

The Most Partisan Time of the Year

Permanent repeal of the estate tax falls victim to congressional battle

By **Jody Milanese**

Government Affairs Manager

As the 109th Congress concludes—with only a possible lame-duck session remaining—it is unlikely Senate Majority Leader William Frist (R-Tenn.) will bring the “trifecta” bill back to the Senate floor. *H.R. 5970* combines an estate tax cut, minimum wage hike and a package of popular tax policy extensions. The bill fell four votes short in August.

Frist switched his vote to no during the Aug. 3 consideration of the *Estate Tax and Extension of Tax Relief Act of 2006*, which reserved his right as Senate leader to bring the legislation back to the floor. Despite Frist’s recent statement that “everything is on the table” for consideration prior to the November mid-term elections, many aides are doubtful the bill can be altered enough to garner three more supporters.

Senate Minority Leader Harry Reid (D-Nev.) has pushed hard to defeat the estate tax cut. Although Democrats historically have sought a minimum wage increase, they opposed the bill because of the estate tax provisions—saying it would bankrupt federal coffers by giving unnecessary tax breaks to the wealthiest Americans.

Senate Republicans recently have suggested sweetening the deal—possibly with an extension of middle class tax cuts—but there is wide skepticism over what elements could draw sufficient votes and whether



COURTESY ISTOCKPHOTO

The estate tax—and other parts of the current tax system—forces business owners to pay exorbitant amounts of money to the government and complete myriad forms.

any Democrats who voted against the measure would switch their position in an election year.

Frist has given a task force of four senators—Finance Chairman Charles Grassley (R-Iowa), Budget Chairman Judd Gregg (R-N.H.), Policy Chairman Jon Kyl (R-Ariz.) and Sen. Trent Lott (R-Miss.)—the chance to come up with a strategy for tweaking the trifecta bill so it can pass the Senate.

Meanwhile, Reid is increasing pressure on Frist to pass the non-controversial “extenders” part of the package, which includes an extension of the research and development credit and state sales tax deductions, along with several other items. Some companies and trade associations that benefit from the research and development credit are urging House and Senate leaders to abandon the trifecta strategy and move tax extenders to a separate measure.

House Majority Leader John Boehner (R-Ohio) has maintained

that, as of now, there is no intention of separating elements of the trifecta package before a lame-duck session.

Since failing in the Senate in August, there has been wide debate over the best course of action to take in achieving this top Republican priority. While Frist remains optimistic, most believe the measure cannot pass in this partisan environment. Some suggest that the Senate should vote before the election and, if it fails, try to move elements of the measure (such as the extenders) separately in a lame-duck session.

Others propose the Senate should vote on the same three-pronged package after the mid-term elections, when the estate tax issue has lost some of its partisanship.

HOUSE PASSAGES

In spite of the Senate’s difficulty, the House successfully approved *H.R. 5970* on July 29 by a vote of 230-180. The House-passed version

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NSBA FILE PHOTO

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SAVE THE DATE: NSBA'S 70TH ANNIVERSARY GALA

Celebrating the 70th anniversary of the small business movement

May 9, 2007
National Museum of
Women in the Arts
Washington, D.C.

More information will
be available in the
Advocate and on
nsba.biz.



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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.

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included a provision in which the estate-tax reduction gradually increases the individual exemption level to an estate size of \$5 million in 2015 and subsequently indexes the exemption amount to inflation.

Estates ranging in size between the exemption amount and \$25 million are taxed at the top capital gains rate,

which is currently 15 percent. In 2011, the capital gains rate and the estate tax rate will increase to 20 percent.

Under the House bill, estates larger than \$25 million are taxed at 40 percent starting in 2010, but decrease to 30 percent by 2015. In 2015, the \$25 million estate size also will be indexed for inflation. This approach removes the burden of the estate tax from the back of the nation's small businesses.

This is not the first time the House has managed to pass estate-tax repeal legislation. In June, after the Senate failed to pass a cloture motion on permanent repeal of the estate tax, the House quickly moved a compromise through that chamber.

House Ways and Means Chairman Bill Thomas (R-Calif.) introduced *H.R. 5638* (the *Permanent Estate Tax Relief Act of 2006*), which gained rapid momentum and passed June 22 by a vote of 269-156.

The House-approved measure exempts estates worth less than \$5 million per spouse, taxes those worth less than \$25 million at the capital gains rate and taxes wealthier estates at twice that rate. Critically important, the bill indexes this exemption for inflation—ensuring that the benefits of the legislation remain for future generations.

Permanent repeal of the estate tax remains a top priority for NSBA and

many business owners. Under current law, the estates of deceased business owners must pay the government up to 55 percent in taxes on all assets—including land, buildings, equipment and all other forms of property.

Because of this law, the death of a small-business owner forces the outright sale (or liquidation) of a part

Because of this law, the death of a small-business owner forces the outright sale (or liquidation) of a part of their firm. Therefore, the estate tax forces entrepreneurs to make a difficult decision: either drain capital from the business for expensive estate-planning measures or liquidate the business to pay the estate tax. Federal estate and gift taxes harm family-owned businesses on an ongoing basis—starting long before the death of the owner.

of their firm. Therefore, the estate tax forces entrepreneurs to make a difficult decision: either drain capital from the business for expensive estate-planning measures or liquidate the business to pay the estate tax. Federal estate and gift taxes harm family-owned businesses on an ongoing basis—starting long before the death of the owner.

The owner of a business, in preparation for the transfer of ownership of the company, must take various expensive estate-planning measures, such as purchasing insurance and/or creating trust funds to ensure its future viability.

If these steps are not taken, the purchaser of the business will be left to pay the estate tax. Either way, a large portion of the business' resources, which could be reinvested into the company, is wasted on these burdensome taxes. The estate tax imposes enormous annual costs on

businesses in the form of legal and accounting fees, insurance premiums and appraisal fees.

Moreover, estate-tax liability considerations frequently affect business decisions about investments and expansions. It is a sad reality, but only six out of 10 family businesses are passed to a second generation—and

only one out of 10 make it to the third generation.

Fortunately, hope exists for the repeal of this antiquated tax.

President George W. Bush's *Economic Growth and Tax Relief*

Reconciliation Act of 2001, signed into law in the 107th Congress, contained a provision that will gradually phase out the estate tax until its elimination in 2010.

Unfortunately, due to Senate budget rules, the estate tax will return to life in 2011. To prevent this reversal and permanently repeal the estate tax, NSBA is an active member in the largest coalition of small-business advocates speaking out to ensure permanent repeal.

NSBA remains engaged on all compromise legislation that has been offered—to ensure small-business owners are provided the relief, certainty and consistency they need when it comes to estate planning. NSBA hopes an agreement will be reached in the near future to end this outdated and inefficient tax on family businesses.

More information can be found at nsba.biz/issues. ★

Interested in small business technology, SBIR, or STTR?

sbtc.org

Chair's Message

Important Times Ahead for NSBA

By Paul Hense

NSBA Chair

This is the time to assess the value of your membership in the National Small Business Association. A new Congress will convene in January and the make-up of that assembly of representatives and senators will make decisions that have a dramatic impact on the quality of your life.

This is not about partisan issues. NSBA has consistently measured our support by the values the candidates have—not their party affiliation.

One measure of NSBA's non-partisan nature is displayed in this issue of the *Advocate*, starting on p. 6.

There, you will find a close-up of a few congressional races, a feature on NSBA's key votes, and a list of House candidates endorsed by the Small Business Victory Fund (NSBA's political action committee).

One of NSBA's goals is to have influence on both sides of the aisle in order to attain tax equity for small-business owners. The tax code, as it stands today, still contains inequities in the taxation of small business relative to government or big businesses.

Today, a sole proprietor still cannot deduct health insurance for the purpose of computing the self-employment tax. This means that a small-business owner pays 15 percent of their health insurance in self-employment taxes. If an employee and an employer each pay \$10,000 for health insurance, the small-business owner pays an additional \$1,500 in taxes for which the employee is



PHOTO BY MICHAEL BUCK

not liable. We have not yet been able to achieve tax parity in that area.

Meanwhile, pension plans are complicated, cumbersome, and expensive to operate. The reason for the complexity is Congress' fear of inequity in pension contributions between wealthy owners and lower-income employees. In the process of limiting rich people's pension contributions, Congress has severely damaged the capacity of medium-income business owners to fund their own pensions.

To the average person, this seems irrational—but in the convoluted world of political influence, this is another area where small business has been shortchanged. We need to continue to pressure Congress and urge them to treat small business equally in this area.

Another area that will test your tolerance of irrational tax concepts is

the so-called cafeteria (Section 125) plans. Somehow, in the world of tax policy as perceived in Washington, small-business owners do not need the child care, medical, and other benefits covered under cafeteria plans.

If a person starts a business and hires an employee, the employee gets full Section 125 benefits, while the owner gets severely-reduced benefits. Somehow, Congress saw fit to punish the owner for having the initiative to launch a job-creating enterprise.

It is NSBA's goal to encourage politicians in both parties to see the counter productivity of punishing the very people who can fight poverty through entrepreneurship. The more members we have, the more effectively we can pursue our goals of making America a better place to build a quality life.

Finally, please put two very important dates on your calendar. NSBA will hold its biennial Small Business Congress on Feb. 15-17, 2007 at the Hilton Scottsdale Resort and Villas in Scottsdale, Ariz.

A few months later, we will celebrate the 70th anniversary of NSBA and the small-business movement during a very special gala on May 9, 2007. The celebration will take place during our annual Washington Presentation on May 8-10.

Both events cannot be missed, as they give you an opportunity to directly communicate with members of Congress. Please look for updates on our Web site, nsba.biz.

As always, your membership and support is appreciated. ★

An Invitation to Attend NSBA's Annual Membership Meeting

When: Friday, Nov. 3

Where: The Westin Resort, Two Grasslawn Avenue, Hilton Head Island, S.C.

Questions/RSVP: Call Rosa Wright, 202-293-8830, or e-mail her, rwright@nsba.biz.

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Featured Races

Tough Challenge Ahead for Incumbent DeWine

By Molly Brogan

Government Affairs Director

Home to the seventh largest congressional delegation, Ohio always has been a key state for federal elections. However, the Buckeye State has reached critical status for the 2006 elections. Traditionally considered a Republican state, Ohio appears to be shifting left—creating an incredibly tough re-election race for the incumbent, Republican Sen. Mike DeWine.

DeWine easily won in 2000 with 60 percent of the vote. The senior senator from Ohio, DeWine is known as a tough and focused campaigner with many successes under his belt.

But the momentum appears to be shifting. The 2004 presidential election yielded an extremely close call (which drew scrutiny by Democrats), but ultimately went to President George W. Bush. A similar result



Sen. Mike DeWine (R-Ohio)

COURTESY SEN. MIKE DEWINE

occurred during an August 2005 special election in Ohio's second district, when Republican Jean Schmidt defeated Democrat Paul Hackett.

DeWine's challenger in the 2006 election, Rep. Sherrod Brown, has been feeding off the momentum and was leading in the polls by six points at press time. While certainly a tight margin, that six-point spread is far closer than the national trend—which has Democrats favored by 12 points,

according to an early September Gallup poll.

DeWine also is known as a friend to small business. Scoring an 87 percent voting score compared to NSBA's key votes, he has a clear understanding of what issues are important to small business. While Brown co-sponsored NSBA legislation in the House to eliminate the self-employment tax on health care, he only received a 27 percent overall score during the 109th Congress.

DeWine is a key voice in the health care reform debate and he is on the Health, Educations, Labor and Pensions committee—bringing with him a keen understanding of the problems and potential solutions.

The Small Business Victory Fund (NSBA's political action committee) is pleased to endorse DeWine, as it did in 2000. ★

Colorado's Seventh District Remains Hotly Contested

By Molly Brogan

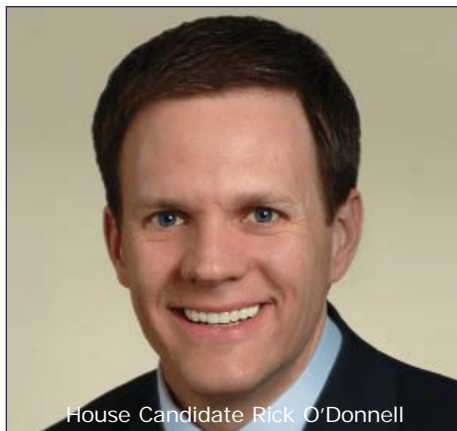
Government Affairs Director

The battle to represent Colorado's seventh district in the House continues to be one of the most hotly contested races in the country. The district currently leans slightly Democratic, but only by a two-point margin. Bob Beauprez represented the district, which was created by a 2002 redistricting, for the last two terms.

However, Beauprez is not running for re-election, instead representing the Republican party in the gubernatorial race against Democrat Bill Ritter. (Current Republican Gov. Bill Owens is retiring.) Beauprez won his initial House election by 121 votes, but captured his re-election by a more comfortable 12-percent margin.

The candidates running to replace Beauprez are Rick O'Donnell (R), the former head of the Colorado Department of Higher Education, and former state Sen. Ed Perlmutter.

The Small Business Victory



House Candidate Rick O'Donnell

COURTESY MIKE O'DONNELL

Fund (NSBA's political action committee) sent surveys both candidates, but only O'Donnell responded. He received a score of 11 out of 13.

O'Donnell's responses indicate that he agrees with NSBA on several key issues: the elimination of the Alternative Minimum Tax, health care reform incorporating individual responsibility, estate tax repeal and tort reform.

The Small Business Victory Fund is pleased to endorse O'Donnell as a

friend of small business.

Similar to Ohio (see profile above), Colorado is a state that traditionally leans Republican. However, there currently appears to be a decreasing gap between conservatives and liberals.

The seventh district includes three counties: Adams County (15 percent of voters), which is heavily Democratic; Arapahoe County (23 percent), largely Republican; and Jefferson County (62 percent), which is evenly divided.

During the 2004 presidential election, members of the seventh district voted 51 percent for the challenger, Sen. John Kerry (D-Mass.), and 48 percent for President George W. Bush. It remains one of the most closely-divided districts in the country.

The seventh district race currently resides toward the top of pollsters' watch lists and likely will remain there until Election Day on Nov. 7. ★

An additional profile is located on p. 8

Small Business Victory Fund Issues Endorsements

NSBA regularly monitors the voting records of members of Congress. NSBA then compares those records to its key votes and calculates a “score” based on the percentage of time they vote in line with NSBA’s priority issues.

The Small Business Victory Fund (SBVF), NSBA’s political action committee, evaluated those scores and also selected candidates who were especially supportive on a particular issue.

For open-seat candidates, the SBVF sent out a survey to determine the candidate’s opinion about some of NSBA’s priority issues.

The NSBA priority issues (and NSBA’s position) that were considered include:

- The Fair Tax (NSBA supports)
- Health care transparency and quality enhancement (NSBA supports)
- Association Health Plans (NSBA opposes)
- Repeal of the estate tax (NSBA supports)
- Elimination of the self-employment tax on health care (NSBA supports)

- Medical liability reform (NSBA supports)
- Tort reform (NSBA supports)
- Regulatory burden reform (NSBA supports)
- Expansion of tax relief and extenders (NSBA supports)
- Minimum wage increases (NSBA opposes)

Election endorsements for seats in the House of Representatives (and their districts) are listed below.

A complete list of NSBA’s key votes and Senate endorsements is located at nsba.biz. ★

Rep. Terry Everett (Ala.-2)
Rep. Michael Rogers (Ala.-3)
Rep. Robert Aderholt (Ala.-4)
Rep. Don Young (Alaska-At Large)
Rep. Rick Renzi (Ariz.-1)
Rep. Trent Franks (Ariz.-2)
Rep. Marion Berry (Ark.-1)
Rep. John Boozman (Ark.-3)
Rep. Wally Herger (Calif.-2)
Rep. Dan Lungren (Calif.-3)
Rep. George Radanovich (Calif.-19)
Rep. Devin Nunes (Calif.-21)
Rep. Elton Gallegly (Calif.-24)
Rep. Howard McKeon (Calif.-25)
Rep. David Dreier (Calif.-26)
Rep. Jerry Lewis (Calif.-41)
Rep. Gary Miller (Calif.-42)
Rep. Ken Calvert (Calif.-44)
Rep. Mary Bono (Calif.-45)
Rep. Darrell Issa (Calif.-49)
Rep. Duncan Hunter (Calif.-52)
Rep. Marilyn Musgrave (Colo.-4)
Mr. Doug Lamborn (Colo.-5)
Rep. Thomas Tancredo (Colo.-6)
Mr. Rick O’Donnell (Colo.-7)
Rep. Nancy Johnson (Conn.-5)
Rep. Ginny Brown-Waite (Fla.-5)
Rep. Cliff Stearns (Fla.-6)
Rep. John Mica (Fla.-7)
Rep. R. Clay Shaw (Fla.-22)
Rep. Lynn Westmoreland (Ga.-3)
Rep. John Linder (Ga.-7)
Rep. Nathan Deal (Ga.-9)
Rep. Charles Norwood (Ga.-10)
Rep. Phil Gingrey (Ga.-11)
Mr. Bill Sali (Idaho-1)

Rep. Mike Simpson (Idaho-2)
Rep. Chris Chocola (Ill.-2)
Rep. Dan Lipinski (Ill.-3)
Rep. Mark Kirk (Ill.-10)
Rep. Jerry Weller (Ill.-11)
Rep. Judy Biggert (Ill.-13)
Rep. J. Dennis Hastert (Ill.-14)
Rep. Donald Manzullo (Ill.-16)
Rep. Ray LaHood (Ill.-18)
Rep. John Shimkus (Ill.-19)
Rep. Steve Buyer (Ind.-4)
Rep. Tom Latham (Iowa-4)
Rep. Jerry Moran (Kan.-1)
Rep. Jim Ryun (Kan.-2)
Rep. Edward Whitfield (Ky.-1)
Rep. Ron Lewis (Ky.-2)
Rep. Anne Northup (Ky.-3)
Rep. Harold Rogers (Ky.-5)
Rep. Bobby Jindal (La.-1)
Rep. Charles Boustany (La.-7)
Rep. Wayne Gilchrest (Md.-1)
Rep. Peter Hoekstra (Mich.-2)
Rep. Vernon Ehlers (Mich.-3)
Rep. Dave Camp (Mich.-4)
Rep. Michael Rogers (Mich.-8)
Rep. Joseph Knollenberg (Mich.-9)
Rep. Candice Miller (Mich.-10)
Rep. Thaddeus McCotter (Mich.-11)
Rep. Gil Gutknecht (Minn.-1)
Rep. John Kline (Minn.-2)
Rep. Jim Ramstad (Minn.-3)
Rep. Collin Peterson (Minn.-7)
Rep. Roger Wicker (Miss.-1)
Rep. Todd Akin (Mo.-2)
Rep. Sam Graves (Mo.-6)
Rep. Roy Blunt (Mo.-7)

Rep. Jo Ann Emerson (Mo.-8)
Rep. Kenny Hulshof (Mo.-9)
Rep. Dennis Rehberg (Mont.-At Large)
Rep. Jeff Fortenberry (Neb.-1)
Mr. Dean Heller (Nev.-2)
Rep. Jon Porter (Nev.-3)
Rep. Charles Bass (N.H.-2)
Rep. Michael Ferguson (N.J.-7)
Rep. Rodney Frelinghuysen (N.J.-11)
Rep. Heather Wilson (N.M.-1)
Rep. Steve Pearce (N.M.-2)
Rep. Nydia Velázquez (N.Y.-12)
Rep. Vito Fossella (N.Y.-13)
Rep. Sue Kelly (N.Y.-19)
Rep. John Sweeney (N.Y.-20)
Mr. Raymond Meier (N.Y.-24)
Rep. James Walsh (N.Y.-25)
Rep. Thomas Reynolds (N.Y.-26)
Rep. Randy Kuhl (N.Y.-29)
Rep. Walter Jones (N.C.-3)
Rep. Virginia Foxx (N.C.-5)
Rep. Robin Hayes (N.C.-8)
Rep. Charles Taylor (N.C.-11)
Rep. Steve Chabot (Ohio-1)
Rep. Jean Schmidt (Ohio-2)
Rep. Michael Turner (Ohio-3)
Mr. Jim Jordan (Ohio-4)
Rep. Paul Gillmor (Ohio-5)
Rep. David Hobson (Ohio-7)
Rep. John Boehner (Ohio-8)
Rep. Stephanie Tubbs Jones (Ohio-11)
Rep. Patrick Tiberi (Ohio-12)
Rep. Steven LaTourette (Ohio-14)
Rep. Deborah Pryce (Ohio-15)

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Rep. Robert 'Bud' Cramer Notches Perfect Score

By Rob Yunich

Director of Communications

Throughout the 109th Congress, only one person—Rep. Robert “Bud” Cramer (D-Ala.)—in either the House or Senate notched a 100-percent score compared to NSBA’s list of priority issues. (More information about the issues can be found on p. 7 or at nsba.biz/issues.)

Cramer, who is running unopposed for the right to represent the Yellowhammer State’s fifth district, first entered the House in 1991.

His district includes seven coun-



Rep. Robert “Bud” Cramer (D-Ala.)

COURTESY REP. ROBERT CRAMER

ties across northern Alabama: Colbert, Jackson, Lauderdale, Limestone, Madison, and Lawrence

Counties as well as part of Morgan County. Cramer was born and raised in Huntsville and earned a law degree from the University of Alabama in 1972.

Cramer voted with NSBA on two very important issues—estate tax repeal and funding for the 7(a) loan program—as well as 15 other bills in the House during the 109th Congress.

The Small Business Victory Fund (NSBA’s political action committee) supports Cramer in the 2006 election, just as it did in 2004—and thanks him for being a friend of small business. ★

Small Business Victory Fund Issues Endorsements (continued from p. 7)

Rep. Ralph Regula (Ohio-16)
Rep. Tim Ryan (Ohio-17)
Rep. John Sullivan (Okla.-1)
Rep. Dan Boren (Okla.-2)
Rep. Frank Lucas (Okla.-3)
Rep. Tom Cole (Okla.-4)
Rep. Greg Walden (Ore.-2)
Rep. Philip English (Pa.-3)
Rep. Melissa Hart (Pa.-4)
Rep. John Peterson (Pa.-5)
Rep. Curt Weldon (Pa.-7)
Rep. Bill Shuster (Pa.-9)
Rep. Don Sherwood (Pa.-10)
Rep. Charles Dent (Pa.-15)
Rep. Joseph Pitts (Pa.-16)
Rep. Timothy Murphy (Pa.-18)
Rep. Todd Platts (Pa.-19)
Rep. Henry Brown (S.C.-1)
Rep. Joe Wilson (S.C.-2)
Rep. Bob Inglis (S.C.-4)
Mr. David Davis (Tenn.-1)

Rep. Zach Wamp (Tenn.-3)
Rep. Lincoln Davis (Tenn.-4)
Rep. Bart Gordon (Tenn.-6)
Rep. Marsha Blackburn (Tenn.-7)
Rep. John Tanner (Tenn.-8)
Rep. Louie Gohmert (Texas-1)
Rep. Sam Johnson (Texas-3)
Rep. Kay Granger (Texas-12)
Rep. Chet Edwards (Texas-17)
Rep. Lamar Smith (Texas-21)
Rep. Kenny Marchant (Texas-24)
Rep. Pete Sessions (Texas-32)
Rep. Rob Bishop (Utah-1)
Rep. Jim Matheson (Utah-2)
Rep. Chris Cannon (Utah-3)
Rep. Jo Ann Davis (Va.-1)
Rep. Thelma Drake (Va.-2)
Rep. Virgil Goode (Va.-5)
Rep. Frank Wolf (Va.-10)
Rep. Thomas Davis (Va.-11)
Rep. Doc Hastings (Wash.-4)

Rep. Cathy McMorris (Wash.-5)
Rep. Dave Reichert (Wash.-8)
Rep. Shelley Moore Capito (W.Va.-2)
Rep. Paul Ryan (Wis.-1)
Rep. Barbara Cubin (Wyo.-At Large)

UNOPPOSED CANDIDATES

Rep. Robert “Bud” Cramer (Ala.-5)
Rep. Spencer Bachus (Ala.-6)
Rep. F. Allen Boyd (Fla.-2)
Rep. Jim McCrery (La.-4)
Rep. Rodney Alexander (La.-5)
Rep. Richard Baker (La.-6)
Rep. Charles Pickering (Miss.-3)
Rep. Mike Conaway (Texas-11)
Rep. Henry Cuellar (Texas-28)
Rep. Randy Forbes (Va.-4)
Rep. Bob Goodlatte (Va.-6)
Rep. Thomas Petri (Wis.-6)

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Save the Date: 2007 NSBA Small Business Congress

When: February 15-17, 2007

Where: Hilton Scottsdale Resort and Villas,
6333 North Scottsdale Road, Scottsdale, Arizona

Room Rate: \$215 per night

Registration Rate: TBA

Questions/RSVP: Call Rosa Wright, 202-293-8830,
or e-mail her, rwright@nsba.biz.

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NSBA Remembers Lewis A. Shattuck

By Rob Yunich and Mary Heindl

Staff Writers

At one point during his term as president of the Smaller Business Association of New England (SBANE), Lewis A. Shattuck arranged a meeting with then-President Richard Nixon to bring attention to small businesses. This kind of meeting was a usual occurrence for Shattuck, who frequently was able to bring the interests of small business to the attention of the U.S. Congress and even the White House.

“One particular meeting between Lew and Nixon was especially prophetic,” said Leo McDonough, a longtime friend of Shattuck’s and president emeritus of SMC Business Councils in Pittsburgh. “Nixon told Lew that he always knew where big business stood because they spoke with a unified voice. On the other hand, Nixon said, one never knew where small business stood because there were so many groups clamoring for attention—all sending a different message. Nixon recommended that the small-business groups unite and speak with one voice if they wished to have any real impact on public policy. It was a sobering but extremely relevant message.”

After a distinguished career as a small-business advocate, Shattuck passed away at his home in Hardwick, Vt., on Aug. 6. At the time of his death, Shattuck was one of NSBA’s honorary trustees along with McDonough.

“Lew Shattuck was a pivotal figure in the history of the small-business movement,” NSBA President Todd McCracken said. “Without Lew’s leadership and vision, we might not have an Office of Advocacy at the [U.S. Small Business Administration (SBA)], the proactive bi-partisan mission that drives NSBA, or be able to reflect on three successful White House Conferences on Small Business. Though he bestowed the title on many others, Lew truly was a



NSBA FILE PHOTOS

At left, Lewis A. Shattuck (right) joins longtime friend and fellow NSBA honorary trustee Leo McDonough. At right, Shattuck greets SBTC Executive Director Jere Glover.

‘Great American.’”

The meeting between Shattuck and Nixon ultimately led to the partnership of SBANE and SMC under the umbrella of Small Business United (one of NSBA’s predecessors). The Council of Small and Independent Business Associations (COSIBA) subsequently was formed through a collaborative venture between SBANE, SMC Business Councils, the Council of Smaller Enterprises, and other groups.

With Shattuck taking the lead, COSIBA helped author the *Small Business Growth and Jobs Creation Act of 1976* and was a driving force behind the Office of Advocacy’s formation. The first White House Conference on Small Business followed in 1980. After the conference, the group joined NSBA and comprised its affiliates.

“When all the divergent groups united, the small-business movement began to take off,” McDonough said. “Lew’s life is a shining example of what one person can do with a clear goal and the burning ambition to serve others.”

Shattuck served as SBANE president for 25 years and helped create the Washington Group, which later became known as the Washington Presentation. The annual event is one of NSBA’s signatures. And it was those face-to-face meetings with congressional members and U.S. presidents that made it all possible.

“Lew was the best mentor a new member/SBANE volunteer could

ever have,” former SBANE chair Marijo McCarthy said. “When I first became active more than 20 years ago, Lew immediately encouraged me to become active and then take on the chairmanship of the Massachusetts Legislative Affairs Committee. I never looked back. I was chair of SBANE for two years, all thanks to the early support and mentoring by Lew. He will be missed by enormous numbers of people.”

Shattuck started at SBANE in 1965 and retired in 1990.

“Lew was a small-business activist both in legislation and education,” said Phyllis Marcus, who worked at SBANE with Shattuck for nearly his entire time there. “He was a high-energy guy who got people involved. Lew enlisted the support of small-business owners to testify on issues before Congress. Lew also saw the need to provide services that were not readily available, such as health insurance, at reduced costs to the small-business entrepreneur.”

The Senate honored Shattuck in 1991 with a resolution detailing his “instrumental role in the organization and passage of the White House Conferences on Small Business and his strong and effective advocacy in creating the Small Business Innovative Research program, which extends federal grant money to small businesses.”

Two sons, James and Thomas Shattuck, survive him.

Please visit lewshattuck.com for details and more information. ★

NSBA Launches 2007 Advocate Award

By **Rob Yunich**

Director of Communications

Each spring, NSBA gives its members an opportunity to meet with elected officials and discuss the same type of essential issues that are the focus for small-business owners throughout the year.

Next year during the event, appropriately called the Washington Presentation, NSBA will be honoring its Small Business Advocate of the Year—recognizing the dedication to advocacy of small-business owners.

In 2007, NSBA also will be celebrating the 70th anniversary of the organization and the small-business movement.

Award applicants must demonstrate a commitment to small-business advocacy, a proven history of voluntary efforts and endeavors to advance small business and improve the conditions for



NSBA FILE PHOTO

NSBA Chair Paul Hense presented an award honoring Robert Schmidt as NSBA's Small Business Advocate of the Year during the 2006 Washington Presentation.

small-business owners; success and growth as a small-business owner; and any other accomplishments demonstrating merit as an effective advocate for small business interests.

Applicants also must be a small-business owner and are permitted to nominate themselves.

The remaining portion of the nomination process will proceed using the schedule below.

Please submit nominations to:

Rob Yunich
Small Business Advocate
of the Year Award
National Small Business Association
1156 15th Street NW Suite 1100
Washington, DC 20005-1755

Robert Schmidt of Cleveland won the 2006 award. Schmidt founded Cleveland Medical Devices Inc. and Orbital Research Inc. in 1990.

More information about the award, submission guidelines, and the application form can be found at nsba.biz/award. ★

DEADLINE	LOCATIONS
Friday, Oct. 20	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.
Friday, Nov. 17	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.
Friday, Dec. 22	Delaware, District of Columbia, Georgia, Kentucky, Maryland, Missouri, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.
Friday, Jan. 19, 2007	Alabama, Arkansas, Florida, Louisiana, Mississippi, Puerto Rico, and Texas.

Top 10 Features of NSBA.biz

1. Read NSBA news as it happens.
2. Take action!
3. Read all of NSBA's issue briefs.
4. Stay updated on the organization's press releases.
5. See when NSBA appears in newspapers, on television and on the radio.
6. Sign up for our eNewsletter or join our e-mail list.
7. Find out about all of the benefits available to NSBA members.
8. Read about NSBA's storied history.
9. Take advantage of the many resources on the Web site.
10. Join NSBA, if you have not already.

Did You Know?

The National Small Business Association will be celebrating the 70th anniversary of the organization and the small-business movement during a gala, to be held at the National Museum of Women in the Arts in Washington, D.C. NSBA, the nation's oldest small business advocacy organization, reaches more than 150,000 small-business owners throughout the United States, British Virgin Islands, Guam, Puerto Rico, and U.S. Virgin Islands.

NSBA Calendar

DATE	SPONSOR	EVENT	LOCATION	REGISTRATION INFO
Oct. 12-13	Council of Smaller Enterprises	2006 Small Business Conference	IX Center, Cleveland	Register online (<i>cose.org</i>), call COSE customer service, 216-592-2222, or e-mail <i>customerservice@cose.org</i> .
Thursday-Friday, Nov. 2-3	National Small Business Association	Quarterly Board Meeting/Annual Membership Meeting	The Westin Resort, Two Grasslawn Avenue, Hilton Head Island, S.C.	For more information, call Rosa Wright, 202-293-8830 or e-mail <i>rwright@nsba.biz</i> .
Feb. 15-17, 2007	National Small Business Association	Small Business Congress	Hilton Scottsdale Resort and Villas, 6333 North Scottsdale Road, Scottsdale, Ariz.	For more information, call Rosa Wright, 202-293-8830 or e-mail <i>rwright@nsba.biz</i> .
May 8-10, 2007	National Small Business Association	70th Anniversary Gala/2007 Washington Presentation	Wyndham Washington/ National Museum of Women in the Arts, Washington, D.C.	For more information, call Rosa Wright, 202-293-8830 or e-mail <i>rwright@nsba.biz</i> .

NSBA At Work

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

July 5

CMS Briefing

NSBA staff met with officials from the Centers of Medicare and Medicaid Services (CMS) to discuss potential partnerships and small-business outreach.

July 12

Contractors Coalition Meeting

NSBA staff attended an Independent Contractors Coalition meeting to discuss preserving and protecting the rights for individuals to pursue independent contractor status.

July 13

Regulatory Reform Hearing

The House Small Business Committee's Subcommittee on Regulatory Reform and Oversight held a hearing about the status of the Bush Administration's efforts to repeal or amend 76 different federal regulations affecting the manufacturing sector.

July 13

SBA Farewell Reception

NSBA President Todd McCracken co-hosted a farewell reception for Hector Barreto, the outgoing administrator of the U.S. Small Business Administration (SBA).

July 24-28

Estate Tax Meetings

NSBA staff attended meetings with key House and Senate staffers regarding the *Estate Tax and Extension of Tax Relief Act of 2006*.

July 25

Regulatory Flexibility Act Hearing

The House Small Business Committee held a hearing entitled "Failure to Comply with the Regulatory Flexibility Act: IRS Endangering Small Businesses Yet Again."

Note: Congress was on recess from Aug. 7-Sept. 5.

July 25

SBA Welcome Reception

NSBA staff participated in a welcome reception for new SBA Administrator Steve Preston.

July 27

SBA Reauthorization Hearing

The Senate Committee on Small Business and Entrepreneurship held mark-up for SBA reauthorization legislation.

Aug. 2

Tax Relief Coalition Meeting

NSBA staff attended a meeting to discuss Sec. 511 of the *Tax Increase Prevention and Reconciliation Act of 2005*. The group discussed reasons to oppose the act and the ramifications if it is implemented.

Sept. 19

Sarbanes Oxley Hearing

The House Financial Services Committee held a hearing to review the Sarbanes Oxley Act.

NSBA
National Small Business Association®
1156 15th Street NW
Suite 1100
Washington, DC 20005
nsba.biz



MORE THAN JUST A PRETTY INTERFACE.

Sure our new Web site looks great. But, in this case, beauty is more than skin deep. That's because the new usps.com is filled with easy-to-use tools to help you take care of just about all your shipping needs. From printing labels to paying postage to requesting free Carrier Pickup™ of all your packages. Visit usps.com today.

