



March 16, 2006

The Honorable Melissa Hart  
U.S. House of Representatives  
1024 Longworth House Office Building  
Washington, D.C. 20515-3804

The Honorable Donald Manzullo  
U.S. House of Representatives  
2228 Rayburn Office Building  
Washington, D.C. 20515-1316

Dear Representative Hart and Representative Manzullo:

We are writing to you today to thank you for introducing the **Equity for Our Nation's Self-Employed Act of 2006 (H.R. 4961)**. This legislation would end a significant inequity within the tax code that penalizes self-employed Americans and makes it increasingly difficult to afford quality health coverage.

The self-employed have been hit particularly hard by the rising costs of health care. The coalition supporting Equity for Our Nation's Self-Employed is a group of leading small business and trade organizations who feel strongly that the self-employed must have a fair and level playing field in order to start up, grow and be successful in their business.

Under the current tax code, corporations are able to deduct health insurance premiums as a business expense and to forego FICA taxes on these costs. However, the self-employed are not allowed this same deduction and thus, are required to pay an additional 15.3 percent self-employment tax on their health insurance premiums. The self-employed are the only segment of the business population that pays this extra tax on health insurance. The Equity for Our Nation's Self-Employed Act of 2006 would eliminate this strong cost penalty imposed on the self-employed and level the playing field for millions of self-employed business owners.

According to a 2005 Kaiser study, a self-employed individual pays an average of \$10,880 annually in health insurance premiums for family coverage. We know that this is a modest estimate in the current health care climate, where self-employed individuals are known to pay up to \$13,000 annually for family coverage. If H.R. 4961 passes, a self-employed individual with a per-year premium of \$10,880 would save \$1,664.64 (15.3 percent) that he or she currently pays in taxes on their health insurance. This is money that could be used to reinvest and grow their business, hire part-time help or cover the ever-increasing costs of their current health coverage.

We know that Congress is facing federal budget concerns yet leveling the playing field for small businesses and allowing them the same tax treatment that big business already has is the right thing to do. We look forward to working with you and your staff to gain

passage of H.R. 4961, which would have an immediate positive impact on the self-employed in this difficult health care climate.

**We thank you for your leadership and sponsoring the Equity for Our Nation's Self-Employed Act of 2006 (H.R. 4961).** If you have any questions or comments, please contact Kristie Darien at 202-466-2100 or via e-mail at [kdarien@nase.org](mailto:kdarien@nase.org). For more information about the coalition, please go to [www.taxequity.org](http://www.taxequity.org).

Sincerely,

The Coalition Supporting Equity for Our Nation's Self-Employed

### **Members**

American Farm Bureau Federation  
American Small Business Alliance  
The American Small Business Coalition  
American Veterinary Medical Association  
Associated Builders & Contractors  
Association of Small Business Development Centers  
California Small Business Association  
Communicating for Agriculture & the Self-Employed  
Computing Technology Industry Association  
Council for Affordable Health Insurance  
Council of Smaller Enterprises  
Delaware State Chamber of Commerce Small Business Alliance  
Indiana Chamber of Commerce  
KansasFirst  
Missouri Merchants & Manufacturers Association  
Montana Chamber of Commerce  
National Association for the Self-Employed  
National Association of Women Business Owners  
National Federation of Independent Businesses  
National Small Business Association  
New Jersey Chamber of Commerce  
North Carolina Citizens for Business and Industry  
Rockford Chamber of Commerce  
Small Business & Entrepreneurship Council  
Small Business Legislative Council  
Small Business United of Texas  
Society of American Florists  
U.S. Chamber of Commerce  
U.S. Hispanic Chamber of Commerce  
Women Entrepreneurs Inc.  
Women Impacting Public Policy