



Remarks Prepared For Delivery

The Hon. Jovita Carranza
Deputy Administrator
U.S. Small Business Administration

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Thank you, Dennis [Melton], for that very nice introduction.

And good evening ladies and gentlemen. I'm very happy that I could join you to celebrate Small Business Week St. Louis 2008!

You are some of the most talented and most dedicated entrepreneurs in Eastern Missouri – and really in the entire country. I applaud your hard work, and everything that you've done to make your small businesses successful.

This event is about you – about recognizing your success as well as the important contributions that you are making to your community, and to our country.

It's certainly exciting for me to be here tonight. One of the most rewarding parts of my job is being able to meet so many eager, hard working, and ambitious small business owners. Your energy and enthusiasm are clear! Running a small business is demanding, but when I see all of you here tonight I see a passion that is equal to that demand.

I'd like to thank Dennis and his staff in the St. Louis District Office and the Small Business Week of Eastern Missouri committee for organizing this event.

To all of the award winners: As I'm sure you've heard before and will hear many times this evening, congratulations. Yours is no small accomplishment. Running a small business – and running it successfully – is a true feat. And you have proven you can achieve that feat.

I'd like to congratulate Cynthia Brown and Jeffery Germann of Brown Germann Enterprises, the Missouri small business team of the year.

To all other award winners – those who have demonstrated a commitment to small businesses – it's an honor to congratulate you as well.

There are two national award winners here tonight as well. Ron Ameln, our National Small Business Journalist of the Year, and Keith McLaughlin, our National Financial Services Advocate of the Year. Congratulations to both of you and thank you for your support of Missouri's small business community.

We were able to recognize Ron, Keith, Cindy and Jeff at National Small Business Week, which we celebrated in Washington DC a couple of weeks ago.

This year marked the 45th Annual National Small Business Week. I think that it's important that we have a special time to celebrate entrepreneurship every year.

And I think it's also very appropriate.

You see, entrepreneurship is very much a part of our cultural identity...and of our national DNA. America has always been and will always be a country of entrepreneurs.

Entrepreneurs take risks that others don't, and that makes them an essential reason that our economy is so flexible and can adapt to opportunities.

Small business owners are also an integral part of economy, employing half of our private sector workforce

and creating two-thirds of our net new jobs. Small businesses also account for about half of our non-farm gross domestic product, and are major drivers of innovation.

And there's something more. Small business ownership provides millions of Americans with the opportunity to succeed. It's a way for Americans in every community to stand on their own hard work and achieve their dreams. As the President says...

"Small business ownership is a great equalizer in America. The only connections you need are happy customers, [and] a good business plan. The only credentials you need are good products. The only values you need [are] to be willing to take risks and to work hard."

Over the last seven years, the President has been one of the best friends and strongest advocates for small business owners across the country.

Less than a week ago, in fact, President Bush visited Missouri and stopped by a company called World-Wide Technology. As the President noted, here's a Missouri company that has tripled its revenue over the past seven years while adding 500 employees. And as a matter of fact, World Wide was an 8(a) firm that got started in our 8(a) Business Development Program through the St. Louis District Office.

This is just another great example of how small businesses drive economic growth.

His leadership on the major issues that impact small businesses, from taxes to regulation to free trade, has been exactly what entrepreneurs should expect from Washington.

And this even more important now that after 52 consecutive months of job growth and strong economic results, our economy and financial markets are going through a period of sluggish growth. I understand the challenges that high energy costs and weaker consumer spending are creating for many small businesses across the country.

The first important policy, therefore, is one that has already been passed. President Bush worked with Congress to pass and sign into law a bill that injects more than \$152 billion into the economy.

The stimulus package is a win for small businesses in three major ways:

- Tax rebates will stimulate short term consumer spending, some of which will flow to small companies;
- A 50 percent bonus deduction on new equipment will stimulate investment that normally would be depreciated over the long term; and,
- The bill increases the limit on expenses that small businesses can deduct from annual income.

In addition to the short-term relief provided by stimulus, it's absolutely vital that we set our sights on creating an environment that helps small businesses succeed in the long term.

Of course, the Small Business Administration plays a role in enabling small business success.

But no matter how effective we make SBA's products and services, they are not intended to take the place of policies that create an economic environment in which small businesses can flourish. Our programs are a compliment to sound economic policies that:

- Encourage people to take risks,
- Encourage people to invest in their business,
- Allow those businesses to grow and flourish, and
- Enables the private sector to create wealth.

First, and most important of all, we need to encourage investment by keeping taxes low. The President's tax cuts have provided important capital to small businesses to support economic expansion, job creation and innovation.

Small business owners with a business organized as a sole proprietorship, limited partnership, or subchapter S

corporation will pay tax on their businesses earnings at the individual tax rate. This is because these businesses do not pay income tax, but instead report their income to their owners. And the owners in turn report the income on their individual income tax returns. So by reducing the individual income tax rate, we are also cutting taxes on these small businesses.

Lower tax rates on dividends and capital gains also reduced the effective tax rate on business investment by more than 15 percent.

President Bush's tax relief, however, is scheduled to expire in 2010. And if it does, small businesses like you face a tax increase of 17 percent, on average. So if the President's tax relief isn't made permanent, you are going to be paying about 17 percent more in taxes every year. This is money

that you can't invest in something more important, like growing your business.

Second, we need to reduce burdensome regulation. Small firms pay about 45 percent more per employee than big firms to comply with federal regulations. These are hidden burdens that can suck the oxygen out of a small, thinly-staffed business.

The annual cost of complying with federal mandates has grown to more than \$1.1 trillion. That means the per-household cost of complying with regulations now exceeds that of health insurance.

We all know that certain regulations are very important in protecting our citizens, our environment, and our way of life. But many times the burden of imposing a regulation exceeds its value.

The third point is that we need to help small businesses address the growing cost of health care, which is one of the most critical issues facing them today.

70% of our uninsured workforce is employed by a small business or self employed.

Even more alarming is that we see the number of small businesses that offer health insurance declining. And the smaller the business, the less likely it is to offer health care coverage.

It's an issue of cost, and increasingly, small businesses are finding they can no longer afford it.

Today, small businesses are at a fundamental disadvantage because they:

- pay more for health care than larger companies,
- are prohibited from banding together and leveraging their buying power to secure lower rates, even though larger companies and unions can do so.
- often don't have the same tax advantages as big businesses.

Providing small businesses and their workers with flexible, affordable, market-driven solutions, like the ones the President has advocated, is an important step forward for our economy and in expanding health coverage for all Americans...and it will free up capital to invest in growth.

Finally, I want to mention free trade.

Free trade isn't just about big business...it's increasingly about small business. Small businesses account for 29

percent of exports, and for countries with which we have trade agreements, it's even higher.

The countries we are looking at new free trade agreements with currently have much higher tariffs on exports coming from the U.S. than we have on their goods coming into our country. Free trade agreements correct this inequality.

In addition to reducing or eliminating tariffs and fees, free trade agreements work to reduce non-tariff barriers, which can make exporting very difficult for small businesses. These barriers include things from excessive paperwork to the inconsistent enforcement of customs policies or valuation of imports, and require fixed costs that can be prohibitive for small businesses.

Think about it this way, if large companies that can support a staff dedicated to navigating these hurdles have

trouble, what is a small firm of ten or twenty employees going to do?

The opportunities are vast, with 95 percent of the world population living outside of the United States. And through well-structured free trade agreements, we can help small businesses get access to that market.

At a time when we are understandably focused on current economic conditions, we also have to lift our line of sight to the longer-term underpinnings of a robust economy.

And this means creating the right environment for small businesses.

After all, just as it's vital for us to prepare the next generation to be the entrepreneurs of tomorrow, it's equally imperative that we give them a small-business friendly environment.

This is the best way for us to enable small businesses to succeed, create jobs, and grow our economy. And it's also the best way to ensure that we have some great small businesses to honor at small business weeks for years to come.

I mentioned that this year marks the 45th anniversary of Small Business Week, but it also marks the 55th anniversary of the Small Business Administration.

And in those 55 years, the SBA has helped millions of entrepreneurs start and grow their small businesses.

Some of these are companies that you've heard of – companies like Nike, FedEx, Jet Blue, Apple, Costco, Staples, and Intel. Others you haven't heard of yet, but

are providing opportunities and creating jobs in communities across the country.

SBA has a vital mission, and I'm excited every day to help entrepreneurs be able to reach their small business goals.

Entrepreneurship is a path to opportunity...to new jobs...and in some cases, to a new way of life.

It's really a great privilege for all of us at the SBA to be able to recognize and congratulate some of the entrepreneurs who have walked that path successfully.

Let me say once again what a pleasure it is to be with you this evening...and congratulations to all of our winners.