



March 24, 2005

The Honorable Craig Thomas
307 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Thomas:

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and its 70,000 members nationwide, I am writing to offer our support for S.663, *the Equity for Our Nation's Self-Employed Act*. The SBE Council supports health coverage reform initiatives that bring fairness and competition to the system – that is, policies should strive to treat all players big and small equitably, and where artificial barriers have limited the choices for consumers they should be reevaluated and modernized to encourage competition.

S.663 would correct an inequity in the tax system that puts self-employed entrepreneurs at a competitive and cost disadvantage to larger employers with respect to deducting health coverage premiums.

Of the 14.6 million paying self-employment taxes in 2002, it is estimated that 3.6 million working families paid taxes on their health insurance premiums. Because sole proprietors cannot deduct health care coverage as an ordinary business expense, this means these filers are the only business entities that pay a 15.3% tax on these costs. S.663 would halt this inequitable treatment, and foster greater coverage among these entrepreneurs.

S.663, *The Equity for Our Nation's Self-Employed Act* is a sound reform that has the full support of SBE Council. SBE Council thanks you for your leadership Senator Thomas, and we will work with you to advance passage of this important legislation that would result in a lowering of the ranks of the nation's uninsured.

Sincerely,

Karen Kerrigan
President & CEO