

NSBA Celebrates 70 Years In Style

Organization hosts special event as part of annual Washington Presentation

By Rob Yunich

Director of Communications

Anniversary celebrations provide a great venue for myriad activities—catching up with old friends, learning more about an organization's recent activities, getting a chance to become more involved, and enjoying a wonderful evening full of good food and entertainment.

The 70th anniversary celebration of NSBA and the small-business movement, held May 9 at the National Museum of Women in the Arts, provided such an opportunity for the packed crowd that included invited guests, past chairs, returning attendees, and even a group of small-business owners that were attending their first NSBA event. The gala began with a reception, where attendees could view the museum's special exhibit entitled, "Italian Women Artists from Renaissance to Baroque." Additionally, there were two monitors screening a video about the organization's distinguished history.

"The presence of 14 past chairs shows just how much we care about small-business issues and this organization," said Joy Gay, an event co-chair and NSBA past chair. "We all look forward to another 70 years as an organization working for the betterment of small business."

The program began with opening remarks by the event's master of ceremonies, NSBA Vice Chair of Communications Chris Holman. NSBA President Todd McCracken

then presented a lifetime achievement award to David Voight, who is retiring after a stellar career working on behalf of small businesses.

NSBA Chair Grafton "Cap" Willey posthumously honored two pioneers who only can be described as the epitome of small-business advocacy. The first honoree was Milton Stewart, who was appointed by then-President Jimmy Carter to be the nation's first chief counsel for advocacy at the U.S. Small Business Administration. Stewart's widow, Joan, accepted a plaque on behalf of the family's surviving members.

Willey subsequently honored Lewis Shattuck, the father of the SBA's Office of Advocacy as well as what has become NSBA's Washington Presentation. Additionally, Willey announced that the NSBA board had decided to name its Small Business Advocate of the Year award in Shattuck's honor.

"It is important that we take time to celebrate milestones in our life,"



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ABOVE: NSBA Chair Grafton "Cap" Willey honors the late Milton Stewart for his work on behalf of small business by presenting his widow, Joan, with a plaque.

BELOW: A group of former NSBA chairs gathered during the Washington Presentation. Pictured with Willey (back row, third from left) are (back row, l-r) Brad Roller, John Hexter, Paul Hense, Malcolm Outlaw, Jack Gardner, (front row, l-r) Raymond Arth, Richard Herring, Joy Gay, and Ronald Cohen.



said NSBA Vice Chair of Membership Phyllis Shearer Jones, who served as the gala's co-chair. "Seventy years of active involvement in the small-business movement is a significant accomplishment."

continued on p. 3

Inside the Advocate

- ★ NSBA Chair Looks Back (p. 4).
- ★ An All-Star Advocate (p. 6).
- ★ More Photos from the Gala (p. 8).

In This Issue

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Mission Statement

NSBA is a volunteer-led association. Our primary mission is to advocate state and federal policies that are beneficial to small business, the state, and the nation—and promote the growth of free enterprise.



8

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4 LOOKING BACK AT A MEMORABLE GALA

NSBA Chair Grafton "Cap" Willey takes his own look back at the 70th anniversary celebration of NSBA and the small-business movement.

6 AN ALL-STAR ADVOCATE

NSBA honored its 2007 Small Business Advocate of the Year during the Washington Presentation—and this year's winner is a true all-star.

8 A SPECIAL CELEBRATION

Take a photographic journey down memory lane with a special collection of images from the Washington Presentation and anniversary gala.

MORE NSBA NEWS

11 SBTC calls for Tibbetts Awards nominations... 12 NSBA launches "tax gap" initiative... 14 NSBA at work... 15 NSBA calendar... and more.



6

PHOTO BY GARY HUTZELL/CELEBRATION PHOTOGRAPHY

NSBA Celebrates 70 Years In Style (continued from p. 1)

The evening's events concluded with a performance by the Capitol Steps comedy troupe, who made sure everybody at the museum was laughing emphatically throughout their 45-minute show.

PRESIDENTIAL OUTLOOK

The gala was part of a very special edition of the Washington Presentation, which began on the morning of May 9 with a session entitled "2008 Elections and Small Business: The Presidency and Beyond." The session's speaker was Amy Walter, senior editor of the *Cook Political Report*, who deftly guided the assembled crowd through an informative and sometimes humorous look at the 2008 presidential race.

Attendees then were briefed about NSBA's priority issues and presented a summary of the organization's recent comprehensive small-business survey. Speakers included McCracken, Washington Presentation Chair Mark Deion, Immediate Past Chair Paul Hense, Health and Human Resources Committee Chair Thomas Pitrone, and Government Affairs Director Kyle Kempf.

The next item on the agenda was "Cracking the Procurement Code: Make the Most of Government Contract Opportunities," which was moderated by Shearer Jones. Panelists on the topic were Major Clark, the Office of Advocacy's assistant chief counsel for acquisition policy; Jane Navarria, an executive from Citibank; and Paul Thompson, principal at Premier Tax and Accounting.

During the luncheon that followed, San Francisco's Scott Hauge was honored as the 2007 Small Business Advocate of the Year and National Public Radio national political correspondent Mara Liasson provided a preview of the remaining 18 months of the 110th Congress. (More about Hauge can be found on p. 6.)

From there, the attendees had the



ALL PHOTOS BY GARY HUTZELL/CELEBRATION PHOTOGRAPHY

ABOVE: Amy Walter (left), senior editor of the *Cook Political Report*, spoke during the May 9 general session, while Mara Liasson, a national political correspondent for National Public Radio, spoke during that day's luncheon.

BELOW: Naomi Baum, staff director for Senate Committee on Small Business and Entrepreneurship Chair John Kerry (D-Mass.), presented NSBA President Todd McCracken with a statement recognizing NSBA's 70th anniversary from the *Congressional Record*.



unique opportunity to attend a White House Briefing in the Presidential Hall of the Dwight D. Eisenhower Executive Office Building. Speakers included Julie Goon, special assistant to the president for economic policy in the National Economic Council and the president's chief health care expert; Barry Jackson, deputy assistant to the president and deputy to Karl Rove, who spoke about immigration; and Jason Thomas, the newest special assistant to the president for economic policy in the National Economic Council, who spoke about tax issues.

On May 10, NSBA hosted its traditional Congressional Breakfast. The event, held in the Rayburn House Office Building's Gold Room, featured four speakers—Reps. Bruce Braley (D-Iowa), House Small Business Committee Chair Nydia

Velázquez (D-N.Y.), Wally Herger (R-Calif.) and Committee Ranking Member Steve Chabot (R-Ohio).

Naomi Baum, staff director for Senate Committee on Small Business and Entrepreneurship Chair John Kerry (D-Mass.), also presented McCracken with a statement recognizing NSBA's 70th anniversary from the *Congressional Record*.

"The opportunity to meet with administration officials provided an excellent venue for small-business owners to discuss issues of concern," Deion said. "The ability to network with members of Congress provided attendees with a definitive opportunity to have their voices heard."

After breakfast, the assembled small-business owners had the chance to speak face-to-face with their representatives and senators—and pass along knowledge gained during a memorable event. ★

Chair's Message

Looking Back at a Memorable Gala

By Grafton H. "Cap" Willey, IV

NSBA Chair

By all accounts, NSBA's 70th anniversary gala celebration and Washington Presentation, held May 8-10 in our nation's capital, was a smashing success. We had record attendance, great weather, and a wonderful program.

The 70th anniversary organizing committee, co-chaired by past NSBA chair Joy Gay and current Vice Chair of Membership Phyllis Shearer

Jones, put together an event that absolutely was elegant. The black-tie affair was held at the

National Museum of Women in the Arts—a facility that I had not visited prior to this event but plan to visit again. I did remark to Joy that her major accomplishment was getting me into a tux. I also told her that she should be thankful that my wife and daughter would not let me wear my boat shoes.

During the evening, I had the distinct honor to recognize two pillars of the small-business family that passed away over the last few years. Milt Stewart, the first chief council for advocacy at the U.S. Small Business Administration, made a life-



NSBA FILE PHOTO

I was very pleased that the NSBA board has decided to name its Small Business Advocate of the Year award after Lew Shattuck. That action not only shows a reverence for the past, but reaffirms NSBA's mission as America's small-business advocate.

long commitment to supporting small business. He was relentless in his efforts to make the world a better place for small business to survive and thrive.

I had the pleasure of working with Milt on a number of issues during two White House Conferences on Small Business. He also was a frequent visitor to NSBA events over the years. His widow, Joan, accepted a plaque that we presented to her in his honor. (A picture of the presentation is on the front page of this issue.)

The second person we honored was Lew Shattuck. Lew was my

mentor at the Smaller Business Association of New England (SBANE) and a dear friend. Lew and his able assistant, Phyllis Marcus, started the Washington Presentation in the 1960s.

During his 25 years as the head of SBANE, he was a leading force in the small-business lobbying efforts and he was instrumental in the creation of Small Business United (SBU) and the subsequent merger of SBU and NSBA.

I was very pleased that the NSBA board has decided to name its Small Business Advocate of the Year award after

him. That action not only shows a reverence for the past, but reaffirms NSBA's mission as America's small-business advocate.

As the nation's oldest small business organization, we should be very proud of reaching our 70th anniversary. It is a major accomplishment and a credit to our dedicated staff, the volunteer directors and trustees, and the grassroots membership support that we have succeeded.

As your current chair, I want to express my thanks for your continued support. Here's to many more prosperous years. ★

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An All-Star Advocate

San Francisco's Scott Hauge named Small Business Advocate of the Year

By Rob Yunich

Director of Communications

This summer's Major League Baseball all-star game will be staged in San Francisco. During the Mid-Summer Classic, the best of the best will travel to the City by the Bay and demonstrate their various skills. But in the world of small-business advocacy, the Golden State already boasts an all-star.

Scott Hauge, owner and president of Cal Insurance and Associates, Inc., was named the 2007 Small Business Advocate of the Year during this year's Washington Presentation. The other national finalists were Donna Childs of New York City, Shirley Felder-Morton of Woodbourne, N.Y., Michael Mitternacht of Metairie, La., and John Zitzner of Cleveland.

"Scott distinguished himself from an exemplary field that included many extremely active and passionate small-business advocates," NSBA Chair Grafton H. "Cap" Willey, IV said. "He has worked hard on behalf of small business and NSBA is extremely proud of what he accomplished as well as his continuing efforts."

Hauge is one of the nation's leading activists in paving the way for small- and medium-sized businesses and has facilitated the introduction of legislation that has impacted businesses on local, state and national levels. Along with the advocacy organization he founded, Small Business California, Hauge continues to be influential on the state level—becoming one of the go-to people for Gov. Arnold Schwarzenegger and the California legislature regarding gashouse emissions, health care costs, workers compensation, and energy.

"Scott Hauge has demonstrated his commitment to small-business advocacy with excellent results at the local, state and national levels," said E. Dennis Trinidad, former director



PHOTO BY GARY HUTZELL/CELEBRATION PHOTOGRAPHY

NSBA Chair Grafton "Cap" Willey (right) presents Scott Hauge with a crystal obelisk honoring him as the 2007 Small Business Advocate of the Year.

of the Office of Small Business Advocate/Governor's Office of Planning and Research for the state of California. "His dedication, volunteerism and resourcefulness in supporting the California economy and its very diversified number of small businesses have been outstanding."

Hauge's recent accomplishments include leading the fight against a proposal by the Workers Compensation Insurance Rating Bureau that would have cost small business millions of dollars. He also worked with key California legislators to smooth the way for that state's small-business owners and entrepreneurs, as well as creating legislation to assist with disaster preparedness.

But Hauge's energy and enthusiasm do not stop at small business. A tireless volunteer, he has taken the lead in California's Healthy Kids, a resource directed at helping parents

and educators teach basic health guidelines to children. And in 2006, Hauge was instrumental in making sure NSBA and Small Business California raised \$75,000 to help 230 Gulf Coast small-business owners and their employees in the wake of Hurricane Katrina.

"I advocate for small business because it is my passion and I see how much small business is under-represented when policy decisions are made," Hauge said. "I also think it sets me apart from my fellow insurance agents and brokers because I care about my clients beyond just selling them an insurance policy. That is why the Cal Insurance motto is 'always looking out for you.'"

Hauge currently serves as NSBA's vice chair for advocacy. Additionally, Hauge is a member of more than 20 boards and commissions in the Golden State and has testified before Congress numerous times. ★

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A Special Celebration



LEFT: NSBA President Todd McCracken (left) presents David Voight with a lifetime achievement award in advance of his pending retirement for his dedicated work on behalf of small business.



RIGHT: NSBA Past Chair George Abbott mingles with his wife, Diane, during NSBA's 70th anniversary gala.



ABOVE LEFT: NSBA Vice Chair of Membership Phyllis Shearer Jones, a gala co-chair, talks to her guest for the evening, Lawrence Hamm.



ABOVE RIGHT (l-r): Longtime member Thelma Ablan talks with past chairs Ron Cohen and Joy Gay (the gala's other co-chair) during the Washington Presentation at the Westin City Center.

BELOW LEFT: NSBA Past Chair Susan Hager laughs with her husband, Eric, during the 70th anniversary gala.

BELOW CENTER: Washington Presentation Chair Mark Deion speaks during the Small Business Advocate of the Year luncheon.

BELOW RIGHT: NSBA First Vice Chair Marilyn Landis mingles during the gala's opening reception.



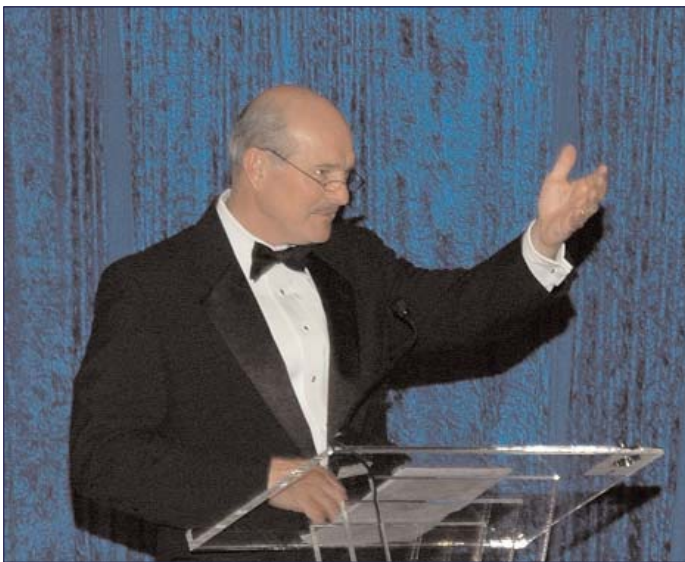
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LEFT: 2006 Small Business Advocate of the Year Robert Schmidt of Cleveland networks with Jack Riske of Pittsburgh during the Washington Presentation.

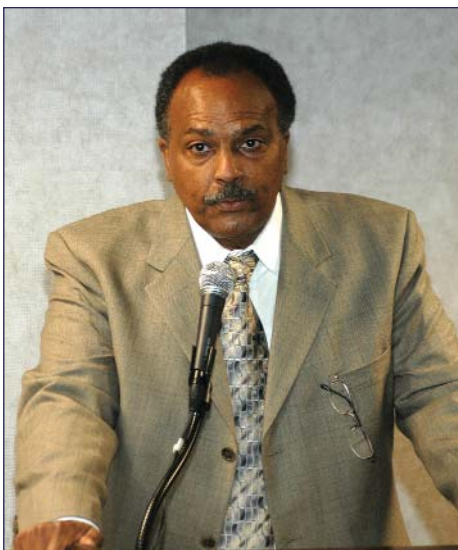


RIGHT: As part of their 45-minute performance, members of the Capitol Steps parody a presidential debate between George W. Bush and John Kerry.



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ABOVE LEFT: NSBA Vice Chair of Communications Chris Holman, the gala's master of ceremonies, salutes the assembled crowd.
ABOVE RIGHT: Members of the Color Guard hold the flags at the beginning of the gala as the "Star Spangled Banner" plays.
BELOW LEFT: Major Clark, the SBA's assistant chief counsel for acquisition policy, speaks during a session focusing on procurement.
BELOW CENTER: Barry Jackson discusses immigration during the White House Briefing.
BELOW RIGHT: NSBA Board Member Thomas Pitrone, the chair of the organization's Health and Human Resources Committee, discusses health care reform during an issue briefing on May 9.



NSBA Provides Testimony on Energy, Contracting

By Rob Yunich

Director of Communications

This spring, NSBA has continued its longstanding tradition of providing testimony during important hearings. Two of the latest organizational representatives were NSBA President Todd McCracken and NSBA member Michael Mitternight.

McCracken testified before the U.S. House Committee on Small Business on April 19 at a hearing entitled, "Expanding Small Businesses' Access to Federal Contracts." The hearing coincided with the introduction of *H.R. 1873 (Small Business Fairness in Contracting Act)* by Rep. Bruce Braley (D-Iowa) and co-sponsored by Committee Chair Nydia Velázquez (D-N.Y.) and Ranking Member Steve Chabot (R-Ohio).

Small-business participation in contracting is crucial to a healthy and competitive federal procurement process. Unfortunately, small businesses received only 19 percent of federal contracting dollars in FY 2006, according to a respected procurement research firm. Even governmental statistics regarding small-business federal contracting, while more optimistic than those independently compiled, are underwhelming considering the large and integral role small businesses play in the U.S. economy.

"*The Small Business Reauthorization Act of 1997* established a government-wide goal of 23 percent of prime, federal contracts to be awarded to small firms. While this was a welcome initial step, it is time to enhance it," McCracken said. "America's small businesses deserve their fair share of federal contracting dollars."

McCracken also told the committee that NSBA is extremely pleased to see that *H.R. 1873* proposes an increase of the government's small-business procurement goal to 30 percent of all federal contacts.

Meanwhile, Mitternight testified



NSBA FILE PHOTOS

LEFT: NSBA President Todd McCracken (shown at an earlier event) testified April 19 before the House Small Business Committee at a hearing entitled "Expanding Small Business' Access to Federal Contracts."

RIGHT: NSBA member Michael Mitternight, a 2007 Small Business Advocate of the Year finalist, testified before the House Select Committee on Energy Independence and Global Warming at a hearing entitled "Economics of Dependence of Foreign Oil—Rising Gasoline Prices" on May 9.

before the House's Select Committee on Energy Independence and Global Warming during a May 9 hearing focusing on "Economics of Dependence of Foreign Oil [and] Rising Gasoline Prices."

Mitternight, owner of Factory Service Agency Inc., a family-owned small business located in the New Orleans suburb of Metairie, La., was a finalist for NSBA's 2007 Small Business Advocate of the Year award.

Mitternight's company specializes in commercial air-conditioning service and installation throughout southeast Louisiana. He testified about the impact of increased gasoline prices on small businesses.

"Like any other business, my company grapples with a spate of business complications, from rising refrigerant prices, increasing costs for construction materials such as copper, compliance costs to satisfy more stringent building codes, escalating labor rates due to workforce shortages, and other ever-increasing expenses such as health care costs," Mitternight said. "Most of those problems can be dealt with via a

planned management approach, however, because the variables are somewhat predictable. Fuel costs that jump three percent to six percent in a matter of days or weeks are virtually impossible to endure."

In the day-to-day operation of Mitternight's business, he has as many as six service trucks and three management vehicles on the street at any one point. In order to carry the load of tools and equipment necessary to provide the service for the equipment upon which he works, most of his service vehicles are three-quarter-ton pick-up trucks.

Obviously, these trucks fall into the category of non-fuel efficient vehicles, but unfortunately, there is no affordable alternative.

Mitternight also described NSBA's support of alternative-fuel vehicles, the continued expansion of ethanol utilization and the removal of the protectionist 54 cents per gallon tariff on imported ethanol.

A complete transcript of both sets of testimony is available at nsba.biz/testimony.

NSBA Government Affairs Director Kyle Kempf contributed to this story. ★

SBTC Excels With Focus on SBIR, Tibbetts Awards

By Rob Yunich

Director of Communications

The Small Business Technology Council (SBTC), a council of NSBA, is sponsoring the Tibbetts Awards again this year. Named for Roland Tibbetts—the person acknowledged as the father of the Small Business Innovation Research (SBIR) program—the national awards are given annually to those small firms, projects, organizations and individuals judged to exemplify the very best in SBIR achievement.

SBTC seeks nominees who show the economic impact of their technological innovation, business achievement and effective collaborations, and a demonstrated state and regional impact and proven support.

Winners will be recognized on Wednesday, Oct. 10 at the Westin Hotel City Center, located at 1400 M Street NW in the nation's capital. Nominations are due Sunday, July 15, and can be submitted online at tibbettsawards.org.

Tibbetts, who founded the SBIR program in 1977, lent his name to the award and was a vital cog in SBTC's ability to host the event.

Tibbetts joined the National Science Foundation (NSF) in 1972 after 20 years in the private sector.

By 1982, the SBIR program's success resulted in congressional legislation that extended SBIR to the 11 largest research and development departments and agencies in the government. SBIR, and the related Small Business Technology Transfer program that must involve universities, have resulted in more than \$2 billion annually of cutting-edge federal research and development funds now going to small technology firms. Tibbetts retired from NSF in 1996.

Today, the SBIR program has developed more than \$21 billion worth of research by more than 15,000 firms—resulting in more than 45,000 patents.



NSBA FILE PHOTO

SBTC Executive Director Jere Glover (left) greets Roland Tibbetts, the founder of the Small Business Innovation Research program and award namesake, during last year's event. This year's edition will be held Oct. 10 at the Westin City Center.

SBIR companies employ more than 400,000 scientists and engineers—making the program the largest concentration of scientific and engineering talent in the United States, exceeding the combined total of all American academic and non-profit institutions. Each year, 10 federal agencies award \$2 billion in research contracts as part of the SBIR program.

Current Tibbetts Awards sponsors include Boeing, Northrop Grumman, NSF, NASA, the United States Navy, the Defense Advanced Research Projects Agency, the National Institutes of Health, and the Association for Manufacturing Technology.

SBIR IN TRANSITION III

Following the Tibbetts Awards, SBTC will sponsor its third "SBIR In Transition" conference on Oct. 11. SBTC sponsored the first version of the event the day after last year's Tibbetts Awards, and hopes to offer it twice per year.

The second version of the event, held March 6 in Washington, D.C., began with a speech by Marc G. Stanley from the National Institute of Standards and Technology, who serves as the director of the

Advanced Technology Program. Stanley spoke about SBIR's Phase III.

The luncheon keynote speaker was William Perciballi, chief executive officer of ArmorWorks, Inc., a Phoenix-based company that provides high-tech armor protection for the U.S. military. Perciballi spoke about "How Can SBIR Meet Our Highest Priority Warfighter Needs?"

On its frequently-asked questions page about the SBIR program (located at ed.gov/programs/sbir/faq.html), the U.S. Department of Education Web site defines the program's three phases thusly:

□ Phase I is a feasibility study to evaluate the scientific and technical merit of an idea;

□ Phase II is to expand on the results of and further pursue the development of Phase I;

□ Phase III is for the commercialization of the results of Phase II and requires the use of private sector or non-SBIR federal funding.

Complete materials from the event can be found in the members-only section of SBTC.org.

To register for upcoming "SBIR in Transition" events, call Jere Glover at 202-785-4300 or e-mail him at jglover@tibbettsawards.org. ★

NSBA Launches 'Tax Gap' Initiative

Organization realizes strong chance of impending IRS strong-armed audits

By Rob Yunich

Director of Communications

About a month before NSBA celebrated 70 years of small-business advocacy, it proved once again why it is such a respected organization. Following its long tradition of listening to the needs of its members and small-business owners across the country, NSBA launched a campaign initiative aimed at defeating Internal Revenue Service plans to narrow the so-called "tax gap" by targeting the small-business community.

The initiative, launched April 12, followed concern about the new burdens at the organization's 2007 Small Business Congress. In fact, NSBA members voted the "tax gap" as the top small-business priority for the 110th Congress.

New regulations advocated by the IRS would require small businesses to withhold payroll taxes on independent contractors and report payments in excess of \$600 to corporations of all sizes, even if a business owner is purchasing goods from a major retailer. The IRS also proposes giving itself direct access to all business credit card and checking account records.

"Instead of outsourcing collection efforts to law abiding small-business owners, the IRS should be conducting pointed research and analysis on how to improve services, simplify taxes and crack down on intentional tax evaders," said Paul Hense, NSBA's immediate past chair and head of the organization's "tax gap" committee. "In the last two years alone, audits of small corporations have increased 150 percent and the IRS would like to see this percentage continue to increase."

A recent nationwide survey conducted by NSBA shows that 61 per-



NSBA FILE PHOTO

NSBA hosted a seminar, featuring speakers Lawrence Hunter and Candace Ewell, focused on the "tax gap" during its 2007 Small Business Congress in February. The organization's members voted the "tax gap" as the top small-business priority for the 110th Congress. NSBA subsequently launched an initiative on the issue April 12.

cent of small-business owners are not even aware of the "tax gap." Once informed of the IRS proposals, however, the majority of survey respondents believed the proposals would increase burdens on their business. (More comprehensive survey results will be published in the next issue of the *Advocate* and are

"Instead of outsourcing collection efforts to law abiding small-business owners, the IRS should be conducting pointed research and analysis on how to improve services, simplify taxes and crack down on intentional tax evaders."

— Immediate Past Chair Paul Hense

available now on nsba.biz.)

NSBA fully supports efforts to collect legally-owed tax revenues, but not at the undue expense of the privacy and integrity of honest, hard-working entrepreneurs.

The "tax gap" is the IRS' estimate of the difference between the amount of tax owed and the amount actually collected by the government for a specific tax year. Currently, IRS estimates put the "tax gap" at more than \$290 billion. The estimate includes underreporting, nonfiling,

and underpayment.

The IRS claims that small businesses are to blame for a significant portion of this gap, mostly due to underreporting (understating income or overstating deductions). This claim has fueled the IRS' hiring of more auditors and the lobbying of Congress for increased funding to audit more small businesses.

Additionally, NSBA launched a comprehensive Web site (preventirsabuse.org) in conjunction with the initiative's premiere. Visitors to the site can read through an extensive list of frequently asked questions—covering topics such as filing requirements, what to do if they are audited, signs of unscrupulous tax preparers, and recordkeeping tips.

There also is a chance to share stories of IRS abuse with their peers, the press and policy makers as well as a blog, other resources, a chance to write to members of Congress and a series of news and opinion pieces.

For more information about the initiative, please visit nsba.biz or preventirsabuse.org. ★

NSBA Past Chair Paul Hense Testifies on 'Tax Gap'

By Rob Yunich

Director of Communications

NNSBA Immediate Past Chair Paul Hense testified before the House Small Business Committee during an April 26 hearing entitled, "Closing the Tax Gap Without Creating Burdens for Small Businesses." Hense serves as president of Hense and Associates, a certified public accounting firm in Grand Rapids, Mich.

Hense's testimony arrives two weeks after NSBA launched an initiative aimed at defeating Internal Revenue Service plans to narrow the so-called "tax gap" by targeting the small-business community. (More about the initiative can be found on the opposite page.)

During the hearing, Hense deftly told the committee members—including Chair Nydia Velázquez (D-N.Y.) and Ranking Member Steve Chabot (R-Ohio)—about the impact that potential increased IRS scrutiny would have on small businesses.

Once such example is a proposal in the FY2008 budget that recommends an expansion to the form 1099 filing system—which would mandate that a business file an information return on payments to corporations aggregating to \$600 or more in a calendar year.



NSBA FILE PHOTO

NSBA Immediate Past Chair Paul Hense testified before the House Small Business Committee at an April 26 hearing on the "tax gap," where he presented portions of NSBA's initiative to the assembled crowd.

"In practicality, this means that every time a small-business owner ships a package with Federal Express or uses some other service, and the expenses total more than \$600 by year-end, they would need to keep the receipts, prepare a form 1099 and file them not only with the IRS, but with Federal Express and any other companies as well," said Hense, who chairs the initiative's task force. "If

enacted, every small-business owner will face an increased paperwork and administrative burden for each additional 1099 form prepared. Increased costs are incurred for mailing additional forms and for hiring outside assistance to ensure that businesses are correctly complying with the law. Furthermore, if a business previously has not been required to utilize the form 1099 filing system, greater difficulties with compliance is likely to ensue."

Hense also conveyed NSBA's support of fundamental reform and simplification of the tax law. Perplexed, bothered and bewildered American taxpayers spent \$265 billion in 2006 just trying to comply with the tax laws and regulations.

Yet, even with this vast expenditure of money, no one—including small-business owners—is sure they successfully complied with the law. In fact, the U.S. Treasury Department's own Inspector General for Tax Administration found an 84-percent error rate in spot audit visits to 26 different IRS Assistance Centers across the country in 2004.

A transcript of Hense's testimony is available at nsba.biz/testimony.

NSBA Government Affairs Director Jody Milanese contributed to this story. ★

Kevin Brown Named Interim IRS Commissioner After Everson Leaves

By Rob Yunich

Kevin Brown, who previously served as the Internal Revenue Service's deputy commissioner and head of its small business/self-employed (SB/SE) division, has been named the agency's acting commissioner. Brown replaces Mark Everson, who departed the IRS to serve as the president and chief executive officer of the American Red Cross. Everson's last day at the IRS was May 4 and he began at the Red Cross on May 29.

Brown previously was promoted to deputy commissioner for services and enforcement on Nov. 9, 2006—when he was given the responsibility for overseeing the IRS' four operating divisions, criminal investigation and the Office of Professional Responsibility. Brown spent nearly six years in the SB/SE division, the last three as division commissioner. SB/SE serves 45 million taxpayers who file personal, corporate, employment, excise, estate, and gift tax returns.

In February 2006, Brown spoke to NSBA members and staff during a board meeting in Washington, D.C. During his presentation, Brown spoke about the IRS' quest to recover lost tax income due to non-reporting or underreporting. He added that auditing is currently the main avenue to accomplish this mission, but the IRS does not have sufficient audit staff to deal with the size of the problem. According to Brown, 75 percent of lost tax income comes from small businesses. However, he added that this was from a small population—as the majority of small-business owners (as with other business owners) pay their taxes correctly and on-time.

Information from that speech still resonates with the organization today—and provided valuable information for NSBA's recently-launched "tax gap" initiative. (You can learn more at preventirsabuse.org.) ★

NSBA At Work

Highlights of NSBA staff activities from the recent past

Every day, NSBA members and staff work to ensure that small-business owners are represented on Capitol Hill. Recent events include:

March 7

AMT Hearing

The House Ways and Means Committee held a hearing focusing on the Alternative Minimum Tax.

March 12

House Staff Meetings

NSBA staff met with key House staffers to garner interest for the reintroduction of the *Equity for Our Nation's Self-Employed Act*.

March 14

Coalition Meeting

NSBA staff attended a meeting of the Coalition for Fairness in Tax Compliance.

March 20

IRS Forum

NSBA staff attended an informational meeting with the Internal Revenue Service about small-business issues.

House 'Tax Gap' Hearing

The House Ways and Means Committee's Oversight Subcommittee conducted a hearing on the "tax gap."

March 21, 29

Senate Staff Meetings

NSBA staff met with key Senate staffers to garner interest for the reintroduction of the *Equity for Our Nation's Self-Employed Act*.

March 22

Withholding Hearing

The House Small Business Committee conducted a hearing on the issue of three-percent withholding on government contracts.

April 10

Health Insurance Forum

The Council of Smaller Enterprises hosted a special meeting of NSBA's Health and Human Resources Committee focusing on health market reform and development of NSBA's Health Policy.

April 12

House Staff Meeting

NSBA staff met with the staff of Rep. Jeff Fortenberry (R-Neb.), a member of the House Small Business Committee.

April 18

Senate 'Tax Gap' Hearing

The Senate Finance Committee held a hearing on the "tax gap."

April 19

House Staff Meetings

NSBA staff met with key House staffers to garner interest for the reintroduction of the *Equity for Our Nation's Self-Employed Act*.

Procurement Hearing

NSBA President Todd McCracken testified before the House Small Business Committee at a hearing entitled "Expanding Small Business' Access to Federal Contracts."

Energy Teleconference

NSBA staff participated in a teleconference with the staff of the House Small Business Committee regarding future small business energy efficiency legislation.

NSBA Supports Health Initiative

NSBA staff met with officials from the Department of Health and Human Services to discuss Secretary Michael O. Leavitt's Value-Driven Health Care Initiative, and become a national supporter.

April 20

Energy Star Teleconference

NSBA staff participated in a teleconference with the staff of the Energy Star Small Business program.

April 22-28

Cover the Uninsured Week

For the third consecutive year, NSBA served as a national supporter for Cover the Uninsured Week.

April 23

Coalition Meeting

NSBA staff attended a Family Business Estate Tax Coalition meeting.

April 26

House 'Tax Gap' Hearing

NSBA Immediate Past Chair Paul Hense testified before the House Small Business Committee at a hearing on the "tax gap."

April 30

Coalition Meeting

NSBA staff attended a meeting for the Government Withholding Relief Coalition lobby team.

May 2

SBA Roundtable

NSBA President Todd McCracken participated in a Senate Committee on Small Business and Entrepreneurship roundtable about reauthorization of the U.S. Small Business Administration.

May 4

Coalition Meeting

NSBA staff attended a Family Business Estate Tax Coalition meeting.

May 8

Energy Efficiency Meeting

NSBA staff met with the House Small Business Committee staff about small business energy efficiency legislation.

NSBA Calendar

DATE	SPONSOR	EVENT	LOCATION	REGISTRATION INFO
Aug. 26-28, 2007	National Small Business Association	Quarterly Board Meeting	Newport, R.I.	For more information, call Rosa Wright, 202-293-8830 or e-mail rwright@nsba.biz .
Oct. 10-11, 2007	Small Business Technology Council	Tibbetts Awards/Third SBIR Conference	Washington, D.C.	For more information, call Jere Glover, 202-785-4300 or e-mail jglover@tibbettsawards.org .
October/November 2007	National Small Business Association	Quarterly Board Meeting/Annual Membership Meeting	Las Vegas	For more information, call Rosa Wright, 202-293-8830 or e-mail rwright@nsba.biz .

NSBA At Work, continued

May 9

Price of Gas Hearing

NSBA member Mike Mitternacht testified before the House Select Committee on Energy Independence and Global Warming at a hearing entitled "Economics of Dependence of Foreign Oil—Rising Gasoline Prices."

May 10

Energy/Environmental Meeting

NSBA staff met with the staff of the House Select Committee on Energy Independence and Global Warming.

May 15

Small Business IRS Forum

NSBA staff attended a meeting with the IRS to gain the latest information pertaining to small businesses.

May 16

House Hearing

The House Small Business Committee held a hearing about energy, veterans' entrepreneurship, and the SBA's Entrepreneurial Development program.

SBA Reauthorization Hearing

The Senate Committee on Small Business and Entrepreneurship held a hearing to mark-up a piece of the SBA reauthorization legislation.

May 17

Liability Reform Hearing

The House Small Business Committee held a hearing on liability reform and small business.

Energy Group Teleconference

NSBA participated in a teleconference of the Consumer Energy Alliance's board of advisors.

May 18

Coalition Meeting

NSBA staff attended a meeting for the Government Withholding Relief Coalition.

May 21-23

House Staff Meetings

NSBA staff met with key House staffers to garner interest for the re-introduction of the *Equity for Our Nation's Self-Employed Act*.

May 22

Agriculture Policy Roundtable

NSBA staff participated in a House Small Business Committee roundtable on agriculture policy.

Minority Business Programs Hearing

The Senate Committee on Small Business and Entrepreneurship held a hearing on minority business programs.

May 23

Small Business Hearing

The House Small Business Committee conducted a mark-up of legislation regarding energy, veterans' entrepreneurship, and the SBA's Entrepreneurial Development program.

May 24

Credit Card Practices

NSBA staff met with the staff of the House Committee on Financial Services Subcommittee on Financial Institutions and Consumer Credit to discuss abusive credit card practices.

Energy Efficiency Hearing

The Senate Finance Committee's Subcommittee on Energy, Natural Resources, and Infrastructure of the held a hearing on energy efficiency tax credits.

May 30

Health Care Briefing

NSBA staff participated in a briefing hosted by Pfizer to discuss upcoming health care initiatives with the Health Policy Counsel for the House Committee on Energy and Commerce. ★



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