



A Comparison of the Presidential Candidates

on

Key Issues of Concern to the U.S. Small Business and Entrepreneurial Sector

**August 25, 2008
(updated August 28, 2008)**

Have presidential candidates -- Republican John McCain and Democrat Barack Obama -- provided ample detail with respect to their positions and platforms on key small business issues? Some have criticized that they have not, while others says the plans provided by the campaigns provide a solid roadmap of where the two candidates will take our country on issues that impact the climate for small business start-up and growth.

In visiting the websites of each candidate, and gleaming through media reports citing their positions, the Small Business & Entrepreneurship Council (SBE Council) has been able to retrieve significant information on what each candidate proposes to do on major issues if elected president.

As each candidate releases more details on issues of top concern to entrepreneurs, SBE Council will update the listing provided in the grid. We welcome direct contact from the campaigns, as well as information from our members and the general public regarding new information that can be included or updated in our comparison.

**Karen Kerrigan
President & CEO
SBE Council**

SBE Council · 2944 Hunter Mill Road · Suite 204 · Oakton, VA 22124 · 703-242-5840
www.sbecouncil.org

Protecting Small Business, Promoting Entrepreneurship

Trade & Global Market Access

McCain

- Maintain efforts to open foreign markets and lower barriers to trade
- Potential requirements on regulatory practices in trading partners' countries not noted
- Use the WTO more aggressively to enforce current trade agreements
- Supports passage of CAFTA

Obama

- “Fair Trade”: Require labor/environmental standards as part of U.S. trade agreements with other countries
- Open up NAFTA agreement to renegotiation
- Use the WTO more aggressively to enforce current trade agreements
- Opposes passage of CAFTA

Taxes

McCain

- Tax relief permanency: Maintain current personal, small business and investment tax rates
- Keep current rate on 15% rate on capital gains taxes and dividends
- Phase out the AMT
- Death Tax: Increase exemption to \$10 million and lower rate to 15%
- 3/5 majority vote to raise taxes
- Allow first year deduction of equipment and technology investment (immediate expensing)
- Reduce federal corporate rate from 35% to 25%
- Permanent ban on internet taxes
- Ban cell phone taxes
- Permanent R&D tax credit: Equal to 10% of wages spent on R&D
- Tax System Simplification: Provide choice to taxpayers. Use the current system, or a less complex option that includes two tax rates, and increased standard deduction
- Reform Social Security through personal accounts; no mention of tax increases.

Obama

- Raises taxes on entrepreneurs and small business owners with incomes above \$250,000
- Top two individual rates would revert back to 36% and 39.6%
- Capital gains tax would increase to 20% plus range
- Death Tax: 45% rate with \$7 million exemption for couples
- “Making Work Pay” Tax Credit: \$500 per person \$1000 per family (eliminates taxes for 10 million Americans)
- Eliminate income taxes for low income seniors \$50,000 (7 million taxpayers)
- Tax System Simplification: Pre-populated tax forms from the IRS with information from employers, banks, etc. (optional for taxpayers)
- Make R&D tax credit permanent
- Eliminate all capital gains for small business start ups
- More tax rebates to help the economy: \$20 billion
- Considering imposing Social Security payroll taxes on salaries and wages above \$250,000 in the range of 2% to 4%, according to Obama’s economic advisers in 8/14 *Wall Street Journal*

Workplace Reform and Regulation

McCain

- Workplace Flexibility: Offer workers the choice of comp-time off rather than paid overtime (like federal government employees have)
- National Commission on Workplace Flexibility and Choice: Would review current labor laws and rules with potential changes to enable more workplace flexibility; work-at-home arrangements; health coverage and retirement plan portability; and more choice in job training assistance
- Minimize expensive mandates like “card check”

Obama

- Establish a national flexibility initiative to educate employers about workplace flexibility options
- Expand FMLA to 25 employees (from current 50 threshold). Expand the number of purposes for use (elder care, kids’ academic activities, etc.)
- Raise minimum wage and index to inflation
- Change union organizing rules: card-check system, which replaces private ballot election. Mandatory binding arbitration – two-year lock in on contract
- Paid sick leave mandate: Incentivize states to adopt paid leave mandate (\$1.5 billion start-up fund)

Health Care Reform

McCain

- No mandates on small businesses
- Refundable tax credit (\$2,500 individual, and \$5,000 for families)
- Replace employer tax exclusion with \$2,500 credit for individuals and \$5,000 for couples/families
- Nationwide marketplace to purchase health insurance
- Small business pooling through associations
- Pools for high-risk individuals expanded
- Expand and improve HSAs
- Tort Reform: Fix frivolous lawsuits/excessive damages
- Allow prescription drug importation
- More federal research to treat and chronic diseases

Obama

- A new business mandate requiring businesses to buy coverage, contribute to private coverage, or contribute a portion of payroll toward public plan: “play or pay”
- Universal coverage by 2012 with mandate for parents to buy coverage for children
- Small biz can buy into a national federal pool to receive a refundable tax credit *up to* 50% on premiums paid for employees.
- Would reimburse employers health plans paying for a portion of the catastrophic cost they incur above a threshold if they use the savings to reduce the cost of workers’ premiums
- Limit malpractice insurance premiums charged to doctors

<ul style="list-style-type: none"> • Medicare/Medicaid Payments System Reform; zero-tolerance on fraud 	<ul style="list-style-type: none"> • Allow prescription drug importation • National exchange to help Americans find private insurance (government-run marketing organization) • Push for broad adoption of standards-based electronic health information system
---	--

Immigration

McCain

<ul style="list-style-type: none"> • Comprehensive “two-step” reform process • Secure the border: more physical/virtual barriers; adequate funding and training on-the-ground; deploy unmanned aerial vehicles and other aircraft • Prosecute “Bad Actor” Employers: Supports electronic verification system for employers • Temporary worker program to ensure labor market availability of high-skilled workers; H-1B reform that will rise and fall with market demand; increase green card availability based on demand • Implement market-based temporary worker program to ensure orderly flow; system will protect workers and ensure return home following temporary period; reform H2A visa program • Undocumented individuals required to enroll in program to resolve status

Obama

<ul style="list-style-type: none"> • Supports “comprehensive reform” • “Crack down on employers”: support electronic verification system • Increased border security • Supports system that allows undocumented immigrants in good standing to pay a fine, learn English and go to the back of the line for citizenship • Improve efficiency of immigration system by “fixing the dysfunctional bureaucracy to balance the needs of American workers and the U.S. economy”

Energy & Environment

McCain

- Lift the ban on offshore drilling and oil shale recovery -- expand exploration, development and production at home
- Nuclear plant construction: 45 new plants by 2030
- Uniform system of tax credits for alternative, low-carbon fuels such as wind and solar
- Address and understand speculative pricing of oil
- \$300 million prize to improve battery technology
- Cap-and-Trade system to bring emission levels below 1990 levels by 2050 – small businesses exempt from participating in the system
- CAFE: revisit penalties on automakers not following standards
- “Clean car challenge”: Tax credit based upon the reduction of carbon
- Reduce red tape to upgrade electricity grid
- Federal government should “lead by example” on building efficiency standards
- \$2 billion annually for clean coal technology

Obama

- “Windfall profits tax” on domestic oil companies with revenues transferred to taxpayers, \$1,000 “Emergency Energy Rebate
- “Crack down on speculation”
- “Use it or lose it” on oil and gas leases
- Mandate 60 billion gallons of advanced biofuels in fuel supply by 2030
- Swap light oil from the Strategic Petroleum Reserve for heavy crude oil
- Clean coal public-private partnerships
- Oversee construction of Alaska National Gas Pipeline
- Cap-and-Trade system to reduce greenhouse gas emissions 80% by 2050
- Renewable Portfolio Standard would mandate 25% of electricity come from renewables by 2025
- Automobile CAFE standards increased 4% per year - \$4 billion to domestic automakers to “retool” plants and produce these vehicles
- \$7,000 tax credit for the purchase of advanced vehicles
- National Low Carbon Fuel Standard: reduce carbon fuels by 10% by 2020
- Weatherize one million homes annually

Fiscal Reform Agenda

McCain

- One year spending “pause” in discretionary spending
- Comprehensive review of all government programs to develop a government streamlining and modernization plan
- Review all special spending programs to end subsidies to high-income corporations and individuals
- Pork: “will veto every pork-laden spending bill” – wants line-item veto
- Take back earmark fund
- Reform Social Security through personal accounts; control Medicare growth

Obama

- Reinstate “PAYGO” – new spending or tax cuts must be paid for by cuts to other programs or new revenues (tax increases)
- Cut pork barrel spending – More disclosure and transparency for special-interest earmarks, with earmarks cut to 2001 levels
- Procurement: All federal contracts over \$25,000 competitively bid
- “End Wasteful Spending” – wants to end obsolete government programs that make “no financial sense”

Government Programs and Other Initiatives

McCain

- Renewed emphasis on innovation through Research and Development Agreements (public-private partnerships)
- Space Exploration: Ensure that it is a top priority and the U.S. maintain a lead position
- Strict constructionist philosophy on judges

Obama

- National Infrastructure Reinvestment Bank -- \$60 billion over ten years
- Clean energy projects -- \$50 billion over ten years
- Advanced manufacturing fund -- government will invest in “most advanced and compelling manufacturing strategies”
- Double funding of Manufacturing Extension Partnership (MEP)
- Establish a small business and micro-enterprise initiative for rural America – 20% tax credit for \$50,000 investments in small businesses
- Expand SBA and micro-loan programs
- Implement Women-Owned Business contracting program
- Strengthen SBA capital access programs directed at minority-owned businesses