

What They're Saying: Small-Business Owners' Statements on Tax Reform

Jon Egge

President of MP Plumbing in Clackamas, OR

“Due to uncertainty and complexity in the tax code, much of the money I could be investing in my business is sitting on the sidelines right now. My business, MP Plumbing, is organized as an S-Corporation, which means we are affected by changes to the individual tax rate. The way we are organized is the best fit for our company, but we are being punished by uncertainty over whether tax rates will increase on the highest earners.

“Small business can't bear the entire burden of the tax system. Simplification of the tax code would alleviate much of the uncertainty I face. At the very least, Washington needs to take into consideration that most small businesses are like mine, and entertaining drastic increases to the individual tax rates makes it very difficult to justify any additional investment that could create jobs, and grow the business.”

Dennis Tarnay

Chief Financial Officer and Minority Owner of Lake Erie Electric in Westlake, OH

“The discussion on business tax reform needs to go beyond just the corporate rate. Lake Erie Electric began as a C-Corporation, but reorganized in 1987 as an S-Corporation because it was a better fit for our company. The current tax environment punishes small businesses and makes it difficult to survive during these tough economic times. Predictability and stability in the tax code will give small businesses the certainty to make decisions regarding growth and investment back into their business.”

Joe Olivo

President of Perfect Printing, Inc. in Moorestown, NJ

“I believe there are fundamental misunderstandings in Washington of how the tax code treats small businesses structured as S-Corporations. The profit that I have in my business is not equal to cash in hand. It is dependent on things like depreciation, inventory, and accounts receivable. Any tax on the profits of a small business only makes it that much harder for me to grow my business and reward my employees. For a capital intensive business like mine, the problem with taxes can be magnified, because of the way equipment is depreciated.

“If the tax rates were lowered on S-Corps, this would give me significant resources in which I could use to further grow my business and higher additional employees. I believe that many do not understand that profit is what myself and other small business owners use to grow our businesses. Every time profit is taxed it further hinders my ability to do what I do best. Grow my business.”

Douglass Henry
President of Henry Molded Products, Inc. in Lebanon, PA

“If Washington wants small businesses like mine to invest, we need consistency in the tax code. Many provisions are constantly being phased-out, which makes planning and compliance more difficult. For example, the Section 179 maximum deduction on equipment purchases was recently increased to \$500,000, which helped justify a major capital expansion. Unfortunately, the deduction will be rolled back to half that amount next year, and it will be rolled back again to just \$25,000 after 2012.

“Excessive and convoluted taxation inhibits capital investment and makes it difficult for small businesses to grow. I hope that as Washington considers business tax reform, small businesses are given a strong voice in the deliberations.”

Jack Buschur
President of Buschur Electric in Minster, OH

“It’s frustrating to hear tax reform being discussed only in terms of the corporate tax rate. My business is organized as what is known as a pass-through business, meaning we are greatly affected by changes and uncertainty on the individual tax rate. Right now, small businesses are given very little consideration in the discussion on the individual tax rate. I invest the money I make back into my business, and if the tax rate climbs, I can’t grow my business.

“I am encouraged to hear steps are being taken for comprehensive tax reform to include small businesses. I’m honored to have my voice included in that discussion, and I hope it will continue to be included in the conversation in Washington. It’s the only way to make sure all businesses get the opportunity to succeed.”