



A New 'Era of Opportunity' for Small Business

"America is a land where every day dreams become possible and where everyday people achieve the impossible. They ask only for a government that believes in America's ideals as much as they do. And we are going to build a nation where the American Dream is more than a phrase, it is a destination and a destiny we are committed to reaching – together."

-- John Kerry

As the former Chairman and current Ranking Member of the Senate Small Business and Entrepreneurship Committee, John Kerry has been a national leader in promoting small business growth. He proposed raising the federal government's procurement goal for small businesses from 23 percent of all prime contracts to 30 percent. He has focused on simplifying federal regulations for small businesses, and has fought to help small businesses gain access to capital. Kerry has made small-business tax cuts and incentives a key part of his platform. Kerry owned his own small business, a cookie and muffin shop – Kilvert and Forbes – that he opened in 1976 with a friend in Boston's Quincy Market giving him first hand experience of the obstacles faced by small business owners. As President, John Kerry will bring the lessons of owning and working in a small business and his leadership fighting to support small businesses in the Senate to the White House.

Here's what John Kerry has done and will do for small businesses:

The Small Business Opportunity Fund: A \$170 million investment fund will be used to give small businesses an additional source of long-term capital and equity, creating 850,000 jobs annually. John Kerry will fight for micro-enterprises, or businesses with five or fewer employees and revenues under \$500,000, by expanding loans and equity for these smallest businesses. Bush has consistently shortchanged funding for loan programs, and there has been a dramatic decline in venture capital funding – from \$26 billion to \$5 billion today – leaving many businesses without a source of equity financing. John Kerry will help small businesses gain access to capital by increasing the federal government's venture capital investments, and by expanding loan programs to help more small businesses get off the ground.

Restrict Contract Bundling: The practice of contract "bundling," which turns small contracts into big ones that small businesses have a harder time competing for has undermined contracts for small businesses. In October, the Office of Management and Budget issued a report that showed that the number and size of bundled contracts has reached a 10-year high. The small business share of these contracts has decreased by 14 percent. By restricting bundled contracts, and increasing the number of federal contracts, John Kerry will provide small businesses with more opportunities for government contracting and work with federal agencies – including the Department of Defense, the Department of Homeland Security, and the Department of Health and Human Services.

A New Technology Tax Break: A recent survey found that only about 27 percent of small businesses with Internet sites sell their products over the Internet. However, e-commerce is becoming increasingly important and will account for at least \$200 billion of retail sales by 2007. Small businesses also have difficulty purchasing new technology equipment or services. John Kerry will assure that Small Businesses Development Centers around the country help focus small businesses on the technology that best meets their needs. He is also proposing to allow small businesses to write off investments in technology right away – rather than having to expense them over a period of time.

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Tax Simplification for Small Business: America's small businesses are drowning in tax paperwork. The nation's employers are responsible for filing federal and state employment taxes and wage reports, as well as unemployment insurance reports. In many cases, employers must report this information to government agencies at different times and in different forms. The burden is compounded when employers do business in more than one state. John Kerry will reduce this burden by simplifying tax filing for small businesses including allowing the IRS and state agencies to combine, on one form, both State and Federal employment tax returns.

Tax Credits to Reduce Energy Costs: America's small businesses account for more than half of all energy consumption in North America. To help small business owners reduce their utility bills, John Kerry will provide a credit to purchase equipment that meets energy-efficiency standards for heating and cooling in new buildings and to retrofit existing ones. He also will provide a 20 percent tax credit for the purchase of energy efficient building equipment, including electric heat pumps, hot water heaters, and natural gas heat pumps.

Tax Credit for Called-Up Reservists: With so many reservists serving in Iraq, John Kerry believes that we need to provide support to small businesses whose reservists are called up for active duty. He will provide firms with 50 or fewer employees with called up reservists with up to \$12,000 in tax credits. Half of the money could be used to cover the reservist's salary, and the other half could be used to help hire and train a temporary replacement. Kerry will provide small manufacturing companies with fewer than 100 employees with up to \$20,000 in tax breaks to split between support for the reservist's salary and finding a temporary replacement.

Strengthen America's Base of Small Manufacturers: During the last three years 2.7 million (or one in every seven) manufacturing jobs have been lost nationwide. Both large and small companies have been hurt. To help strengthen America's small manufacturers John Kerry will: increase loan and investment limits; develop a three-tier manufacturing skills training program for current workers, college, and high school students; increase funding for the Manufacturing Extension Partnership Program; and create an Office of Manufacturing at the Small Business Administration.

A Large Voice for Small Business: Over the past two years, the number of small business closures has been greater than the number started. In a Kerry Administration, small business will have the support that it needs and deserves to grow and be strong. Kerry will give small business a cabinet level position; give small business a voice at the World Trade Organization to ensure that small businesses are considered in trade issues; and federal regulations are fair for small business.

Health Care at One-Third the Cost: Health care costs are rising 15% or more this year for small businesses. Just 62% of businesses employing 10 to 49 people offered a health plan in 2002 whereas about 99% of large firms did. Small businesses typically spend more on administrative costs and premiums often rise when one employee has high health care costs. John Kerry is proposing refundable tax credits for up to 50% of the cost of coverage to small businesses and their employees. Also giving small businesses access to the Congressional Health Plan will save small businesses approximately 15% in health care costs on top of the tax credit – so health care will be two-thirds cheaper for small business employees than it is today.

Small Business Retirement Initiative: The biggest impediment for a small business to start a pension plan is the start up costs. In fact, setting up a small business pension plan can cost as much as \$20,000 or more because of rules and regulations. Also, as pensions become complex it costs businesses resources to help manage them. John Kerry supports tax credits to help offset the start up costs of small businesses. He also supports a pension pooling fund to help pool the administrative costs of setting up pensions and savings plans for small businesses.

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