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## Conventions should address economy and hurdles facing small businesses

*By Alfredo Ortiz*

Speakers at the Republican and Democratic Party National Conventions this week and next are sure to address the topics dominating cable news in recent months: criminal justice reform, mass shootings and terrorism.

While these are important issues, the parties shouldn't overlook voters' concerns about the economy, something that has a more direct impact on most people's lives.

According to a recent poll by Gallup, the economy is still the most important problem facing Americans. Despite top-line indicators showing that the recovery continues to plod along, a closer look reveals that it has bypassed countless communities across the country.

Take nearby Imperial County, for example. Its overall unemployment rate is 24 percent. And in some of its communities, that rate is much higher. Young residents of El Centro, for instance, face unemployment rates approaching 50 percent, according to the most recent Census Bureau data.

What policies should the conventions propose to help communities like El Centro? Policies that help address the hurdles facing small businesses, which are the heart of Main Street and create two-thirds of all new jobs.

At the moment, small businesses are struggling. According to a national poll

of small business owners commissioned by the Job Creators Network, only one in four businesses thinks next year is going to be easier to do business in than the last. And only one in five plans to hire additional employees over the next year.

Small business owners identify several reasons for their struggles, but most cite over-taxation as the biggest hurdle they face. In fact, two-thirds of poll respondents say the current tax environment threatens their ability to thrive.

While the parties will likely touch on their tax plans at the conventions, they should also highlight one piece of existing proposed legislation that could significantly ease the tax burden small businesses face. H.R. 5374, the Bring Small Businesses Back Tax Reform Act, recently introduced by Rep. Randy Hultgren, would lower the federal tax rate for small businesses to 10 percent on their first \$150,000 of earnings and to 20 percent on their earnings between \$150,000 and \$1 million. Currently, small businesses face a federal marginal tax rate of 40 percent.

Consider how this bill would affect a small business that earns \$450,000 a year before tax. Currently, such a business has to pay an effective federal tax rate of 30 percent, which equates to \$134,500 in tax. But under this bill,

that business's effective rate would fall to 18, or \$80,000 in tax. This amounts to a 40 percent tax savings, or \$54,500. These savings could be reinvested in the business, allowing it to expand and offer new and better products and services to its customers, creating new jobs and bolstering the local economy. It would mean more money stays in our communities and less get shipped off to Washington to be eaten by vast federal bureaucracies.

Rep. Hultgren's proposal also drastically simplifies the tax code, which essentially forces small business owners to double as accountants. It allows small business owners to immediately expense investment in equipment, and to forgo fiddling with cumbersome depreciation schedules. It also allows for cash accounting, meaning sales can be booked when they are made, making it easier to balance the budget sheets.

The conventions should address the uneasiness voters feel about the economy by explaining how solutions like Rep. Hultgren's bill can help fix the problem. They should set their convention agendas based on what polls say is troubling most Americans, not simply on what leads on cable news.

*Alfredo Ortiz is president and CEO of the Job Creators Network*