



# Committee On Finance

Max Baucus, Chairman

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## STATEMENT OF CHAIRMAN MAX BAUCUS SENATE COMMITTEE HEARING ON SMALL BUSINESS AND RURAL ECONOMIC DEVELOPMENT

The Senate may soon consider legislation to increase the minimum wage. I think that's a good idea, but it will raise costs for some businesses. What can we do to help those businesses? That's what this hearing is about.

Small businesses employ more than their share of minimum-wage workers. They employ 51 percent of America's workers, but 61 percent of the minimum-wage workers. And small businesses generate most of the new jobs in the economy: 65 to 75 percent in most years. Small businesses are especially important in rural areas. In Montana, 98 percent of our businesses – about 30,000 of them – have fewer than 500 employees. That is the Small Business Administration's definition of small.

The minimum wage is also more common in rural areas. About 20 percent of rural workers earn the minimum wage or less, compared to about 14 percent of urban workers. Rural communities are facing other challenges, too – particularly in America's heartland. We will hear today about rural areas that are losing people as well as jobs.

Other rural communities have, in effect, the opposite problem. They're growing rapidly. Rapid growth brings different concerns: transportation, housing, environment.

Tribal communities face some of the biggest challenges, and deserve special attention.

Our hearing today will help us identify what we can do to help these diverse rural areas, and to help small businesses in general. I am proud of what we have done in the past year to help businesses. The tax reform of last summer, the recent economic stimulus package, but there is more we can do. There are a number of small business and rural economic development bills before the Finance Committee.

Senator Grassley and I have co-sponsored legislation to give tax relief for farmers and fishermen. I am also developing a proposal to give small businesses a tax credit of up to 50% for the cost of providing health insurance to their employees because today it is often too expensive for a small business to provide health plans for their employees. I think this tax credit can make a difference for small businesses.

Senator Kerry heads the Small Business and Entrepreneurship committee. He has introduced bills on financing, equipment expensing, and other small business issues. Senators Hatch, Breaux, Lincoln, and Thompson have a bill to reform rules for S corporations. Senator Rockefeller has a bill to encourage broadband Internet access for rural and under-served communities and Senators Dorgan and Hagel will tell us about their rural development bill that has been referred to this committee.

There are a lot of good ideas out there. But before we take action on specific bills, we need to hear directly from the people that are affected by our legislation. Today we will hear from a great variety of people from across America. Some of them are experts in business and taxes and technology. They are from universities, government, and business organizations. Alongside them we have the "real-world" experts. They can educate us about the challenges they face operating farms, ranches, and small businesses in rural America.

We look forward to learning from all of these witnesses how we can help America's businesses and communities thrive and prosper. After the hearing, I look forward to working with Senator Grassley and all members of the Committee to come up with a package of small business tax incentives that makes good sense and can be enacted into law.

