

Please respond by
January 30, 2009

Federal Member Ballot ✓

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NFIB

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INDEPENDENT BUSINESS

1

Tax Rates Permanent

Should the federal government extend all of the 2001 individual income tax rates?

Yes No Undecided

2

Guaranteed Retirement Accounts

Should the federal government replace 401(k) plans with government-run Guaranteed Retirement Accounts?

Yes No Undecided

3

Early Retiree Medicare

Should Congress allow Americans between the ages of 55 and 64 to buy into Medicare?

Yes No Undecided

4

Binding Arbitration

Should Congress require newly unionized businesses to enter into federally supervised arbitration to determine wage and benefit terms?

Yes No Undecided

5

Tax Credit for Job Creation

Would a \$3,000 tax credit for job creation be an incentive for you to create a job?

Yes No Undecided

BEFORE YOU VOTE:

Learn more about these member ballot questions in the attached issues overview.

3 easy ways to vote

NFIB.com

Go to www.NFIB.com/ballot and click the link under "Federal Ballot." If prompted, register on the site using your NFIB member ID number (printed just above your name in the top right portion of this ballot).

MAIL

Cast your vote and drop in the mail.

FAX

Vote and fax toll-free to
866-369-2578.

Vote this ballot once.
Duplicates are not counted.

Detach the panel below and save it for your records.

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FOR YOUR RECORDS

NFIB MEMBER BALLOT #557

Copy your votes here.
Keep this panel and compare your votes to the national results to be published in *MyBUSINESS* Magazine and on NFIB.com.

1. Tax Rates Permanent

Yes No Undecided

2. Guaranteed Retirement Accounts

Yes No Undecided

3. Early Retiree Medicare

Yes No Undecided

4. Binding Arbitration

Yes No Undecided

5. Tax Credit for Job Creation

Yes No Undecided

FEDERAL BALLOT ISSUES

1 Tax Rates Permanent

Should the federal government extend all of the 2001 individual income tax rates?

BACKGROUND: In 2001, Congress passed and the president signed legislation reducing individual income tax rates. The tax legislation created a new 10-percent bracket for the lowest-income taxpayers and reduced all income tax rates, including the top rate, from 39 percent to 35 percent. The tax rates are set to expire at the end of 2010. Policymakers are considering extending many of the lower rates but raising the top two rates from 33 percent to 35 percent and 35 percent to 39 percent.

SUPPORTERS OF EXTENDING ALL OF THE 2001 INDIVIDUAL INCOME TAX RATES argue that these rates provided tax relief to all taxpayers and helped to move the economy out of the 2001 recession. In addition, they say that lower individual tax rates are especially important to small business owners, since 75 percent of small businesses are structured as pass-through entities and pay their business taxes at the individual level. With the current economic downturn, now is an especially bad time to be raising taxes on any individuals, especially small business owners. They argue that raising taxes on small business owners will not do anything to create jobs. The result will be higher unemployment and less money being spent on business activities.

OPPONENTS OF EXTENDING ALL OF THE 2001 INDIVIDUAL INCOME TAX RATES argue that only the lower tax rates should be extended and the top two tax rates should be increased to the pre-2001 levels. Extending most of the rates will ensure that the majority of taxpayers will continue to pay lower taxes, but will require upper-income earners to pay their fair share. By raising the top two rates, additional revenue raised from higher-earning individuals will help to offset important government programs. With the federal government facing large budget deficits, the additional revenue raised by ending these tax cuts will also help reduce the federal deficit. Finally, the impact on small businesses would be small, since few earn enough to fall under the top two rates.

2 Guaranteed Retirement Accounts

Should the federal government replace 401(k) plans with government-run Guaranteed Retirement Accounts?

BACKGROUND: Due to the long-term insolvency of Social Security, younger Americans are being encouraged by the government to build another source of retirement income. Currently, the government allows Americans to defer taxes on certain amounts of income set aside in retirement accounts known as 401(k) accounts. Some are now proposing the creation of Guaranteed Retirement Accounts that would allow individuals to trade their current 401(k) for a government-run retirement account. GRAs would guarantee an annual return of 3 percent and would be funded by 5 percent of the employee's salary, as well as a federally subsidized \$600 per year deposit into each worker's account.

SUPPORTERS OF GRAs argue that retirees need a guarantee that their money will be there in the future. 401(k) accounts are too risky, especially during uncertain economic times. They argue a guaranteed, federally run program would remove a source of financial anxiety and eliminate the possibility that 401(k) accounts would lose value during economic downturns. Supporters of this proposal believe that the current tax treatment of 401(k) accounts benefits the well-off at the expense of lower-wage workers, so Congress needs to make the retirement savings system more equitable. They also argue these accounts ensure that all Americans would participate. Finally, GRAs would increase the national savings rate and reduce the long-term insolvency of Social Security.

OPPONENTS OF GRAs argue that Americans already have a government-run retirement system that requires employer participation—It's called Social Security and it is already significantly underfunded. GRAs would establish a new government entitlement program that could require more than \$90 billion per year in mandatory government spending to account for the \$600 per worker subsidy. Businesses would be forced to place 5 percent of each paycheck (in addition to Social Security taxes) into the retirement accounts and face added paperwork and administrative costs. Opponents also argue that over the long term, 401(k) accounts historically have a higher rate of return and would have a much greater return than the GRA guaranteed rate of 3 percent per year.

3 Early Retiree Medicare

Should Congress allow Americans between the ages of 55 and 64 to buy into Medicare?

BACKGROUND: A growing number of Americans are working longer, but many are retiring before becoming eligible for Medicare—the federal healthcare system that covers people age 65 and older. While less than 1 percent of those over age 65 are uninsured, about 16 percent of individuals age 50 to 64 are uninsured. Some lawmakers are discussing the possibility of allowing early retirees between the ages of 55 and 64 to buy into the Medicare insurance program.

SUPPORTERS OF ALLOWING EARLY RETIREES TO BUY INTO MEDICARE indicate that employers are increasingly less likely to offer retiree health insurance. As a result, early retirees are having difficulty finding and affording health insurance in the individual market. Advocates for allowing early retirees to buy into Medicare argue that it would decrease the number of uninsured, make insurance affordable for early retirees and is a more fiscally responsible use of healthcare dollars. The federal government already pays about 75 percent of the approximately \$56 billion to care for the uninsured. Allowing early retirees to buy into Medicare would guarantee that those who are "uninsurable" or unable to afford insurance could buy into a public program. Supporters argue this would significantly reduce the number of uninsured early retirees and provide them access to health services before they get sick so they don't have to use emergency rooms.

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OPponents of Allowing Early Retirees to Buy into Medicare

argue that Medicare is already overburdened and expensive to the American taxpayer. In 2008, government spending on public insurance programs such as Medicare (along with others like Medicaid) accounted for one-third of the federal budget. Opponents point out that these costs will continue to increase as more people enter the program. It is estimated that the cost to cover lifetime benefits of everyone eligible for Medicare, Social Security and other government programs currently totals \$57.3 trillion. Additionally, during an economic downturn, small business owners are forced to delay their own retirement and work much longer than planned. If Medicare is expanded further, small business owners will have to work longer to finance those who retire early. Opponents believe that this plan would lead us down the path to a government-run healthcare system, and the country can't afford the cost of another government entitlement program.

4 Binding Arbitration

Should Congress require newly unionized businesses to enter into federally supervised arbitration to determine wage and benefit terms?

BACKGROUND: Congress is considering legislation that will make it much easier for unions to organize small businesses. Part of this proposal is a requirement that any newly unionized business be given 120 days to recognize the union's contract offer. If no agreement is reached, the legislation stipulates that a federal arbitrator be brought in to determine the wage and benefit terms for the first two-year contract.

SUPPORTERS OF BINDING ARBITRATION say that once a labor union has organized a business, there is no incentive for owners to quickly sign a new wage and benefit contract. They say that if employees have decided to join a union, their choice can be nullified by a business owner who refuses to negotiate a new contract. Supporters say businesses have an incentive to delay the bargaining process for a year because this can lead to a re-vote for unionization, which often results in the union's decertification. They believe that the only way employees will get a fair contract from a business owner is by having Congress mandate binding arbitration.

OPponents of BINDING ARBITRATION argue that this proposal is a first step toward government control of your business. They say that requiring compulsory, binding arbitration takes away

the right of business owners to decide how to compensate their employees. They believe that if a business is unionized the new labor union, the owner and the employees must have the freedom to determine a mutually beneficial contract. They say that using the power of the federal government to force a union contract on a business owner will provide a ruinous contract that will bankrupt the business. Opponents believe that mandated binding arbitration stacks the deck completely in favor of organized labor and provides unions with no incentive to negotiate for a wage and benefit contract that is fair to both the owner and employees.

5 Tax Credit for Job Creation

Would a \$3,000 tax credit for job creation be an incentive for you to create a job?

BACKGROUND: During his presidential campaign, President-elect Obama proposed giving "all small businesses a \$3,000 new jobs tax credit for each additional employee hired in 2009 and 2010." All businesses, no matter how big or small, would be permitted to apply for the job creation tax credit. Similar tax credits were proposed, implemented and repealed in the 1970s.

SUPPORTERS OF A JOB CREATION TAX CREDIT argue that the government should provide a benefit to job-creators. Especially in the current economic climate, the tax credit can help promote job creation and reduce the cost of doing business. The cap on the credit per worker makes it a more attractive subsidy for hiring lower-skilled, lower-wage workers. The tax credit is enough to cover the employer portion of the payroll taxes for a worker making less than \$46,000 a year. In addition, supporters say that a \$3,000 tax credit will provide extra money that can be put toward defraying additional business costs.

OPponents of A JOB CREATION TAX CREDIT argue that businesses hire workers to fill a need, not just to get a tax break. Opponents believe that employers will not spend tens of thousands of dollars to create a new job just to get back \$3,000. According to NFIB's most recent *Index of Small Business Optimism*, only 2 percent of small business owners have plans to increase employment. Opponents argue that there are more constructive ways for government to use its resources to support job creation. Furthermore, this tax credit applies to all businesses, including large corporations that have been both slashing jobs and sending them overseas.



TODD STOTTELMYER
NFIB PRESIDENT

Thanks for Voting Your Ballot

Results of the last Federal Member Ballot sent a strong message to lawmakers: Small business owners want to decide for themselves how to run their businesses, hire workers and offer benefits that fit their workforce. Members who responded to the ballot did not want the government to expand the number of reasons employees may take family and medical leave and did not want their access to independent contractors reduced or limited. Below you'll find out how your small business colleagues responded to the questions on the last ballot. Thanks to all NFIB members who made their voices heard.

FMLA Expansion

Should family and medical leave requirements be expanded to allow more reasons for which employees may take leave?

Yes 6.6%
No 87.6%
Undecided 5.4%
No Response 0.4%

Independent Contractor Status

Should the federal government limit the ability of business owners to treat workers as independent contractors?

Yes 12.3%
No 80.4%
Undecided 6.7%
No Response 0.6%

Regulatory Compliance

Should the federal government mandate that agencies publish step-by-step small-business compliance guides by the date that a regulation becomes effective?

Yes 70.3%
No 18.5%
Undecided 10.0%
No Response 0.6%

Immigration Regulation

Should contractors be held liable if subcontractors hire illegal aliens?

Yes 21.2%
No 74.1%
Undecided 3.8%
No Response 0.9%

Home Loan Issuance

Should the federal government pass more stringent lending guidelines on the issuance of home loans?

Yes 38.2%
No 49.2%
Undecided 11.5%
No Response 1.0%

SEND A MESSAGE TO CONGRESS

Comments to be sent to Congress

Suggestions for ballot questions

Comments/suggestions for NFIB

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National Federation of Independent Business

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**See what NFIB members said on the previous ballot.
Results on back page.**