

Santa Clara County
DEMOCRATIC PARTY

The Democratic Party: Fueling America's Small Business Growth Engine

"We know that the foundation of our economy is the small business...
We have to give our small businesses and their employees the help they need."

Presumptive Democratic Nominee John Kerry
[Kerry Wants Health Care Reform for Small Businesses](#)

[Small Business Finds True Business Partner in Democrats, not George W. Bush](#)

Under the Democratic leadership of President Bill Clinton, America's small businesses found a real partnership in the United States federal government. The Clinton Administration partnered with the federal Small Business Administration to leverage the power of America's small businesses -- America's entrepreneurs. As a result, small businesses created 75% of 22 million net new jobs created under the Democratic stewardship of the Clinton Administration. In contrast, George W. Bush betrays America's small business community. Rather than fueling our economy by helping the number one job-creating sector, small businesses, Bush's first budget proposed gutting the Small Business Administration by 40%. In 2004, Bush continues betraying America's small business owners and employees. As a result, the Republicans continue to weaken America's economy because it fails to fuel America's small business growth engines.

"I'm here to herald the small businesses
which are the strength of the economy of the United States of America."

— George W. Bush

[President Bush Discusses Economy, Small Business in Wisconsin](#)

That's What Bush Says . . . It's NOT What Bush Does.

[BUSH BETRAYS AMERICA'S SMALL BUSINESSES](#)

[DEMOCRATS: REAL PARTNERS WITH AMERICA'S SMALL BUSINESSES](#)

[KERRY: LEADERSHIP THAT FUELS AMERICA'S SMALL BUSINESS ENGINE!](#)

"My plan is the most sweeping international tax law reform in forty years. We'll replace tax incentives to take jobs offshore with new incentives for job creation on our own shores," said Kerry. "Today, if a company is torn between creating jobs here or overseas, we now have a tax code that tells you to go overseas. When I am President, it will end. We'll also give companies a tax break to create and keep jobs here at home. And that especially means supporting the small businesses that create so many of the jobs we have here at home."

[Kerry Talks with Californians about Creating 10 Million Jobs:
Small Businesses Get Larger Tax Cuts Under John Kerry than George W. Bush](#)

[BUSH BETRAYS AMERICA'S SMALL BUSINESSES](#)

[For 2002, Bush Proposed 40% Cut in Small Business Administration's Budget.](#)

For fiscal year 2002, "Bush ...propos[ed] a 40 percent cut in the Small Business Administration's (SBA) budget, eliminating the New Markets Venture Capital program and ending government subsidies for the SBA's flagship 7(a) loan program by raising loan fees. The SBA's proposed \$539 million budget for fiscal 2002 also calls for the nation's 1,000 Small Business Development Center locations to begin charging fees for their consultation services. In addition, the Bush budget eliminates BusinessLINC, a new mentoring program for small businesses in low-income areas..." ["Bush Eyes Massive Cuts in SBA Budget," [Triangle Business Journal](#), March 12, 2001]

"Making it more difficult for small businesses to get the credit and services they need is flat wrong," says Sen. John Kerry, D-Mass., the ranking Democrat on the Senate Small Business Committee." ["Bush Eyes Massive Cuts in SBA Budget," [Triangle Business Journal](#), March 12, 2001]

[T]he New Market Venture Capital and BusinessLINC programs are eliminated....Damon Dozier, director of government affairs for National Small Business United, fears increased fees for 7(a) loans would make them too expensive for some small businesses, which "begins to fly in the face of the purpose of the program." ["Bush Eyes Massive Cuts in SBA Budget," [Triangle Business Journal](#), March 12, 2001]

[For 2005, Bush Proposes Eliminating Successful Loan Program for America's 23 Million Small Businesses.](#)

For 2005, the budget zeroes out subsidy funding for Section 7(a) general business guaranteed loans, a program run by the SBA. While the budget provides a total Section 7(a) loan volume of \$12.5 billion — a \$3 billion increase from 2004 — it eliminates federal funding and assumes instead that the program will be funded entirely through a sharp increase in loan fees. This will raise costs for small businesses. ["Budget in Brief: Bush Budget Cuts Services for Small Businesses," [House Budget Committee Democratic Caucus](#), February 27, 2004]

[Background on the 7\(a\) Program Changes](#)

"On January 6, when the President's fiscal year 2004 budget came up short -- as warned by Congress and the lending community -- the Administration abruptly and unnecessarily shut down the 7(a) guaranteed small business loan program. The program reopened on January 14, 2004 with severe restrictions aimed at limiting loan volume. Since then, the Administration has run the program at a token level with a \$750,000 cap on all loans and elimination of all combination, or so-called "piggyback" loans. This has greatly disrupted and restricted access to capital for thousands of small businesses. The Administration has refused requests from Democratic Senators that it seek additional funding and has also refused to honor loan applications from as many as 1,500 small businesses, filed before the shutdown for amounts exceeding the cap, preventing about \$600 million in loans from being invested in local economies. Because of the Administration's unwillingness to correct its budget miscalculation and program mismanagement by requesting supplemental funding for the program or by reprogramming existing funds, the bill relies on 7(a) lenders to carry the additional costs." ["Congress Passes SBA Loan Program Fix," Committee on Small Business and Entrepreneur, U.S. Senator John Kerry, Ranking Member, [Press Release](#) April 6, 2004]

[Only 3% of \\$350 Billion Tax Cut Went to Small Businesses.](#)

["I]n the administration's most recent \$350 billion tax cut - the cornerstone of their economic strategy, just 3 percent of it went to small businesses....[T]hey are set to expire."

— Honorable Nydia M. Velazquez, (D-NY)
Ranking Democrat, House Small Business Committee
["End of Year Report 2003," [Press Statement](#), December 8, 2003]

[Bush Proposed Gutting Small Business Help While Proposing Giving Massive Taxpayer Dollars to Big Companies.](#)

At the time Bush proposed gutting the SBA budget, Republicans proposed “some \$25 billion in immediate tax rebates to large profitable corporations that paid the low-rate ‘alternative minimum tax’ over the past decade and a half because loopholes cut their regular income tax bills to little or nothing. Some \$7.4 billion of these corporate rebate checks would be made out to just 16 tax-avoiding Fortune 500 companies—each of which would get more than \$100 million in rebates. (These companies reported a total of more than \$42 billion in pretax U.S. profits last year.)” [“House GOP ‘Stimulus’ Bill Offers 16 Large, Low-Tax Corporations \$7.4 Billion in Instant Tax Rebates,” [Citizens for Tax Justice](#), October 26, 2001]

16 Corporations with More than \$100 Million in AMT Credit Carry-forwards at the End of 2000	
Company	AMT Rebates under the House GOP Tax Bill, \$MILLIONS
IBM	\$1,424
Ford Motor Co.*	1,000
General Motors	833
General Electric	671
TXU (Texas Utilities Company)	608
DaimlerChrysler**	600
Chevron Texaco	572
UAL (United Airlines)	371
Enron	254
Phillips Petroleum	241
AMR (American Airlines)	184
IMC Global	155
Comdisco	144
CMS Energy	136
Westvaco	112
Kmart	102
Total, these 16 Companies	\$7,407
Source: Corporate Annual Reports for 2000, except as noted. *As disclosed by Ford to the Detroit News, Oct. 26, 2001. **As reported by DaimlerChrysler to Automotive News Citizens for Tax Justice, Oct. 26, 2001 (added Ford & Kmart) [Citizens for Tax Justice, October 21, 2001]	

DEMOCRATS: REAL PARTNERS WITH AMERICA'S SMALL BUSINESSES

[Under President Clinton's Fiscal Stewardship, Small Businesses Fueled 75% of 22 Million New Jobs Created.](#)

"Bush is proposing to cut this economic engine. Even as big corporations have begun to make big layoffs, the Bush budget would cripple a small agency that can help pick up the slack. The nation's 25 million small businesses, which employ more than half of the private work force, have been responsible for more than three-quarters of the 22 million jobs created in America since 1992."

— Fred P. Hochberg
Deputy Administrator and Acting Administrator of the
Small Business Administration from 1998 to 2001
["Leaving Small Businesses Behind," [NYT Editorial](#), June 2, 2001]

[Under President Clinton's Leadership, the Small Business Administration Was Key to Helping American Entrepreneurs.](#)

"During the previous administration, the SBA was considered an important vehicle for bolstering the initiative and drive of entrepreneurs. Over the past eight years, the SBA's guaranteed loan program nearly doubled. It was able to provide guarantees for more of the loans that banks are reluctant to make — long-term loans to fledgling businesses, providing longer loan maturities and lower monthly payments. During that time the agency nearly quadrupled loans to minorities and tripled the number of loans it backed for businesses run by women. We also doubled the number of women's business centers across America — increasing the flow of capital as well as the information that helps people succeed. Women are now launching businesses at twice the national rate."

— Fred P. Hochberg
Deputy Administrator and Acting Administrator
of the Small Business Administration from 1998 to 2001
["Leaving Small Businesses Behind," [NYT Editorial](#), June 2, 2001]

"Small businesses are the job creators, the innovators, and the leaders of economic growth."

Honorable Nydia M. Velazquez, (D-NY)
Ranking Democrat, House Small Business Committee

[Democrats Chastise Republicans for Failing to Fuel America's Small Business Engine.](#)

"There are also the small business bills that went NOWHERE... Among the dozens of small business bills that saw no action [in 2003], the one that, perhaps, mattered the most, was the reauthorization of the SBA. This bipartisan bill passed out of the House Small Business Committee unanimously. It modernized and streamlined SBA's programs. But the administration and Republicans stonewalled it. And who loses the most? This nation's 23 million small businesses. This inaction has led us to where we are today. Almost 9 million Americans are out of work. What these people need are jobs - and small businesses can provide them. Small businesses are the surefire way to get our economy back on track - for good."

— Honorable Nydia M. Velazquez, (D-NY)
Ranking Democrat, House Small Business Committee
["End of Year Report 2003," [Press Statement](#), December 8, 2003]

[KERRY: LEADERSHIP THAT FUELS AMERICA'S SMALL BUSINESS ENGINE!](#)

[Kerry: Bush Administration's SBA Proposals "the most anti-small business proposals we've seen in four years."](#)

"Combined with the President's fiscal year 2005 budget, these are the most anti-small business proposals we've seen in four years,' Kerry said. 'This Administration likes to talk about the importance of small business, but these proposals are completely at odds with their rhetoric.'" ["Kerry Responds to SBA's Legislative Proposals," [Press Release](#), April 21, 2004]

[Kerry Proposed Increasing Venture Capital Investment in Small Businesses.](#)

In October 2003, U.S. Senator John Kerry "successfully fought to include in the JOBS Act [an] increase[in] venture capital investment in small businesses by exempting debenture Small Business Investment Companies (SBICs) from the unrelated business taxable income (UBTI) rules, which will allow them to gain greater access to institutional investors. In a letter to the Finance Committee, Senator Kerry requested the UBTI exemption be included in the JOBS Act as a means of increasing investment in the small business and manufacturing sectors. Senator Olympia J. Snowe (R-Maine), Chair of the Committee on Small Business and Entrepreneurship, also signed the letter." [Kerry Provisions Boost U.S. Manufacturing, Increase Job Growth, Spur Small Business Investment," [Press Statement](#), October 2, 2003]

"This will create jobs by increasing venture capital investments that fuel high-growth small businesses, which are among the nation's best job creators. SBICs that are funded through debentures will now be able to attract more institutional investors and provide financing to more cutting-edge small businesses and small manufacturers."

— [Democratic Presidential Candidate John Kerry](#)

[Kerry Proposed Legislation to Secure the Most Experienced Women's Business Centers in 39 States.](#)

"The Republican majority blocked a Snowe-Kerry amendment that would have secured the most experienced women's business centers in 39 states. Without this amendment, 53 centers are at jeopardy of losing their funding.

"Women-owned firms are constantly breaking down the barriers of our past and proving that the business world is no longer a good ol' boy network,' Kerry said. 'Our amendment would have prevented the Administration from depriving women entrepreneurs of the help they need to grow and create jobs.

"Last year alone, the WBC network helped 106,000 women in business,' Kerry said. 'Today, with women-owned firms opening at one-and-a-half times the rate of all privately held companies, the demand and need for women's business centers is even greater. Funding is not only important to the centers themselves, but to the women's business community at-large and to the millions of workers employed by women-owned businesses around the country.'" ["Congress Passes SBA Loan Program Fix," Committee on Small Business and Entrepreneur, U.S. Senator John Kerry, Ranking Member, [Press Release](#) April 6, 2004]

[Kerry: Fueling America's Small Business Engine!](#)

"Kerry called for giving small business tax credits of up to 50 percent to help them provide coverage for low- to moderate-income employees. He also proposed having the federal government help small businesses cover the costs of catastrophic medical care, which he said would save a family as much as \$1,000 each year. 'It's a free-for-all right now,' Kerry said. 'We have to give our small businesses and their employees the help they need.'" ["Kerry Wants Health Care Reform for Small Businesses," [Associated Press/ Fox News](#), May 12, 2004]

BRING IT ON!

[John Kerry's New 'Era of Opportunity' for Small Business in America!](#)

"As the former Chairman and current Ranking Member of the Senate Small Business and Entrepreneurship Committee, John Kerry has been a national leader in promoting small businesses growth. Kerry owned his own small business, a cookie and muffin shop – Kilvert and Forbes – that he opened in 1976 with a friend in Boston's Quincy Market giving him firsthand

experience of the obstacles faced by small business owners. As President, John Kerry will bring the lessons of owning and working in a small business and his leadership fighting to support small businesses in the Senate to the White House.” [\[New 'Era of Opportunity' for Small Business in America\]](#)

[Small Business Opportunity Fund](#)

Investing in small business is good “bang for the buck”. For example, an additional \$170 million investment could make \$28 billion available in long-term capital and equity for small businesses, creating 850,000 jobs annually. John Kerry will ensure small businesses have all the federal support they need to grow and thrive by:

- **Helping Micro-Enterprises:** About 60% of new businesses in New Hampshire are micro-enterprises, defined as operations with five or fewer employees and revenues under \$500,000. John Kerry will expand loans and equity for these smallest businesses.
- **Accessing Capital:** Venture capital funding has dramatically declined – from \$26 billion to \$5 billion – leaving many businesses with no equity financing. John Kerry will bridge the gap between entrepreneurs’ need for capital and traditional financing sources by increasing the federal government’s venture capital investments.
- **Increasing Loans:** Financing that’s affordable and easy to obtain is often difficult for small businesses to find. President Bush has consistently shortchanged funding loan programs. One of Bush’s proposals translates into the loss of almost 200,000 American small business jobs. John Kerry will expand loan programs to help more small businesses get off the ground.

[A Fair Share in Federal Contracting for Small Business](#)

The federal government is the largest buyer of goods and services in the world. Small businesses are often denied access to the federal marketplace.

- **Restrict Contract Bundling:** The practice of contract “bundling,” which turns small contracts into big ones that small businesses have a harder time competing for, has undermined contracts for small businesses. President Bush pledged to end contract consolidation, but he has not. In October 2003, the Office of Management and Budget issued a report showing the number and size of bundled contracts is at a 10-year high. John Kerry will provide small businesses with more opportunities for government contracting and opportunities to work with federal agencies – including the Department of Defense, the Department of Homeland Security, and the Department of Health and Human Services. This will reduce contract bundling.
- **Increase Number of Federal Contracts:** Total federal contracts have increased 7% under President Bush, but the small business share of these contracts has decreased 14%. John Kerry will increase the number of federal contracts to small business by increasing the government-wide goal for small business’s share of federal contracts to 30%.

[Using the Tax Code to Help Small Businesses](#)

- **Tax Simplification For Small Business:** America’s small businesses are drowning in tax paperwork. The nation’s employers are responsible for filing federal and state employment taxes and wage reports, as well as unemployment insurance reports. Just to keep up with these requirements, employers must maintain separate wage records for federal and state income tax withholding, FICA, FUTA, and SUI. In many cases, employers must report this information to government agencies at different times and in different forms. These burdens are compounded when employers do business in more than one state as states may differ in legal or procedural requirements. John Kerry will reduce this burden by simplifying tax filing for small businesses including allowing the IRS and state agencies to combine, on one form, both state and federal employment tax returns.

- **Tax Credits To Reduce Energy Costs:** America's small businesses account for more than half of all energy consumption in North America. The growth and development of small businesses depends on an affordable and reliable energy supply. Increasing energy prices hurts small businesses already struggling in this economy. To help small business owners reduce their utility bills, John Kerry will provide a credit to purchase equipment meeting energy-efficiency standards for heating and cooling in new buildings or to retrofit existing buildings. He also will provide a 20% tax credit for the purchase of energy efficient building equipment, including electric heat pumps, hot water heaters, and natural gas heat pumps.
- **Tax Credits For "Called-Up" Reservists:** With so many reservists serving in Iraq, John Kerry believes we need to provide support to small businesses whose reservists are called up for active duty. He will provide up to \$12,000 in tax credits to firms with 50 or fewer employees that have "called-up" reservists. Half of the money can be used to cover the reservist's salary, and the other half can be used to help hire and train temporary replacements. Kerry will provide up to \$20,000 in tax breaks to small manufacturing companies with fewer than 100 employees to split between support for the reservists' salary and finding temporary replacements.

[Strengthen America's Base of Small Manufacturers](#)

During the last three years, 2.7 million (one in every seven) manufacturing jobs have been lost nationwide. Both large and small companies have been hurt. To help strengthen America's small manufacturers John Kerry will: increase loan and investment limits; develop a three-tier manufacturing skills training program for current workers, college, and high school students; increase funding for the Manufacturing Extension Partnership Program; and, create an Office of Manufacturing at the Small Business Administration.

[A Large Voice for Small Business](#)

Over the past two years, the number of small business closures has been greater than the number started, which is not surprising considering President Bush's business agenda largely benefits big corporations and cuts programs supporting small businesses. In a Kerry Administration, small businesses will have the support they need and deserve to grow and be strong. Kerry will give small business a cabinet level position; a voice at the World Trade Organization to ensure that small businesses are considered in trade issues; and, federal regulations fair to small businesses.

[Reducing Barriers to Supporting Employees](#)

- **Health Care at One-Third the Cost for Small Businesses:** Health care costs are rising about 15% this year for small businesses and often as high as 25%. Only 62% of businesses employing 10 to 49 people offered an employee health plan in 2002 compared to 99% of large firms. Small businesses typically spend more on administrative costs, and premiums often rise when one employee has high health care costs. John Kerry proposes refundable tax credits up to 50% of the cost of coverage to small businesses and their employees. Also, giving small businesses access to the Congressional Health Plan will save small businesses approximately 15% in health care costs on top of the tax credit—health care will be two-thirds cheaper for small business employees than it is today.
- **A New 'Small Business Retirement Initiative' to Help Small Businesses Offer Savings Plans:** The biggest impediment for a small business to start a pension plan is start up costs. In fact, setting up a small business pension plan can cost as much as \$20,000. Also, as pensions become complex, businesses must contract with resources to help manage them. John Kerry supports tax credits to help offset the start up costs of small businesses. He also supports a pension pooling fund to help pool administrative costs of setting up pensions and savings plans for small businesses.

[Health Care at One-Third the Cost for Small Business](#)

Fewer Small Businesses Can Afford Health Care: Health care costs are rising about 15 percent this year for those small businesses and often as high as 25 percent. Just 62 percent of businesses employing 10 to 49 people offered a health plan in 2002 whereas about 99 percent of large firms did.

- A More Affordable Health Plan: Small businesses typically spend more on administrative costs and often see premiums rise when one employee has high health care costs. John Kerry will allow small businesses to join the new Congressional Health Plan and small businesses will be able to provide obtain a better deal for health care.
- Tax Credits to Make Healthcare 65% Cheaper: John Kerry proposes refundable tax credits up to 50% the cost of coverage to small businesses and their employees. Additionally, giving small businesses access to the Congressional Health Plan will save small businesses approximately 15% in health care costs—health care can be 65% cheaper for small business employees than it is today. [Read John Kerry's Health Plan for Small Businesses](#)

[Champion of the Small Business Entrepreneur](#)

As the former Chairman and current Ranking Member of the Senate Small Business and Entrepreneurship Committee, John Kerry has been a national leader in promoting small businesses growth. Kerry owned his own small business, a cookie and muffin shop – Kilvert and Forbes – that he opened in 1976 with a friend in Boston's Quincy Market giving him firsthand experience of the obstacles faced by small business owners. As President, John Kerry will combine the lessons of being a small business owner with his senatorial political leadership to support small businesses when he's in the White House.

[On the Record for Small Business](#)

Kerry's White House Will Be "*Small Business Friendly*" -- John Kerry "favors expansion of small-business loans and federal support for R&D, especially research for energy independence." [[Kiplinger Letter](#), June 27, 2003]

- Kerry Focusing on Tax Breaks & Health Care for Small Businesses: "As the ranking member of the Senate Committee on Small Business and Entrepreneurship, Massachusetts Senator John Kerry might be expected to propose a plan that emphasizes the role of small business. In March he introduced a small business stimulus act that, if passed, would speed up depreciation schedules on high-tech equipment and provide tax breaks to sole proprietorships. Even his health-care plan has a sop to small businesses, in the form of tax credits to make coverage more affordable." [[Fortune Small Business](#), June 20, 2003]
- John Kerry is Making "Small Business Tax Cuts a Key Part of His Platform": "John Kerry, the first Democrat to toss his hat into the 2004 presidential ring, has made small-business tax cuts a key part of his platform." [[Investor's Business Daily](#), December 17, 2002]
- "Kerry Seeks to Increase Small Business Contracting": John Kerry, "chairman of the Senate Small Business and Entrepreneurship Committee, introduced legislation that would increase the federal government's procurement goal for small businesses from 23 percent of all prime contracts to 30 percent by fiscal 2006. Kerry's bill, called the Small and Disadvantaged Business Ombudsman Act, also calls for the Small Business Administration to appoint an ombudsman to investigate the complaints of small business owners who feel they are being treated unfairly by government procurement officers or prime contractors. Small business owners who fear retaliation would be guaranteed confidentiality." [[Washington Business Journal](#), June 22, 2002]
- John Kerry is "Prepared to Tackle" Small Business Issues: John Kerry "is prepared to tackle a number of issues, among them energy and environmental regulations impacting entrepreneurial firms. 'Right out of the gate, I'll hold a hearing on the relationship of small businesses to environmental regulation to diffuse the mystery about it and to try to figure out where big-company rules—when applied to small entities—don't fit'...Kerry says his chairmanship will be marked by bipartisan consensus..."The truth is, when I talk to small-business owners, I hear as much about energy, health care, taxes, the environment and regulations as I do from the owners of large businesses or their

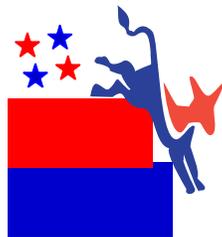
employees,' he says. "The only difference is that these issues hit small businesses even harder. That's why we need to carefully, thoughtfully and responsibly find answers that make sense for small firms." [[Entrepreneur.com](#), June 26, 2001]

- Kerry Brings New Focus for "Women Owned, Minority Owned" & "New Markets" - "In the last few years, the [Small Business] committee has focused very much on agency oversight and regulatory reform,' says Doris Freedman, policy director for the National Commission on Entrepreneurship.' "Under Kerry, they'll look more at what the SBA can do to marry the interests of high-tech companies and small businesses.' SBA programs that target aid to women- and minority-owned businesses, as well as those in inner-city and rural areas, will probably get more support from Kerry than they would have received from Bond. The New Markets Initiative, in particular, is expected to gain another lease on life now that Kerry is chair. Signed into law by President Clinton in his last days in office, the initiative was supposed to channel money to inner-city businesses through specially-accredited investment companies. The initiative was eliminated in the Bush Administration's first budget proposal... [and] Kerry is expected to fight for it." [[Business Week Online](#), May 29, 2001]

[\[New 'Era of Opportunity' for Small Business in America\]](#)

The Democratic Party:

Fueling America's Small Business Growth Engine



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