

**Testimonial from Ted Allison, St. Joseph, Missouri  
To the U.S. House of Representatives  
Small Business Committee  
On January 14, 2009**

**It is truly an honor for me to be here and give testimony on behalf of the business community of St. Joseph, MO, a small MSA of 125,000 in Northwest Missouri. As in most local economies, small businesses in St. Joseph represent the vast majority of private sector employment.**

**Ladies and gentlemen, 93.5% of net employment growth in the United States from 1989 – 2005 was created by small businesses. The small business sector employs more scientist and engineers than the large business and higher education sectors. Small businesses are also far more productive, as they generate 5 times more patents per R&D dollar than big businesses and 20 times more than universities.**

**While 80% of registered voters in America agree that our government should encourage more entrepreneurship, public policy continues to give a disproportionate preference to the big business sector. The small business sector delivers a higher yield per dollar of public investment than big business and offers the greatest potential for rapid economic recovery and growth in quality jobs.**

**Immediate action from Congress is imperative. Therefore, I hereby submit the following recommendations for your consideration that I feel would stimulate rapid economic recovery for the small business sector:**

- 1. Increase the current 2.5% set aside allocation of federal research and development funding to 5% for Small Business Innovation and Research grants (SBIRs).**
- 2. Encourage the development of local angel capital networks by establishing a 20% tax credit for individual investors participating in the deployment of angel capital funds.**
- 3. Establish a 20% tax credit to encourage private contributions to qualified non-profit or publicly-owned business incubators.**
- 4. Improve access to market research data, training programs, and SBIRs by substantially increasing federal funding to put more SBDC counselors in the field.**
- 5. Provide additional funding toward entrepreneurial education programs for local school districts, colleges, and universities.**
- 6. Encourage growth of college accredited internships by providing tax credits to sponsoring small businesses.**
- 7. Reduce excessive auditing standards for small businesses by exempting them from Section 404 of the Sarbanes-Oxley Act.**
- 8. Take aggressive action to reduce the cost of healthcare insurance and provide a 20% tax credit to insured individuals and employers contributing to employee healthcare coverage.**
- 9. Improve the availability and reduce the cost of fully developed building sites in publicly-owned or 501-C3 non-profit business parks by increasing funding for SBA grants toward infrastructure.**

- 10. Improve access to commercial loans by increasing the government guarantee percentage on SBA 7A, reduce qualification standards, eliminate loan fees, and incrementally forgive the SBA portion of 504 loans for each quality job created with healthcare benefits.**
- 11. Enhance credit access for entrepreneurs through the expansion of local “Revolving Loan Programs” funded through SBA grants by lowering the local match requirement.**
- 12. Increase the tax credit for dependant children to \$2,000 and extend the credit to age 21 if the child is a full-time college or technical training student, provided that the parents contribute at least half of their college expenses.**
- 13. Reduce tax rates for small businesses with gross receipts of less than \$2.5 million.**
- 14. Exempt the first \$30,000 of small businesses net earnings from self employment tax.**
- 15. Reduce or eliminate the corporate capital gains tax.**
- 16. Extend bonus depreciation, increase Section 179 expensing provisions, and adopt a temporary investment tax credit.**

**Again, I thank you for this opportunity and welcome any questions or comments you may have.**

**Suggestions to reduce healthcare costs:**

- a. Developing state-wide insurance pools for individuals and small businesses.**
- b. Mandating universal coverage of every individual.**
- c. Encouraging more competitive bidding at the state level for procuring commonly-prescribed medications, healthcare services, and health insurance coverage.**
- d. Regulate marketing practices of pharmaceutical manufacturers.**
- e. Promoting healthy lifestyles and physical fitness programs.**
- f. Raise awareness among individuals of the actual cost of healthcare services and medications.**
- g. Provide a 20% tax credit for families and their employers who share the cost of health insurance coverage.**