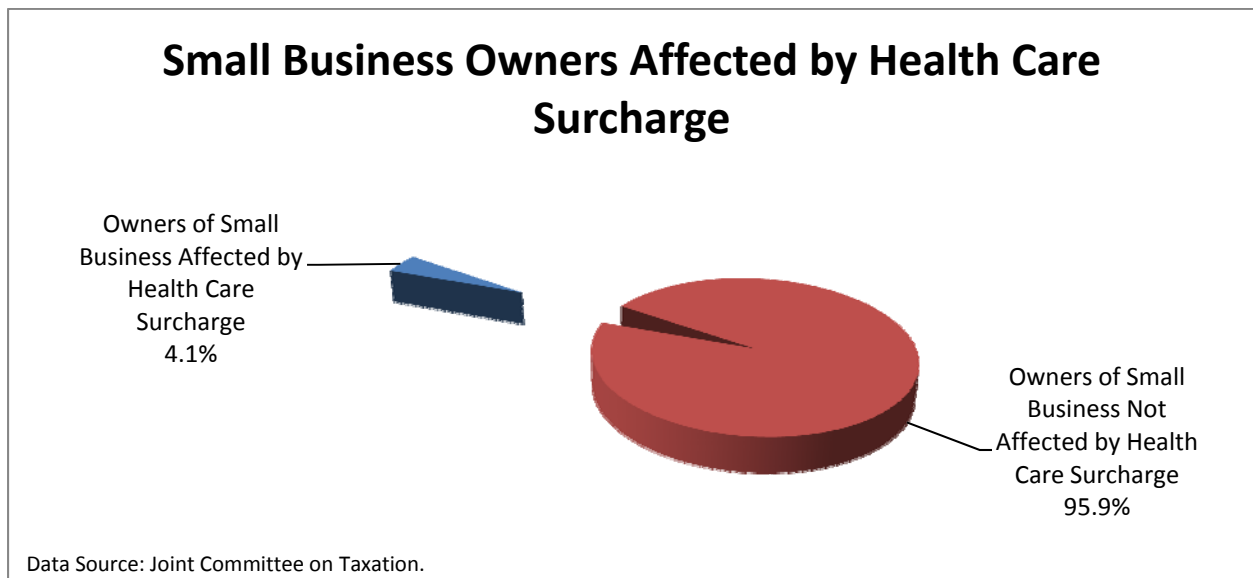


Health Care Surcharge

Would Not Affect 96% of Small Businesses

- Using the broadest definition of a small business owner (i.e., any individual with as little as \$1 of small business income), the nonpartisan Joint Committee on Taxation has estimated that only 4.1% of all small business owners would be affected by the health care surcharge. **The remaining 95.9% of small business owners would be completely unaffected by the health care surcharge but would benefit from the insurance market reforms in the bill.**
- When the Joint Committee on Taxation looked closer at these 4.1% of small business owners, **half of these individuals earned less than one-third of their income from small businesses.**



- Small businesses have much to gain from the House proposal. Small businesses in particular will benefit from the insurance market reforms in the House proposal. Small businesses have small numbers of employees, and thus are at a disadvantage under the current insurance market rules that allow insurance companies to charge premiums based on employee medical history. The insurance market reforms in the House proposal will prohibit this practice.
- In addition, a substantial number of small businesses would benefit from a new tax credit included in the bill. The House proposal does not require a small business with aggregate payroll that does not exceed \$250,000 to make a contribution to fund the health care costs of low- and moderate-income working families if the small business chooses not to offer employee health insurance. Also, the House proposal provides a tax credit of up to 50 percent of the employer's coverage for certain small businesses that choose to provide health coverage for their employees.