



**Testimony of
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**Before the House Small Business Committee
for the Hearing
"The Tax Outlook for Small Businesses: What's on the Horizon?"
Thursday, April 18, 2012 at 1:00 pm
Rayburn House Office Building, Room 2360**

Ranking Member Velázquez, Chairman Graves. I am here today on behalf of the U.S. Women's Chamber of Commerce representing our 500,000 members, three-quarters of whom are American small business owners.

Thank you for the opportunity to speak today on behalf of our members regarding the tax outlook for small business. In preparation for today's hearing, I listened to the views of many of our small business members. As you can imagine, especially at this time of year, most of what I heard was not positive.

There is a great deal of frustration among small business owners surrounding small and individual tax policies, revenues lost and compliance. This frustration centers around a few broad issues: complexity, constant change and uncertainty, the costs associated with managing the ever growing and changing complexity, the lack of fairness and resulting anti-competitive outcomes, and the challenge in simply being a good employer and provider for one's family and community.

Already, in today's hearing, we have heard a bountiful number of references to the growing complexity of the U.S. tax code, and how these changes have a great impact not only on business tax policies, but also on individual taxes due to the high number of small businesses that are structured as pass-through entities.

The outcome of these challenges has been magnified by the recession. While large businesses employ armies of accountants, attorneys, and complex tax evasion strategies to avoid paying their fair share of tax, Congress continues to pass press-release-ready legislation instead of taking the action needed to truly level the playing field to invigorate America's Main Street businesses.

Our small business members tell me the endless and unrelenting lack of fairness and changing landscape of business and individual taxation takes away from their focus on the things that matter to them —securing and keeping good employees, increasing business competitiveness and profitability, and investing in future growth.

Our small business members who are active as federal contractors tell us they are doubly burdened, as they must also deal with the complexities of the FAR, EPA regulations, and state and local issues. It is not feasible or affordable for small businesses to employ someone to deal with the spiraling complexity Congress has created and seems determined to continue and expand.

Our members are proud of the role they play in their communities, as small business owners and as drivers of the U.S. economy. But, when they see how the tax system is skewed against them, when they see how big business gets away with schemes to avoid taxes when they cannot even access or use many of the supposedly targeted tax breaks for small business, they become very angry and resentful. And, worse, the unfair tax advantage big businesses have over small businesses decreases small business competitiveness, as well as their ability to hire new employees, and to provide the types of benefits they would like to have in place for their employees.

We hear story after story of how tax breaks cannot be used by our small businesses because of some feature or restriction that renders it impossible for many small businesses to comply. Yet, Congressional leaders still manage to find a nice headline proclaiming their love and concern for small business. For example, tax breaks for investments in equipment are nice as long as your firm really needs equipment and has the cash flow up front to make the investment. As most of the smaller, most financially challenged firms don't have cash flows available, they find this approach simply emboldens their larger competitors and frustrates small business owners because they see how U.S. tax policies discriminate against them.

Additionally, an overwhelming majority of the small business members who responded to our request for input prior to this meeting told us they very much want to provide health insurance for their employees and to take advantage of incentive tax credits. We hope you will remember how close small business owners are to their employees. Their employees are their neighbors and often their family members. Small business owners embrace their leadership role within the community and look forward to the ongoing implementation of the Affordable Care Act. Many of our members told us they believe, as the provisions of the ACA continue to be implemented, that they will be better able to provide healthcare for their employees and to be better competitors when seeking to secure and retain employees.

I call upon Congress to end the piece meal approach you have taken to tax policy, and to end the grossly unfair tax provisions and loopholes that can only be employed by larger firms. Small business owners want to pay their fair share of taxes, and they understand the need of the U.S. government to raise revenues to provide a quality and secure environment for businesses and families. But, today, we do not have a level playing field. More legislation aimed at grabbing headlines won't help. What will help is real leadership in Congress — leaders who come together to truly work on behalf of small business.

We know that small businesses are the job creators. It is imperative that we simplify tax policy, end the complex codes and skewed policies that benefit big business, and allow business owners to focus on the important work they have as revenue generators, job creators and community leaders.