

Business Newsletter

from
CONGRESSMAN KEN CALVERT
Winter 2008

Dear Business Owners and Employers,

As a former restaurant owner, I understand how even the smallest downturn in the economy can negatively impact business. No one can deny that our economy is experiencing a slowdown in growth. However, it is important to take a step back and understand that slower growth does not mean the dreaded “R” word. Last year around this time the economy had slowed down and yet during the middle of the year, between April and September, the GDP grew by a robust 4.4%. In fact, economic models show that the GDP may grow by between 3% and 3.5% in 2008 (The Wall Street Journal, January 28, 2008). However, the Federal Reserve lowered their forecast for economic growth this year to between 1.3% and 2%, half a percentage point below the level of their previous forecast. While these are national numbers the local economy seems to be suffering more than the national economy. Perception should not be reality when it comes to the economy but in many cases there is a rush to define in simple terms what most people are experiencing—rising costs, less disposable income—as a “recession.”

As households reduce expenditures, businesses experience a decrease in revenue. If this trend continues for too long, businesses will make cuts in personnel and recapitalization projects. Right now businesses need incentives if they are going to continue growing and investing in their businesses. The stimulus package recently passed includes incentives for small businesses to invest, such as bonus depreciation on new equipment and provisions to allow for full expensing of property. Details of the stimulus package, including tax rebates for some individuals and families and business incentives, are discussed on the next page of this newsletter.

Small businesses are the first to feel a downturn in the economy. However, it is my intention to work with my colleagues so that small businesses have the tools to grow, prosper and succeed. It is an honor to represent you in Congress and please contact my office with your input.

Sincerely,



KEN CALVERT
Member of Congress

Support the Troops!
www.americasupportsyou.mil



Inside this Newsletter

- *What is in the stimulus package?*
- *What wasn't included in the package?*
- *What is Rep. Calvert doing to help your business?*

P.S. Please sign up for my e-newsletter through my website at www.calvert.house.gov.

Contact Representative Ken Calvert at one of the following addresses or through his website www.calvert.house.gov:

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ORANGE COUNTY
26111 Antonio Pkwy, Ste 300
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Relief Is On the Way to American Families and Businesses

"Small businesses are the backbone of the American economy, and Washington bureaucrats should not get in the way of their investment and growth."

—REP. CALVERT

Small businesses provide the overwhelming majority of jobs in the United States and if they are unable to invest or grow because of tax obligations, our entire society suffers. The stimulus package, H.R. 5140, provides vital incentives to invest through expensing and rapid depreciation options for small businesses.

Bonus Depreciation

The economic growth package will provide for a 50 percent bonus deduction on new equipment in the year it is placed in service, with certain exceptions for equipment with a "long life." This temporary tax cut offers significant savings on new property with a depreciation period of 20 years or less. This will give employers – particularly small businesses – greater incentive to invest and create jobs for more Americans searching for work. A previous bonus depreciation, coupled with expensing measures enacted in May 2003, resulted in a four percent increase in business spending in the first six months alone.

Section 179 Expensing

This provision allows employers, including small businesses, to fully expense \$250,000 in both new and used tangible property in the year it is purchased up to an overall investment limit of \$750,000. This will provide a particularly strong incentive for small companies to invest in their businesses so they can continue to provide good-paying jobs for the American people.

Tax Relief for American Families

Rebate Checks: The economic growth package includes rebate checks in the sum of two separate calculations, with an overall phase-out for



REP. CALVERT speaks at the "Good Morning Riverside" event hosted by the Riverside Chamber of Commerce to discuss the legislative outlook for 2008.

those with adjusted gross incomes above \$75,000 for a single taxpayer and \$150,000 for married couples. Rebate checks will include a base amount determined by the greater of two options: (a) Income tax paid in 2007, with a maximum of \$600 for a single taxpayer and \$1,200 for married couples; or (b) \$300 for an individual and \$600 for a married couple, provided the individual or couple earned income of at least \$3,000 in 2007. A children's bonus also will be included in the rebate check calculation. Anyone qualifying for the base amount also receives an additional \$300 per child, with no cap on the number of children. The bill also provides \$300 rebates for 20 million seniors and 250,000 disabled veterans. Americans can expect to receive their rebate checks this summer.

Increase in Federal Housing Administration (FHA)/Government Sponsored Enterprises

Conforming Loan Limit: The conforming loan limits for both FHA and GSE (such as Fannie Mae and Freddie Mac) loans would be increased from \$362,000 to \$725,000 for FHA and from \$417,000 to \$625,000 for GSE. With 108 million Adjustable Rate Mortgages due to reset over the next two years, this expansion of "jumbo" loan limits will allow those who wish to keep their homes an option that is not a bailout.

A Focused Stimulus – What We Kept Out

In crafting the stimulus package it was essential to keep the legislation focused and not dilute it with counter-productive language. Some of the provisions that were successfully kept out of the bill by Republicans include:

Tax Hikes – A faction in Congress had hoped to include a tax increase on the higher income brackets which would only punish small businesses not classified as a corporation.

Expanded Food Stamp and Unemployment Benefits – Democrats dropped language increasing food stamps and unemployment benefits.

Green Jobs – Other Democratic members in Congress advocated \$125 million for the Green Jobs Program within the Workforce Investment Act administered by the Department of Labor.

Summer Jobs Program – An attempt to include a costly government-run summer jobs program for \$2 billion which would have limited impact on the economy was excluded from the final bill.

“My idea of a stimulus is not spending more money on government-run programs or raising taxes on the entrepreneurs and innovators in our society. The next step Congress must take is to create certainty in tax planning and make the 2001 and 2003 tax cuts permanent.”

–REP. CALVERT

Moving Goods, Helping Commuters

On January 23, 2008 Rep. Calvert introduced the **ON TIME Act**, H.R. 5102. The bill imposes a freight fee (.075% capped at \$500) on the value of goods imported and exported at every port of entry in the U.S. The revenue from the fee - every dollar collected - would be returned to the areas extending from the port of entry impacted by goods movement. The corridors, called National Trade Gateway Corridors (NTGC), would include routes up to 300 miles from points of entry. NTGC's will be defined by the Department of Transportation in consultation with the Department of Commerce so

that they can pin-point the routes taken by goods as they leave the ports, airports, or border crossings. Too often, only the immediate areas around a port receive the substantial transportation dollars, when in fact the trucks and rail cars that leave the ports choke commuters and businesses far beyond the port complexes. A state's transportation department will be required to work in conjunction with local governments and transportation planning



REP. CALVERT presents a U.S. Flag flown over the Capitol to Farmers & Merchants Bank in San Juan Capistrano.

agencies and to take input from industry to select these projects.

The **ON TIME Act** is good for any business that benefits from trade because it targets transportation choke points and provides funds to relieve bottlenecks and ultimately allows for more efficient ways to move goods. For more on the ON TIME Act, visit www.calvert.house.gov.

“As individuals traveling on our nation's transportation system, we want to spend less time traveling and more time living. Concurrently, businesses want to see an improved transportation system so that their cost of doing business is reduced.”

–REP. CALVERT

The Calvert Record On Business

Rep. Calvert is a co-sponsor of the following bills, and many others, which would benefit small businesses:

H.R. 578 Access to Capital for Entrepreneurs Act of 2007 - Would allow certain investors a business tax credit for 25% of equity investments made in small businesses, up to an annual limit of \$500,000.

H.R. 2734 Tax Increase Prevention Act of 2007 - Makes the Bush tax cuts (business and individual) permanent.

H.R. 2380 The Death Tax Permanent Repeal Act - Makes the repeal of the estate and generation-skipping transfer taxes under the Economic Growth and Tax Reconciliation Act of 2001 permanent. Under the Act, those taxes would be reinstated after December 31, 2010.

H.R. 2138 Investment in America Act of 2007 - Amends the Internal Revenue Code to: (1) increase from 12 to 20% the rate of the alternative simplified tax credit for research expenses; (2) make permanent the tax credit for increasing research activities; and (3) repeal the alternative incremental tax credit for research expenses.

H.R. 111 The Community Choice in Real Estate Act – Ensures that real estate brokerage and management activities are clearly and definitively defined as commercial activities, and not as financial matters. Would prevent the Department of Treasury from enacting a regulatory proposal that would permit national banks and bank holding companies to own and operate real estate brokerage and management companies.



REP. CALVERT meets with the Corona Hispanic Chamber of Commerce to discuss the legislative outlook for 2008.

A Simple Philosophy – Keep Taxes Low

The most helpful action Congress could take for small business owners would be to make the tax cuts from 2001 and 2003 permanent. Congressman Calvert has consistently supported any effort to reduce taxes on both individuals and businesses and he has received high ratings from groups such as Americans For Tax Reform.

“If employers are unsure of their future tax burden, they will adopt conservative investment and growth practices. Our job in Congress is to foster small business growth. Providing certainty in the tax code is one of the simplest, yet most important, ways we can support our small business owners.”

–REP. CALVERT

U.S. HOUSE OF REPRESENTATIVES
Washington, DC 20515-3518

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This mailing is provided as a service to Ken Calvert's constituents

M.C.

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Helping Businesses Hire A Legal Workforce

“As a small business owner I was frustrated by the federal requirement to hire legal U.S. workers yet there was no way to check the legal status of new employees. When I came to Congress in 1996, I created the Basic Pilot Program, now known as E-Verify, which provides a way for employers to check that the Social Security number and the name given on an I-9 form matched. E-Verify is a voluntary, web-based program available in all 50 states and is now used by over 50,000 employers. Many businesses find that using the system is a proud selling point for their customers and advertise their participation.”

—REP. KEN CALVERT

If you would like to sign your business up please visit www.uscis.gov/everify.

Do you currently use E-Verify? Yes No

If yes, are you satisfied with the accuracy and speed of the system? Yes No

What are your thoughts on a web-based employment verification system?

I value your input and opinion, please take the time to fill out and return the survey on the reverse of this page. Just cut off the panel when you are done, fold it in half, tape it closed, place a 41¢ stamp on it and drop it in the mail. If you would like to save postage, please visit my website at www.house.gov/calvert to fill out the survey.



FOLD HERE

Congressman Ken Calvert
2201 Rayburn House Office Building
Washington, DC 20515

PLACE
.41¢
STAMP
HERE

2008 Business Survey

Name of Business (optional) _____

Nature of Business (check one and specify below)

- Manufacturing Retail
 Professional Services Agriculture
 Medical Other _____

Specify _____

Location of Business (address) _____

Type of Business

- Corporation Partnership
 Sole Proprietor Franchise

Number of employees _____

Years in California _____

Years in County _____

Years at current location(s) _____

In the past 12 months have you:

- Hired additional employees? If so, how many? _____
 Reduced overall employment? If so, by how many? _____
 Kept employment the same.

For 2008 do you plan to:

- Hire additional employees.
 Reduce employment.
 Keep employment the same.

Regarding business investment in 2008, do you plan to:

- Expand current facilities. Open new facilities.
 Reduce facilities. No change.
 Purchase capital equipment.

If yes, what kind of equipment?

- Vehicles Machinery
 Computers Office equipment
 Other _____

Rep. Calvert will continue to work to make the tax rates created in 2001 and 2003 permanent. To learn more about the current tax rates for both individuals and corporations, visit www.irs.gov. You can also visit Rep. Calvert's website and view a Congressional Research Service Report on current tax code.

Do you agree that the tax cuts should be made permanent?

- Yes No

If not, which rates would you raise and by how much?

- Personal income _____
 Corporate income _____
 Capital gains _____

In your opinion, is our region's economy:

- In a recession
 Heading towards a recession this year
 Avoiding a recession but running flat (1-2%)
 Growing well (2-4%)

Having read about the three parts of the federal stimulus package (see pg. 2), which parts, if any, will benefit you?

- Tax rebates Bonus Depreciation
 Section 179 Expensing Jumbo mortgage expansion

Regarding our regional economy, do you think that the federal stimulus package will:

- Keep us out of a recession (1-2% growth)
 Help, but not prevent a recession
 Keep our regional economy growing (2-4%)
 Have no effect
 Have a negative effect

What are the biggest obstacles to your business' growth?

- Energy costs Housing crisis
 Federal regulation State/local legislation
 Traffic congestion Federal taxation
 State/local taxation Healthcare costs
 Lack of skilled/qualified employees
 U.S. economic slowdown
 International economic slowdown
 Other _____

ALERT! Did You Know You Can Register to Vote Up to 15 Days Before An Election?

The Dates of Upcoming Elections:

June 3, 2008 State Primary Election
November 4, 2008 General Election

Make sure your voice is heard!

Who Can Vote? You must be a United States citizen, a California resident and at least 18 years of age by election day.

Where do I obtain a form to

register? Your local Post Office, library, Department of Motor Vehicles, city and county offices, 800-773-VOTE or www.voteinfo.net. Mail your form to register to vote! The postage is pre-paid. Just drop it in any mailbox.

Visit the appropriate website below to register to vote in your county:

Riverside County:

www.election.co.riverside.ca.us or (951) 486-7200

Orange County:

www.ocvote.com or (714) 567-7600