

HOUSE DEMOCRATS HEALTH CARE REFORM LEGISLATION

The wrong prescription for main street businesses...

- ✓ **Tax Increases:** The bill would impose a 5.4% surtax on successful small businesses to pay for government-run health insurance.

FACT: According to the National Association of Manufacturers, 68% of manufacturers file as subchapter S-corporations and would be subject to the new surtax.

- **Rep. Mike Ross (D-AR):** "I don't like the idea of raising taxes in the worst economic crisis since World War II." (*Politico*; July 16, 2009)
- **Rep. Jared Polis (D-CO):** "Especially in a recession, we need to make sure not to kill the goose that will lay the golden eggs of our recovery... By concentrating the cost of health care reform in one area, and in one that will negatively affect small businesses, we are concerned that this will discourage entrepreneurial activity and job growth." (*Roll Call*, July 16, 2009)
- **Michael Fredrich, whose Wisconsin company, MCM Composites, molds plastic parts:** "We run maybe three days a week, sometimes four days a week, sometimes zero days," he said. "I can tell you that at some point, people ... running a small business are just going to say, 'To hell with it.'" (*The Washington Times*; July 16, 2009)
- ✓ **Increases the Federal Deficit:** The bill would increase the already ballooning federal deficit and saddle taxpayers with the tab.

FACT: According to the Medicare trustees, the Medicare Trust Fund will be exhausted by 2017. The Congressional Budget Office estimates that individual and corporate income tax rates would have to rise by about 90% to finance the projected increase in spending through 2050.

 - **Douglas Elmendorf, Director of the nonpartisan Congressional Budget Office:** "The coverage proposals in this legislation would expand federal spending on health care to a significant degree and in our analysis so far we don't see other provisions in this legislation reducing federal health spending by a corresponding degree." (*Reuters*; July 16, 2009)
 - **Rep. Jim Cooper (D-TN):** "It still looks like a budget buster." (*Roll Call*, July 16, 2009)
 - **Rep. Jim Matheson (D-UT):** "If we don't reform the system to get costs under control, then nothing else matters. We're just putting more people into a broken system." (*The Wall Street Journal*; July 17, 2009)
 - **Rep. John Boehner (R-OH):** "Health care reform is too important to get wrong, and Americans deserve better solutions from Washington – ones that help lower health care costs instead of driving them even higher, as the Democrats' government takeover does." (Rep. Boehner Press Release; July 16, 2009)
- ✓ **Accelerate Job Losses:** The bill would force small businesses to cut jobs in order to comply with new employer mandate that would force them to subsidize 72.5% of individual plans and 65% of family plans or face a penalty of up to 8% of their total payroll. (Note: Small businesses with less than \$250,000 in payroll would be exempt from the mandate.)

FACT: A 2009 study by the National Federation of Independent Business Owners (NFIB) found that an employer mandate would result in a net loss of 1.6 million U.S. jobs between 2009 and 2013. Small businesses would be hit hardest, accounting for an estimated 66% of job losses. Further, a 2007 Employment Policies Institute study found that approximately 1.5 million U.S. jobs would be shifted from full-time to part-time status in addition to job losses.

- **Paul Dandurand, CEO of PIEmatrix, a software-as-a-service firm in Burlington, Vt.** "He [Dandurand] pays slightly less than half of the health-care insurance premiums for his 10 skilled employees, but he would have to pay a larger share—72.5%—under the House of Representatives plan. For a three-year-old tech company that's trying to reinvest money into innovation and expansion, that could be a burden. 'How does a small company with a team of 10 employees get through this economy?' asks Dandurand. 'Every penny counts.' 'You can't go to the employee and say, 'we're going to lower your salary in order to contribute more to health premiums,' he says." (*Business Week*; July 16, 2009)
- **Bruce Josten, executive vice president of the U.S. Chamber of Commerce:** "It's going to cost jobs. It's pretty simple." (*The Wall Street Journal*; July 16, 2009)