of the private sector's new jobs over the last two decades.

In addition to expanding the permitted use of cash-based accounting (a major time-saver) and extending bonus depreciation, S. 1141 also includes "Sense of the Senate" language urging Congress to undertake comprehensive tax reform. Making our increasingly unwieldy and burdensome Tax Code fairer and simpler would reduce the compliance costs and headaches for all taxpayers.

Until then, it is important that Congress take action to prevent ongoing uncertainty from impeding the enormous potential of small businesses. NTU is pleased to endorse the "Small Business Tax Certainty and Growth Act of 2015" and urges all Senators to support this bill.

Sincerely,

Nan Swift

Nan Swift
Federal Affairs Manager

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