

House of Representatives Passes Tax Cut for Small Businesses with 235 Voting 'Yes'

WASHINGTON, D.C. – U.S. Rep. Richard Hanna (NY-24) this afternoon pushed to make cutting taxes on small businesses a priority in the House of Representatives.

Hanna supported **H.R. 9, the Small Business Tax Cut of 2012**, a bill that provides targeted tax relief to small businesses in the 2012 tax year.

Specifically, H.R. 9 will allow eligible small businesses, irrespective of how they are organized, to take a deduction equal to 20 percent of their active business income for one year to free up capital, make new investments, and create jobs.

Hanna spoke Wednesday evening on the House Floor about the need for tax relief for our nation's small businesses. He outlined other initiatives that he said would be beneficial to assist small business owners in growing jobs and improving the economy.

"Small businesses in America pay some of the highest tax rates in the world," Hanna said. "And the associated regulations are also a barrier to growth. The average tax compliance cost per employee for small businesses is three times the cost for an average large firm. We need to make taxes lower, fairer and more predictable for small businesses. This bill is a good start."

"One of the best ways to get people back to work is through small businesses," Hanna said. "Over the past several years, small businesses have generated 65 percent of the new jobs in America. This legislation allows small businesses to free up funds to retain and hire new employees."

As of 2009 in New York, there are 437,046 small businesses with between 1 and 500 employees employing almost 4 million people. Almost 60,000 of these businesses are women-owned. Between 2005 and 2008, small business created a net total of 258,145 new jobs in New York, but from 2008 to 2009 136,608 small business jobs were lost.

About H.R. 9, the Small Business Tax Cut of 2012

Eligible small businesses must have had fewer than 500 employees in 2010 or 2011 in order to qualify for this deduction so as not to disincentive companies from expanding. Tax relief is specifically capped at 50 percent of the W-2 wages paid by the small businesses. Therefore, the ability of any firm to benefit from this tax relief is directly tied to the amount of wages it pays to its employees.

H.R. 9 provides this tax cut to all eligible small businesses, regardless of industry sector, so as to avoid picking winners and losers through the tax code. Importantly, an estimated 22 million businesses would be able to take advantage of this tax reduction.

A third-party analysis shows the bill would yield \$112 billion more in GDP, create 194,000 jobs, and lead to a 2.24 percent increase in business capital. Once fully implemented, over time the 20 percent small business tax cut will create more than an average of 100,000 jobs per year.

H.R. 9 passed the House of Representatives today by a vote of 235 - 173 - 1.