



April 30, 2003

Chairman Donald Manzullo  
2361 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Manzullo:

On behalf of the 600,000 members of the National Federation of Independent Business (NFIB), I am writing in strong support of your legislation that would permit health insurance premiums to be deducted from the payroll tax wage base.

This important legislation would provide small business owners more opportunity to purchase health care by reducing the tax burden on the self-employed. Changing the law in this manner will bring much needed parity in the tax code. Current law allows employees to deduct 100% of the costs of employer provided health care from their income and FICA taxes. We made a great first step in allowing the self-employed to deduct 100% of their health care costs from income taxation – however an imbalance still exists because those who are self-employed cannot deduct any health care costs from self-employment taxes. The lack of deductions for self-employment taxes means that small business owners pay higher taxes simply because they work for themselves and not for large corporations that offer health care.

In these times of spiraling health care costs I commend your efforts to reduce the costs of health care for the self-employed. I am also pleased that you recognize the disparate treatment the tax code affords small business owners. By allowing the self-employed to purchase health care with pre-tax dollars your legislation will help reduce the number of uninsured Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Danner". The signature is written in a cursive style and is positioned above a long, horizontal, slightly curved line that serves as a separator between the signature and the typed name below.

Dan Danner  
Senior Vice President  
Public Policy