



**SMALL BUSINESS
LEGISLATIVE
COUNCIL**

SBLC WEEKLY

Via E-mail
January 19, 2009

Volume XI, Issue 03

PAY DISCRIMINATION

Last week, I wrote I was perplexed as to why the House bundled H.R. 11, the Ledbetter Fair Pay bill, and H.R. 12, Paycheck Fairness bill, after passage before sending the combined measure to the Senate.. I did not see how that strategy was going to play out in the Senate. After writing it, I worried that I was missing something about my understanding of this new Congress and I missed a nuance. Looks like the Senate missed it too. It decided to take up its own version of just the Ledbetter bill, S. 181, now. We have no doubt they will take up the Paycheck Fairness bill at a later time.

The Republicans decided not to filibuster the bill in return for an opportunity to offer amendments. That is where things stand now. As I opined last week, unless the amendments throw the picture out of kilter, looks to me this bill is on its way to President Obama's desk.

For more details and an analysis of the impact on small business, check out our issues papers on these topics or last week's Weekly.

STIMULUS

The Committee on Ways and Means has taken the first step down a long road. Chairman Charles Rangel (D-NY) has released his mark for the tax portion of the stimulus bill. Step two, a mark up of the bill, is scheduled for

January 22nd. That will most likely produce some changes. Senate Finance Chairman Max Baucus (D-MT) is expected to release his mark this week. That will be the third version of the bill. The Finance Committee may mark it up this week too and that will produce a fourth version. I do not think the House will change the Ways and Means-approved version, but the Senate will most likely tinker with the Finance Committee's version so that will produce version five. Then there will be a final conference committee version. Bottom line - do not make multiple copies of any draft bills.

The initial Ways and Means draft includes some good news, one surprise absence, and one disappointment. The disappointment is that it did not include language providing permanent estate tax relief. I did not entirely expect it as Chairman Rangel has tended to let the Senate Finance Committee use their nickel for that one, but there were indications President-elect Obama's team was pushing for inclusion on the House side.

The surprise is that the draft bill does not include another temporary patch for the Alternative Minimum Tax (AMT) income thresholds. If Congress does not act, the income thresholds revert to their old levels for this taxable year.

The good news is that the proposal includes a repeal of the requirement that the government withhold 3 percent of the payments to their contractors for

income tax purposes. You may recall that requirement is slated to come on line in 2011.

Last year, Congress temporarily increased the amount that small businesses could write-off for capital expenditures (aka Section 179) incurred in 2008 to \$250,000 and increased the phase-out threshold for 2008 to \$800,000. The proposal extends those levels for 2009. The proposal would also extend the temporary 50 percent bonus depreciation benefit for another year.

SBLC is supporting efforts to expand the first time homebuyer's tax credit. The Ways and Means proposal makes only one small improvement to the current credit. Taxpayers receiving this tax credit are currently required to repay any amount received under this provision back to the government over 15 years in equal installments, or, if earlier, when the home is sold. The bill would eliminate the repayment obligation for taxpayers that purchase homes after January 1, 2009.

The proposal does allow businesses to carry back Net Operating Losses (NOLs) for five years instead of two years. Unfortunately, we have to make sure more small businesses survive these two years of operating losses!

ANNUAL MEETING

Tuesday, February 3rd, 8 a.m. Grand Hyatt. Registration Form Attached!