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The Washington Times

June 13, 2002, Thursday, Final Edition

SECTION: BUSINESS; Pg. C11**LENGTH:** 835 words**HEADLINE:** Officials listening to small business**BYLINE:** By Marie Beaudette, THE WASHINGTON TIMES**BODY:**

Jorge Lozano wants to pass his small security company on to his two children, but he says high estate taxes could make that impossible.

"Give us a break on this 'death tax,'" said Mr. Lozano, the owner of Condor Tech Services, of Annandale, which outfits buildings with security systems. "I work hard, and I want to pass this on to my son and daughter."

President Bush agrees with Mr. Lozano's concerns about the challenges facing small businesses, and he has dispatched some of his top lieutenants to remind owners that the Bush administration supports them when it comes to cutting taxes and regulations.

The target site is the annual conference of the National Federation of Independent Business [NFIB], a crucial political ally that Republicans are counting on for campaign contributions and votes in the upcoming midterm elections.

Hundreds of representatives from small businesses across the country will meet in Washington this week for the conference to discuss complaints that small-business owners are unfairly burdened by taxes, bureaucratic red tape and high health care costs.

Mr. Bush has sent top officials, including Vice President Richard B. Cheney, Labor Secretary Elaine L. Chao and Small Business Administrator Hector V. Barreto, to the conference to show the administration's support for small businesses.

They will tout Mr. Bush's small-business agenda, announced in March, which includes proposals for tax incentives, less-expensive health care, fewer regulatory burdens and greater access to information for small businesses.

Small businesses make up 98 percent of all new businesses started in the United States. Forty percent of the nation's gross domestic product is supplied by small businesses, according to NFIB.

"The small family business is one of the backbones of this economy," said Ed Frank, a spokesman for NFIB.

Mr. Bush last week announced plans to permanently repeal the estate tax, which is levied on an estate after the owner's death. This plan passed the House of Representatives last week and is awaiting a Senate vote. The estate tax is scheduled to be phased out gradually by 2010, but it will return in 2011. Small-

business owners complain that this would benefit only a small number of people, Mr. Frank said.

This initiative is part of Mr. Bush's tax-relief plan, which passed last year. The administration claims that small-business owners and entrepreneurs will receive 79 percent of the tax relief from the reduction of the top income-tax rate from 35 percent to 33 percent.

Mr. Barreto said Mr. Bush's tax cuts were an "incredible impetus to the economy."

In terms of their effect on the nation's economy, "small businesses really aren't small," he said. Two-thirds of all new jobs created in the United States come from small businesses.

"One thing that the president always says is that small business is the engine that fuels the economy," Mr. Barreto said.

Mr. Lozano, of Annandale, said small businesses "provide America's wealth."

Since the president's new agenda was announced in March, more government agencies have been working toward making it easier for small businesses to thrive, Mr. Barreto said.

This includes the Department of Labor, which has often been at odds with large and small businesses about safety regulations.

In her speech to NFIB, Mrs. Chao will detail policy changes dealing with relations between her department and small-business owners, said Department of Labor spokeswoman Sue Hensley.

Small businesses and the federal government have traditionally had an "adversarial relationship," NFIB's Mr. Frank said.

Though small businesses have fewer employees and resources, they have the same regulatory burdens as big business - and many small-business owners can't afford to wade through the paperwork required by state, federal and local government agencies, he said.

Ms. Hensley said there are plans to make substantial, lasting changes to the department.

"The secretary is going to be outlining a number of new ways that she is working to change the culture here at the Department of Labor," she said.

The White House also plans to address the issues facing small businesses in providing health care for their employees, Mr. Barreto said.

Mr. Lozano struggles to pay high rates for health insurance for his 25 employees, and he hopes the Bush administration will provide relief.

Mr. Frank said small-business owners struggle to provide health care benefits for their employees because they don't have the leverage to negotiate for affordable rates from large insurance companies.

NFIB and the Bush administration advocate "association health plans," for which groups of small businesses negotiate together for a lower price from insurance companies as a larger corporation would be able to do.

"If [small businesses] can't afford to provide health care for all of their employees, that's a catastrophic situation," Mr. Frank said.

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