



March 19, 2009

The Honorable Ron Kind
United States House of Representatives
1406 Longworth House Office Building
Washington, D.C. 20515

The Honorable Wally Herger
United States House of Representatives
2268 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Kind and Herger:

We are writing to thank you for introducing the *Equity for Our Nation's Self-Employed Act of 2009 (H.R. 1470)*. This legislation would end a significant inequity within the tax code that penalizes self-employed Americans and makes it increasingly difficult to afford health coverage.

Self-employed business owners have long been plagued with the disparity in the treatment of deductibility of health insurance costs. If enacted, your proposal would allow the self-employed to fully deduct their health insurance premiums for the purposes of their income tax and self-employment tax (FICA tax). Allowing self-employed to achieve parity with corporations that are currently allowed to deduct their coverage costs as an ordinary business expense would have broad implications—more than 21 million entrepreneurs would have greater access to affordable health insurance under this legislation. Our coalition is a group of leading small business and trade organizations who feel strongly that the self-employed must have a fair and level playing field in order to start up, grow and be successful in their business.

Under the current tax code, the self-employed (sole-proprietors) are unable to deduct premiums as a business expense and are required to pay an additional 15.3 percent self-employment tax, their payroll tax, on their health care costs. The self-employed are the only segment of the business population that pays this extra tax on health insurance.

According to a 2007 Kaiser study, an individual pays an average of \$12,106 annually in health insurance premiums for family coverage. Since sole-proprietors are not treated equally to other business entities, a self-employed individual with a per-year premium of \$12,106 is paying \$1,852.22 (15.3 percent) in extra payroll taxes on their health insurance. This is money that could be used to reinvest and grow their business, cover out-of-pocket expenses of their current health coverage or provide funds to afford health insurance if they are currently uninsured.

We know that federal budget concerns and providing access to affordable health coverage are tough issues currently faced by Congress. However, providing a small business owner with the same tax treatment that big business already has is the right thing to do and will have an immediate positive impact on the self-employed and their ability to afford health

coverage. Passage of *H.R. 1470* will place self-employed business owners on level ground with their larger competitors and remove a major disincentive to becoming an entrepreneur.

We thank you for your leadership and sponsoring the *Equity for Our Nation's Self-Employed Act of 2009 (H.R. 1470)*. It will have a positive impact on the business community and is a common sense way to bring the cost of health care within the reach of many uninsured individuals. For more information about the coalition, please visit: www.setaxequity.org.

Sincerely,

The Coalition Supporting Equity for Our Nation's Self-Employed

Members

National Organizations

Alliance of Visual Artists	American Farm Bureau Federation
American Small Business Alliance	The American Small Business Coalition
American Veterinary Medical Association	Associated Builders & Contractors
Association for Enterprise Opportunity	Association of Small Business Development Centers
Assurant Health	Coalition for Affordable Health Coverage
Communicating for America	Communicating for Agriculture & the Self-Employed
Computing Technology Industry Association	Council for Affordable Health Insurance
Healthcare Leadership Council	National Association of Health Underwriters
National Association for the Self-Employed	National Association of Women Business Owners
National Association of Realtors	National Black Chamber of Commerce
National Cattlemen's Beef Association	National Court Reporters Association
National Federation of Independent Business	National Small Business Association
Small Business & Entrepreneurship Council	Small Business Legislative Council
Small Business Majority	Society of American Florists
U.S. Chamber of Commerce	United States Hispanic Chamber of Commerce
Women Entrepreneurs Inc.	Women Impacting Public Policy

State Organizations

Arkansas State Chamber of Commerce	Associated Industries of Arkansas, Inc.
California Small Business Association	Council of Smaller Enterprises (OH)
Delaware State Chamber of Commerce Small Business Alliance	Detroit Regional Chamber
Greater Albuquerque Chamber of Commerce	Indiana Chamber of Commerce
Kentucky Chamber of Commerce	Missouri Merchants & Manufacturers Association
Missouri Chamber of Commerce and Industry	Montana Chamber of Commerce
New Jersey Chamber of Commerce	North Carolina Citizens for Business and Industry
North Dakota Chamber of Commerce	Rockford Chamber of Commerce
San Francisco Chamber of Commerce	Small Business California
Small Business United of Texas	SMC Business Councils
Tennessee Chamber of Business & Industry	Virginia Chamber of Commerce

