

Manzullo wants say on tax plan

Lawmaker's proposal benefits small businesses

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WASHINGTON — If Congress doesn't go along with all of President Bush's \$674 billion economic growth proposal, Illinois Rep. Don Manzullo is ready.

The Egan Republican is preparing some substitute tax cuts for small businesses.

Manzullo, who heads the House Small Business Committee, is proposing allowing certain investments to depreciate faster. He's talking with Rep. Bill Thomas, R-Calif., the chairman of the House tax-writing committee, about including the change in the

tax bill that Thomas' committee will construct.

The majority of the bill will consist of the president's \$674 billion in tax cuts, which constitute the majority of the Bush stimulus plan. But there could be changes in the final bill, and Manzullo wants his suggestions added if that's the case.

Thomas is willing to include them, he said.

"He really wants to do this," Manzullo said. "It's a matter of finding the money."

Manzullo's proposal would



Don
Manzullo

reduce the depreciation schedule for remodeling and new construction. For example, a new roof on a business would depreciate over 15 years instead of nearly 40 years.

The president's tax package includes a popular proposal to increase to \$75,000 from \$25,000 the amount of investment a small business can deduct as expenses.

Chris Agnitsch, director of government affairs for the Rockford Area Chamber of Commerce, said the president's depreciation plan would help, but because Illinois' depreciation schedule is different, businesses would have

added administrative costs to follow two different schedules.

"It would help even more if it could be carried on through the states," Agnitsch said. However, Illinois is struggling with a multibillion-dollar budget shortfall.

Thomas plans to present the president's entire proposal to the House Ways and Means Committee for its consideration. His spokeswoman, Molly Millerwise, said it's too early in the process to say what will be included in the version the committee ultimately approves.

Daniel Maffei, spokesman for the committee's Democrats, said tax cuts that are

temporary, targeted for small businesses and are true economic stimulants could get support from Democrats.

Otherwise, Maffei said, "they will have the same fate as the president's tax cuts. It just won't make sense to run up the deficits sending tax cuts to people who don't need them in a time of war."

Bush's economic growth package, which would extend over 10 years, would accelerate previously approved income tax reductions and end federal taxes on stock dividends paid to investors.

However, the dividend

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proposal has run into trouble with congressional Democrats and even some Republicans who doubt it would sufficiently stimulate the economy.

Manzullo said he supports the entire package but thinks the administration proposed the dividend change more as a trial balloon.

"I don't think it's going to pass this year," Manzullo said. "Kudos to the president for looking way ahead and trying to radically change the entire taxation system."

Illinois Sen. Peter Fitzgerald was among the Republicans who met Tuesday with Bush to talk about getting the president's plan through Congress.

Fred Marcus, a certified public accountant who chairs the Rockford Chamber's tax committee, said eliminating the taxation of corporate dividends would not be a big boost to Rockford-area companies because most are smaller and don't pay dividends.

One change not proposed by Bush or Manzullo that Marcus said would help small companies: simplifying payroll reporting.

"A one-, two-person company has as many returns to file as someone with 20 to 30 (employees)," he said. "I think the government could make those forms much simpler. That's an idea that would really help the small businesses."