



Small Business Update

A Special Report From...

Congressman Adam Putnam



U.S. House of Representatives

CONGRESSMAN PUTNAM MEETS WITH NFIB LEADERS ANNOUNCES SMALL BUSINESS AGENDA FOR 2002



Congressman Putnam and Mrs. Amy Jensen of NFIB discuss small business concerns for Florida's District 12.

The first session of the 107th Congress was very productive for the small business community. I was proud to help pass a number of bills to reduce taxes and regulations on the entrepreneurs and small businesspeople of Florida District 12. Last year, we repealed the costly new ergonomics regulations put in place in the waning days of the previous Administration, passed major tax relief and after years of work we found the votes in Congress to finally end the small-business Superfund nightmare. Of course, many challenges remain and while small business won quite a few important victories last year, much remains to be done in 2002. Among the items that I will be working to address:

Economic security / tax relief. I will continue to push to make last year's tax relief and death-tax repeal permanent, since it is still set to expire in 2011. In addition, I will continue to work for an economic security package that includes an acceleration of last year's income-tax relief, a standard home-office

deduction, an increase in Section 179 expensing limits and other provisions specifically targeted to encourage entrepreneurship and small business formation.

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LET'S PERMANENTLY REPEAL THE DEATH TAX

By Congressman Adam Putnam

When Congress voted last year to phase out the Death Tax there was great celebration in the small business community. Finally Washington was doing something to protect the livelihoods of small business owners, farmers, their families and employees. heirs of multi-millionaires and billionaires who will benefit from the phase out of the Death Tax — the super rich have already made arrangements to shelter their wealth from the tax collector. The real casualties of the Death Tax have always been those businesses and farms in that 98% range that provide their owners' families a middle-class income and standard of living. These families are not so rich as to be able to afford the estate planning expenses that will allow them to avoid the death tax. Their money goes into their businesses, to pay their employees and take care of their families, not to pay tax lawyers. Before the Death Tax phase-out, when those small businesspeople and farmers died, their assets were subject to liquidation in order to raise the money needed to pay their tax liability.

Over 98% of the businesses in Florida are small businesses, and 84% of the jobs in Florida come from firms having 25 or fewer employees. It is not the

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ADAM ON THE ISSUES:

- "I was proud to help pass a number of bills to reduce taxes and regulations on the entrepreneurs and small business people of Florida District 12."
- "As a new Member of Congress, I was proud to help bring this process to a close and cast my vote to end what the National Federation of Independent Businesses termed the 'Nightmare on Main Street.'"
- "Make no mistake about it: these tax relief policies are working. This is real money back into the economy, that can be invested or spent as individual Americans see fit."

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United States House of Representatives



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Small Business Newsletter Compliments of...
Congressman Adam Putnam



From the desk of...
Congressman Adam H. Putnam

Dear Friend:

Lower taxes, less federal regulation and more personal freedom are fundamental to economic growth and entrepreneurship. In Florida 98.9% of the businesses are small businesses, and 84% of the jobs in Florida come from firms having 25 or fewer employees. Florida also has some 458,000 self-employed persons. Entrepreneurs and small businesspeople are truly the lifeblood of our economy.

I am pleased to report that much has been accomplished this past year toward reducing taxes and eliminating burdensome regulations on small business. During my first year, I voted to reduce taxes across the board; increase IRA contribution limits; end the "Nightmare on Main Street" by passing the Small Business Liability Relief and Brownfields Revitalization Act and pass H.R. 327, the *Small Business Paperwork Relief Act*. Perhaps most importantly for small business families, I helped pass the phase-out of the Death Tax.

Despite these accomplishments, much remains to be done in Congress to encourage small business capital formation and entrepreneurship. I will continue working to make the current tax code for small business fair and friendly. Health insurance availability and affordability must be addressed so that responsible employers may continue to provide benefits for workers and their families. Our departments and agencies need more regulatory reform with a strong dose of common sense.

Our area faces great challenges in the coming year. Rapid growth, water shortages, congestion and strains on our schools cry out for thoughtful, responsible leadership from our government at all levels. I hope you find Congress' actions this year helpful steps in the right direction.

Please continue to email, call and write me with your thoughts and concerns. After all, you pay the bills!

Sincerely,

PUTNAM ANNOUNCES SMALL BUSINESS AGENDA FOR 2002

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Health Care / Association Health Plans: The high cost of health care continues to be a challenge for entrepreneurs and small business owners, and the problem is expected to get worse. I expect to see renewed efforts in Congress this year to pass legislation that could greatly expand the number of lawsuits in the health-care system and expose small employers to unfair liability. I will

work to protect small business from those threats, and continue to focus on the rising cost of health care by backing legislation that will establish Association Health Plans, encourage medical savings accounts and other cost-saving measures.

Legal Reform. With the Superfund liability problem finally solved by legislation that President Bush signed recently, I hope Congress will now renew its efforts to curb all frivolous lawsuits and strengthen

the Equal Access to Justice Act (EAJA). The cost of a small business owner's defense against an average lawsuit is now an astronomical \$100,000. I hope to work with other Members of Congress and the Bush administration to enact legislation that will cap non-economic and punitive damages at fair and reasonable levels, as well as help small businesses recover attorneys' fees under EAJA when they successfully defend themselves against wrongful government accusations.



Congressman Putnam with Lori Cunningham, Executive Director of the Haines City Chamber of Commerce at the Chamber's Annual Banquet. Congressman Putnam addressed Florida's District 12 concerns with Haines City Chamber members.

PUTNAM HELPS END SUPERFUND NIGHTMARE FOR SMALL BUSINESS

When it was enacted in 1980 the so-called "Superfund" was intended to clean up the nation's worst toxic-waste sites, but instead the law entrapped many innocent small business owners, many of whom legally disposed of ordinary household garbage as long as 20 years ago. These individuals were unfairly dragged into court by the EPA and big polluters to contribute to the cost of clean-up. Even worse, despite all the cost and litigation, relatively few seriously polluted sites have been cleaned up and returned to use.

For example, Barbara Williams, former owner of the Sunny Ray Restaurant in

Gettysburg, Pa., was sued for \$76,000 for legally sending her diner's trash — such as chicken bones and potato scraps — to the local landfill for disposal years earlier. After the landfill was declared a contaminated Superfund site, large industrial polluters sued Williams and over 600 other area small-business owners in an attempt to pass along cleanup costs.

After eight years, and at least 27 congressional hearings on the small-business Superfund nightmare, Congress passed and President Bush signed into law the Small Business Liability Relief and Brownfields Revitalization

Act. This new law should effectively rescue Main Street from a quagmire that could have affected nearly any business owner who legally disposed of trash. As a new Member of Congress, I was proud to help bring this process to a close and cast my vote to end what the National Federation of Independent Businesses termed the "Nightmare on Main Street."

This new law means that no more innocent small-business owners will have their lives turned upside down as was Barbara Williams'. As your Congressman I will continue to work to ensure that the days of getting



"As a new member of Congress, I was proud to help bring this process to a close and cast my vote to end what the National Federation of Independent Businesses termed the "Nightmare on Main Street." Congressman Adam Putnam.

CONGRESSMAN PUTNAM HIGHLIGHTS 2001 TAX RELIEF LEGISLATION

The first session of the 107th Congress was very productive for economic growth, capital formation and the small business community. Last year, we passed major tax relief—including the repeal of the Death Tax. Here are a few highlights of the victories won for small businesspeople and entrepreneurs in 2001:

Across-the-Board Tax Rate Reduction—Enacted

Provides immediate tax relief through permanent reduction of individual income tax rates. No one, no matter their income, should send more than one-third of their income to the IRS in taxes. This legislation gives back some of what you overpaid to the government so you can get a new washer and dryer, or get your children new school clothes, or even pay some of the college tuition or car bills that cost so much.

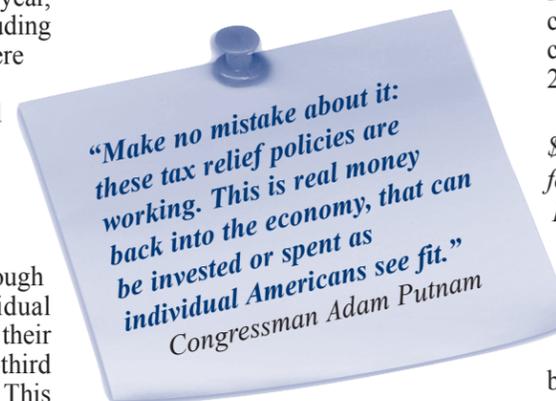
Marriage Penalty Repeal—Enacted

It stops the unfair tax that couples pay just for saying "I do." This is a common sense plan to strengthen families and secure our children's future.

Death Tax Repeal—Enacted

No one should be forced to visit the undertaker and the IRS all in the same day. Repeal of the death tax will lift an

especially unfair burden from family farms and small businesses so that they can also share in the American dream.



*"Make no mistake about it: these tax relief policies are working. This is real money back into the economy, that can be invested or spent as individual Americans see fit."
Congressman Adam Putnam*

Doubling the Child Tax Credit to \$1000—Enacted

Under this plan, a family of four would get an additional \$1,000 in tax relief to spend or save however they wish.

IRA Contribution Limit Increase to \$5,000—Enacted

Allows Americans to set more aside in an IRA or 401(k)-type plan, modernizes pension laws and provides regulatory relief to encourage more small businesses to offer retirement plans.

401 K Contribution Limit Increase to \$15,000—Enacted

The limit on salary reduction contributions to 401(k)-type plans would be increased to \$15,000 by 2006, and the limit on an employer's deduction for contributions to certain types of defined contribution plans would be raised to 20% of compensation.

\$2,000 Education Savings Accounts for K-12 Public and Private Education—Enacted

Allows parents to invest up to \$2,000 annually in ESAs (from the current limit of \$500) and permits tax-free withdrawals from ESAs to pay for both college tuition and K-12 education expenses.

Make no mistake about it: these tax relief policies are working. We are leaving more money in the private economy, because we are not collecting it and sending it to Washington, thus encouraging capital formation and consumer spending. The success of this policy is borne out by recent IRS figures showing that, at \$2,210, the average tax refund is almost 12 percent higher in 2002 than at this time last year. This is real money, back into the economy, that can be invested or spent as individual Americans see fit.

LET'S PERMANENTLY REPEAL THE DEATH TAX

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Unfortunately, our job is only half done. Due to an obscure Senate rule, without further Congressional action the Death Tax could reappear in 2011. My vote to phase out the Death Tax was a vote to protect the interests of the small businesspeople and farmers who are the backbone of the economy in Central Florida forever, not just for a few years. I can't understand the

rationale of those who want to continue to destroy small businesses and family farms by bringing back this outdated and unfair tax that will raise only a tiny percentage of the government's revenue.

To me, it seems the height of folly to place this burden on the engine that drives 84% of Florida's employment. According to the National Federation of Independent Businesses (NFIB),

one-third of small-business owners today will have to sell outright or liquidate a part of their business to pay death taxes. Half of those who must liquidate to pay the IRS will each have to eliminate 30 or more jobs. It is time someone stood up for the interests of these small businesspeople, their families and their employees. That's why I am working to make the phase out of the Death Tax permanent.