



March 28, 2005

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of Associated Builders and Contractors (ABC) and its 23,000 contractors, subcontractors, material suppliers and construction-related firms, I am writing to express our strong support for S. 663, the "Equity for Our Nation's Self-Employed Act of 2005", sponsored by Senators Jeff Bingaman (D-NM) and Craig Thomas (R-WY). This important piece of legislation would eliminate the tax inequities currently imposed upon the self-employed and make healthcare more affordable for millions of Americans.

Securing affordable quality healthcare is a concern for many Americans. Over 60 percent of the nearly 45 million Americans without health coverage are from families where the head of household owns or works for a small business. Those who are self-employed are particularly disadvantaged by the current tax code. Presently, all employed individuals pay a 7.65 percent Federal Insurance Contributions Act (FICA) tax on income. Employers are required to match employee contributions with a 7.65 percent contribution of their own. However, the self-employed are required to pay both portions of this tax, resulting in a total 15.3 percent tax on income.

While able to deduct the cost of their health care against the income tax, self-employed individuals pay their healthcare premiums with money that has been subject to the self-employment tax. The Kaiser Family Foundation estimates that the average cost of health insurance premiums for family coverage is \$9,950 annually. The self-employed pay an additional \$1,522, due to the self-employment tax.

The "Equity for Our Nation's Self-Employed Act of 2005" would allow self-employed individuals to pay their healthcare premiums with monies not subject to FICA taxes, as large corporations are currently able to do. This vital measure will enable the self-employed to achieve tax parity and become more competitive in the business sector.

Again, I urge your support of this important legislation.

Sincerely,

/s/ William Spencer

William B. Spencer
Vice President, Government Affairs