



October 1, 2007

Congressman Wally Herger  
2268 Rayburn HOB  
Washington, DC 20515-0502

RE: H.R. 3660

Dear Congressman Herger:

On behalf of Small Business California and its network of more than 2,700 employers who represent 3.2 million small businesses in the state of California, we are pleased to support H.R. 3660.

H.R. 3660 would correct a significant error in the tax code that penalizes self-employed individuals. Currently, corporations can deduct the cost of health insurance premiums as a business expense and forego all payroll (FICA) taxes on the expenses. The self-employed (Schedule C or Schedule E tax filers) are unfairly prohibited from taking that deduction, resulting in an additional 15.3 percent tax on their health insurance premiums. The self-employed are the only sector of the U.S. economy that pays this extra tax on health insurance.

Small Business California greatly appreciates your leadership on this important issue. Please contact me if you have any questions or need further information from us.

Respectfully,

A handwritten signature in black ink, appearing to read "Scott Hauge", is written over a horizontal line.

Scott Hauge  
Founder, President  
Small Business California

Small Business California  
2311 Taraval Street, San Francisco, CA 94116  
415-680-2188