

My Tax Bill Would Provide Relief For Local Small Businesses

By Randy Hultgren

The recent news that McDonald's is relocating from Oak Brook to downtown Chicago generated headlines. But in reality, it is small businesses, which employ 2.4 million Illinois residents, that actually drive the suburban — and national — economies.

While the McDonald's relocation may have local impact, the ongoing struggles of local small businesses are a much bigger cause for concern. For example, Laz Marquez, owner of La Huerta supermarket in St. Charles, tells me that overtaxation impedes his ability to find new customers and grow his business.

His concerns are shared by small businesses nationwide. According to a national poll of small business owners commissioned by the Job Creators Network, two-thirds of respondents say overtaxation threatens the viability of their businesses. As a result of this hurdle, only one in five respondents plan to hire additional employees over the next year; two-thirds expect this year to be more difficult to do business in than the last.

To address this hurdle, I proudly stood beside Marquez at his super-

market to announce the Bring Small Businesses Back Tax Reform Act, legislation that would reduce the tax burden on small businesses like his, which currently pay a marginal federal tax rate of 40 percent.

The bill would reduce the tax rate for pass-through businesses to 10 percent on their first \$150,000 in earnings and 20 percent on earnings between \$150,000 and \$1 million. These tax savings would allow businesses like La Huerta to invest in expansion, hiring and innovation, providing a shot of adrenaline to local economies like ours across the country.

The latest jobs report, released this month by the Bureau of Labor Statistics, highlights why this legislation is needed right now. Only 38,000 jobs were added in the country in May, and there are more people out of the labor force than at any time in U.S. history. Bringing back small businesses, which provide half the country's jobs and two-thirds of its new jobs, would finally bring back the labor market.

My bill means that more money stays in the Chicago suburbs and less money goes to Washington, D.C.

This would dramatically boost Main Street in communities across the country, many of which have been bypassed by the so-called economic recovery.

Consider the savings that a typical Illinois small business, that earns \$450,000 before taxes, could expect from the bill. Under the current tax system, such a business pays an effective federal tax rate of 30 percent, or \$134,500 in tax. But under my bill, such a business would pay an effective federal tax of just 18 percent, or \$80,000 in tax. This 40 percent tax savings could be reinvested in the business and at home.

Tax complexity burdens small businesses almost as much as high tax rates. As Marquez recently explained to the Daily Herald, "[Filing taxes] falls to our compliance department. And that's me. I'm it. And it's hard to find out how to comply. There is no map." Small business owners spend more than 100 hours a year doing taxes, costing them about \$18 billion a year in lost productivity that should be spent on core business functions.