



July 13, 2010

The Honorable Max Baucus
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mary Landrieu
Committee on Small Business and Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Chair Landrieu:

During this difficult economic time, the **National Association for the Self-Employed (NASE)** believes that it is vital for policymakers to focus efforts on assisting our nation's smallest businesses. America's self-employed represent 78 percent of all small businesses in the United States and contribute close to \$1 trillion to our economy. More importantly, these businesses are the economic backbone of millions of families and communities across the country.

The NASE, on behalf of our 200,000 member businesses, is pleased to announce our support for the Small Business Jobs Act of 2010 (H.R. 5297). We believe the combination of tax incentives and financing options will help new businesses build a solid foundation and help existing businesses keep their doors open.

Of great importance to the 23 million self-employed Americans is the one-year business deduction for health care costs included in the Small Business Jobs Act. Sole proprietors are unable to deduct their health insurance costs as a business expense, leaving them to pay more in payroll (self-employment) taxes than any other business. While the NASE strongly supports a permanent correction of this inequity in the tax code, the one-year deduction in H.R. 5297 is an important first step in leveling the playing field for the self-employed.

As new businesses continue to struggle to obtain credit and financing, the increase in the start-up business expense deduction from \$5,000 to \$10,000 will be of great assistance to many budding entrepreneurs. This enhanced deduction will encourage many individuals who have been considering entrepreneurship to take the next steps to open their small business and in turn, help create jobs in this tough economy.

The NASE would also like to highlight our support for Senate Amendment #4330, offered by Senator Barbara Boxer, which would provide for a standard home office deduction option. With over half of all small businesses being run out of the home, the home office deduction is an important tax benefit for small businesses. Unfortunately, the complexity and paperwork burden associated with the home office deduction drives many qualifying business owners to forgo this tax assistance. The standard home office deduction option created by S. Amdt. #4430 would allow eligible business owners to avoid the complex calculations and simply opt for the standard deduction amount, saving them both time and money. The NASE is strongly urging passage of this amendment.



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The self-employed and micro-businesses have long been pillars of innovation and job creation, fueling much of what is great about America. Legislation that supports these enterprises is not only in the best interest of small business, it's in the best interest of our nation. Healthy small businesses mean healthy families, healthy communities and a healthy economy.

We thank you for your leadership and commitment to the self-employed.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Hughes", written in a cursive style.

Robert Hughes
NASE President