



May 14, 2015

The Honorable Vern Buchanan  
U.S. House of Representatives  
2104 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Linda Sanchez  
U.S. House of Representatives  
2329 Rayburn House Office Building  
Washington, D.C. 20515

Dear Representatives Buchanan and Sanchez,

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I want to thank you for introducing a bill to increase the start-up deduction for new small businesses from \$5,000 to \$20,000.

While a typical business can deduct its business expenses in the year the expenses are paid, a start-up business is limited in the amount it can deduct. Managing such expenses is important to operating a successful business. According to an NFIB Small Business Poll, the cost of materials and supplies are among the most prominent expenses for small business owners. The current start-up deduction limits the amount of such deductions to \$5,000 in the first year of the business.

NFIB is pleased that this bill would provide an increase in the deductibility for a new small business's expenses, and simplify the tax code by consolidating the three existing start-up and organizational cost provisions into a single code section so that businesses can benefit regardless of how they are organized (e.g., partnership, LLC, corporation). Most new small businesses face significant start-up costs, including advertising, obtaining licenses, permits and fees, paying rent, hiring business and financial consultants and providing employee training. Current tax law prohibits deducting these costs until business commences. Under this bill, expenses connected with setting up or investigating the creation of a new business would be deductible in the first year of the business.

During a time of slow economic recovery, this legislation provides a significant incentive for entrepreneurs to start their own business. By increasing and simplifying the start-up cost deduction, small business owners will be able to put money back into their business sooner, creating greater opportunities for job creation and investment in local economies.

Thank you again for introducing this bill to help America's small businesses. I look forward to working with you on this issue as the 114th Congress continues.

Sincerely,

A handwritten signature in black ink that reads "Amanda Austin". The signature is written in a cursive, flowing style.

Amanda Austin  
Vice President  
Public Policy