



1200 G Street, NW, Suite 800 • Washington, DC 20005
Phone: (202) 466-2100 • Fax: (202) 466-2123 • www.setaxequity.org

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Contact: (202) 466-2100

Kristin Oberlander, koberlander@nase.org

Senate Introduces Self-Employment Tax Companion Bill

Washington, D.C., October 29, 2007 –Sen. Orrin Hatch (R-Utah) and Sen. Jeff Bingaman (D-N.M.) took a stand for sole proprietors last week by introducing legislation to eliminate tax inequity for sole proprietors. The Equity for Our Nation’s Self-Employed Act (S. 2239) would eliminate an inequity in the tax code that requires millions of self-employed individuals to pay an additional 15.3 percent in payroll taxes on the cost of their health insurance premiums.

“The legislation proposes a minor change in the tax code that has the potential to impact millions of sole proprietors afford health coverage for themselves and their employees,” said coalition supporting Equity for Our Nation’s Self-Employed Co-Chair, Kristie Darien. “With the introduction of this legislation into both chambers of Congress, the Coalition is hopeful that this issue will be resolved in the 110th Congress.”

The unveiling of the bipartisan bill marks the second time in 2007 that this issue has been formally recognized by Congress. A companion bill of the same name was introduced in the House of Representatives in September.

“The success of the American economy depends on entrepreneurs,” Senator Hatch said. “The spirit of U.S. entrepreneurship has given us the technology and prosperity we enjoy today. Yet because of the staggering cost of providing health care for their families, many entrepreneurs cannot quit their day jobs to pursue their dreams. If enacted, this bill could go a long way toward helping such individuals take the risk of starting or keeping their own businesses.”

According to the IRS, there are more than 21 million sole proprietors in the nation. In 2005, nearly 17 million paid self-employment tax.

For more information on this issue or about the coalition, please visit <http://www.setaxequity.org/>.