

# ***U.S. SENATE COMMITTEE ON FINANCE***

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## **BAUCUS, GRASSLEY INTRODUCE SMALL BUSINESS TAX PACKAGE**

*Senators aim to help small businesses thrive as Senate considers minimum wage hike*

**Washington, DC** –Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) today unveiled a small business tax relief package slated for markup by the committee next Wednesday, January 17, 2007. This legislation will provide assistance to America’s small businesses as the Senate considers a hike in the minimum wage. The \$8 billion dollars in tax incentives include credits for small businesses that hire hard-to-employ workers and increased deductions for improving their buildings, as well as measures to help small businesses simplify their bookkeeping by allowing simpler expensing and accounting methods. Detailed information on the Small Business and Work Opportunity Act of 2007 is on the Finance Committee webpage at <http://www.finance.senate.gov/sitepages/legislation.htm> .

**“American workers deserve to make a decent living, and that’s why this Congress is right to raise the minimum wage,”** said Baucus. **“This package of tax incentives will help to keep small businesses running strong and employing American workers, and we should do it in a fiscally responsible way.”**

Grassley said, **“Small businesses employ the majority of workers. It’s important to make sure a minimum wage increase doesn’t force employers to cut jobs and hurt the employees who depend on that work. This package will help preserve jobs.”**

The components of the legislation include:

- *Work Opportunity Tax Credit*- A five-year extension of the tax credit provided to employers who hire workers who have experienced barriers to entering the workforce. Also, a modification to the work opportunity tax credit to include a tax credit for employing veterans disabled after the September 11, 2001 attacks.
- *Expensing*- A one-year extension of a provision allowing small businesses to combine as much as \$112,000 in expenses into one annual tax deduction.
- *Leasehold Improvements*- An extension through March 31, 2008, of a provision that allows business owners to more quickly deduct the cost of making improvements to a leased property. Also, modifications to the provision that provide retailers who make improvements to property they own and people who build new restaurant properties the same treatment renters receive under this provision.
- *Cash Method of Accounting*- A permanent change to the tax code that will allow more businesses to simplify their bookkeeping by allowing them to use the cash method of accounting for tax purposes.
- *S Corp Reforms*- A modification to the standards that allow small businesses to qualify for or stay within the S Corp tax rules.

- *Certified Professional Employer Organizations* - Establishes a certificate program for Companies that provide and oversee employees for other corporations. The certification would require these companies to meet certain standards set by the IRS. Businesses that contract with certified professional employer organizations would be assured they would not be liable for those taxes already paid to the certified professional employer organization.

The Senate Finance Committee will mark up and consider the incentives bill on Wednesday, January 17, at 10:00 a.m., in 215 Dirksen Senate Office Building.

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