



SMALL BUSINESS
LEGISLATIVE
COUNCIL

SBLC WEEKLY

June 11, 2012

Volume XIV Issue 18

EXTENSION TALK PART II

Last month, I wrote about the subtle shift in language on Capitol Hill. While “resolve it during lame duck” was (and is) still in use, the word “extension” had crept into the daily vocabulary. The extension refers to the possibility of an agreement to extend the various expiring tax provisions for anywhere from a few months to a year. Well, it has shifted to not so subtle as former President Clinton has endorsed the idea.

There is the tiniest glimmer of hope that this Congress could embrace the notion of “let’s take this off the table *before the elections.*” Until the glimmer is snuffed out, our plan is to run with the concept for the next couple of months and see if we can get a reasonable extension in place sooner than later. I do not see the lame duck environment as a hospitable one. And there appears to be no way a long term comprehensive solution can be secured until next year. So we will give it the old college try for a pre-election extension.

SMALL BUSINESS BILL

For the last two months, Senate Majority Leader Harry Reid (D-NV) has been talking about his plans to have the full Senate

consider his small business bill “soon.” S. 2237, the Small Business Jobs and Tax Relief Act would provide a one-time tax credit of up to ten percent of the incremental increase in wages paid by an employer in 2012 over 2011 wages. The incremental increase in the amount of wages eligible for the credit is capped at \$5 million. His bill would also extend the temporary 100 percent depreciation bonus through 2012. At the end of 2011, the temporary bonus dropped to 50 percent and it will expire at the end of this year.

At the beginning of the month, the Senate Majority Leader reiterated his pledge to bring up the bill “soon” and said he would do so in June. The farm bill got in the way. (Senator Reid: We are almost half way through the month.) Given the way things are going in the Senate, it does not seem likely the bill will get sixty votes despite features that are supported by the Republicans. There is some effort to add a couple of other bi-partisan small business provisions and that might tilt the balance. However, it does not seem likely the House would consider it given the fact the House passed House Majority Leader Eric Cantor’s (R-VA) small business bill, H.R. 9.

H.R. 9 would allow profitable small businesses to reduce their

taxable income by up to 20 percent for one year. A small business is one with less than 500 full time employee equivalents for the purpose of the bill. The reduction is limited to not more than 50 percent of wages paid in the year.

EXTENSION MEET SMALL BUSINESS BILL

The Senate debate on the Reid bill will feature an effort to by the Republicans to give the Democrats the opportunity to embrace the aforementioned “extension” concept.

Wouldn’t that be sweet? Senator Reid’s bill is really pretty good. Add to it the other small business “sweeteners” and a peace of mind extension of the big-ticket tax relief items, and you got a home run. So Senator Reid’s bill will be our vehicle for the old college try of an extension strategy.

PAYCHECK FAIRNESS

As expected, the proponents of legislation to revise the Equal Pay Act (EPA) were not able to overcome a filibuster during consideration of the bill in the Senate. (It was not like the House would have ever considered it anyway.) See the 04-30-12 Weekly for an explanation of the EPA and the legislation.