



BARACK OBAMA AND JOE BIDEN'S PLAN FOR SMALL BUSINESS

There are approximately 25.8 million businesses in the United States and over 99 percent of all employers are small businesses, according to the U.S. Small Business Administration. Barack Obama and Joe Biden will help small businesses by cutting health care costs, improving access to capital and investing in innovation and development.

Lower Health Care Costs with a New Small Business Health Tax Credit: Barack Obama and Joe Biden understand that the skyrocketing cost of healthcare poses a serious competitive threat to America's small businesses. Small businesses are the drivers of job growth in our economy, creating, on average, more than two-thirds of net new jobs each year. Yet small business owners face unique challenges in providing health care to their employees, including higher administrative costs, lower bargaining power, greater price volatility and fewer pooling options. Barack Obama and Joe Biden will reduce the burden on small businesses in our economy by offering a new Small Business Health Tax Credit to help small businesses provide quality health care to their employees. The Obama Small Business Health Tax Credit will provide a refundable credit of up to 50 percent on premiums paid by small businesses on behalf of their employees.

Obama's Small Business Health Tax Credit will work alongside other aspects of his health care plan to lower costs and improve competitiveness for America's small businesses, including:

- **Access to a Low-cost National Health Exchange:** The Obama health care plan will provide small businesses with new opportunities to buy low-cost, high quality health plans for their employees through a national exchange similar that will allow small businesses to get the same benefits of spreading risk and administrative costs over a large pool that larger businesses currently enjoy.
- **Reduced Volatility and Lower Costs by Reimbursing Catastrophic Costs:** The Obama plan will reimburse employer health plans for a portion of the catastrophic costs they incur above a threshold if they guarantee such savings are used to reduce the cost of workers' premiums. This reimbursement (often called reinsurance) is particularly important for small business plans, which can be overwhelmed by the costs of catastrophic expenditures for even a single employee.
- **Investment in Cost Reduction and Quality Improvement Strategies:** The Obama plan will aggressively lower health costs by facilitating broad adoption of standards-based electronic health information systems, and other value-increasing innovations improving chronic care management, and increasing insurance market competition.

Provide Zero Capital Gains and Other Tax Relief for Small Businesses and Start Ups: Barack Obama believes that we need to reduce burdens on small business owners, many of whom are struggling to succeed as health care and energy costs continue to skyrocket. Barack Obama and Joe Biden will eliminate all capital gains taxes on small and start-up businesses to encourage innovation and job creation. Obama and Biden will support small business owners by providing a \$500 "Making Work Pay" tax credit to almost every worker in America. Self-employed small business owners pay both the employee and the employer side of the payroll tax, and this measure will reduce the burdens of this double taxation.

Expand Loan Programs for Small Businesses: Access to capital is a top concern among small business owners. Barack Obama cosponsored the bipartisan Small Business Lending Reauthorization and Improvements Act. This bill expands the Small Business Administration's loan and micro-loan programs which provide start-up and long-term financing that small firms cannot receive through normal channels. Obama and Biden will work to help more entrepreneurs get loans, expand the network of lenders, and simplify the loan approval process.

Support Innovation and High-Tech Job Creation: Barack Obama believes we need to double federal funding for basic research, diversify energy sources, expand the deployment of broadband technology, and make the research and development tax credit permanent so that businesses can invest in innovation and create high-paying, secure jobs.

Create a National Network of Public-Private Business Incubators: Barack Obama and Joe Biden will support entrepreneurship and spur job growth by creating a national network of public-private business incubators. Business incubators facilitate the critical work of entrepreneurs in creating start-up companies. They offer help designing business plans, provide physical space, identify and address problems affecting all small businesses within a given community, and give advice on a wide range of business practices, including reducing overhead costs. Business incubators will engage the expertise and resources of local institutions of higher education and successful private sector businesses to help ensure that small businesses have both a strong plan and the resources for long-term success. Obama and Biden will invest \$250 million per year to increase the number and size of incubators in disadvantaged communities throughout the country.

Invest in Women-Owned Small Businesses: Women are majority owners of more than 28 percent of U.S. businesses, but lead less than 4 percent of venture capital-backed firms. Women business owners are more likely than white male business owners to have their loan applications denied. Barack Obama and Joe Biden encourage investment in women-owned businesses, providing more support to women business owners and reducing discrimination in lending. To create greater opportunities for women business owners who would like to do business with the federal government, Obama and Biden will implement the Women Owned Business contracting program that was signed into law by President Bill Clinton, but has yet to be implemented by the Bush Administration.

Increasing Minority Access to Capital: Access to venture capital is critically important to the development of minority-owned businesses. Yet there has been a growing gap between the amounts of venture capital available to minority-owned small businesses compared to other small businesses. Less than 1 percent of the \$250 billion in venture capital dollars invested annually nationwide has been directed to the country's 4.4 million minority business owners. And in recent years, there has been a significant decline in the share of Small Business Investment Company financings that have gone to minority-owned and women-owned businesses. In order to increase their size, capacity, and ability to do business with the federal government, and to compete in the open market, minority firms need greater access to venture capital investment, as well as greater access to business loans. Barack Obama and Joe Biden will strengthen Small Business Administration programs that provide capital to minority-owned businesses, support outreach programs that help minority business owners apply for loans, and work to encourage the growth and capacity of minority firms.

Promote Small Business Ownership in the Communications Industry: Barack Obama joined Senator John Kerry (D-MA) in calling on the Federal Communications Commission (FCC) to immediately address the issues of minority, women and small business media ownership before taking up a second review of wider media ownership rules. Obama has continued that fight by urging the FCC to establish an independent panel on minority and small business media ownership. As president, Obama will support efforts to achieve diverse media ownership, particularly in an era of increased media concentration.

Support Local Businesses Affected by Hurricane Katrina: In the wake of Hurricane Katrina, Barack Obama introduced the Hurricane Katrina Recovery Act to rebuild the Gulf Coast. This bill included language to increase the government-wide goal for procurement contracts awarded to small businesses owned and controlled by socially and economically disadvantaged individuals for recovery and reconstruction activities related to Hurricane Katrina. Obama also established a government-wide goal for procurement contracts awarded to local businesses in Katrina-affected areas of 30 percent of that total value for 2006 and 2007.

Provide Emergency Relief: Barack Obama supported legislation to provide emergency relief to small businesses affected by a significant increase in the price of heating oil, natural gas, propane, or kerosene. This bill authorized the Small Business Administration to make disaster loans to assist small businesses that have suffered or are likely to suffer substantial economic injury as the result of a significant increase in the price of heating fuel.

Support Rural Small Businesses: Barack Obama and Joe Biden will support entrepreneurship and spur job growth by establishing a small business and micro-enterprise initiative for rural America. The program will provide training and technical assistance for rural small business, and provide a 20 percent tax credit on up to \$50,000 of investment in small owner-operated businesses. This initiative will put the full support of the nation's economic policies behind rural entrepreneurship.

Promote Digital Inclusion: The lack of affordable, high-speed Internet access in rural, urban, and minority communities has created a digital divide between those who have access to the Internet and those who do not. This severely limits the growth potential of many urban and rural companies. Approximately only one-third of rural areas and half of urban areas have high-speed Internet at home or work. The areas affected by Hurricane Katrina have particularly suffered due to a lack of IT infrastructure. Barack Obama and Joe Biden believe we can get true broadband to every community in America through a combination of reform of the Universal Service Fund, better use of the nation's wireless spectrum, promotion of next-generation technologies, and new tax and loan incentives. As a key step to achieving full broadband access, Obama believes the Federal Communications Commission should provide an accurate map of broadband availability using a true definition of broadband instead of the current 200 kbs standard and an assessment of obstacles to fuller broadband penetration.

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