

Proposal for Economic Growth

Fair Tax and Bank Financial Lending Act

For

Pass-Through Small Businesses

And Corporations

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Celebrating 10 Years of Service

NSBA and Small Businesses through-out

The United States of America

Dedication

On behalf of my own business, other businesses within Colorado, East Coast and other Small Business Owners known to the NSBA members, and to any other Small Business Owners and Small Business Corporations whom suffered through-out the United States during the economic downturns in finance and taxes, I dedicate this proposal to all of them. Through their struggles, their losses and their hardships may we move onward to growth and prosperity where we do not have to suffer in such ways any further if adopted.

Description of Proposal

This proposal is for the success of the economic upward movement of healthy changes to encourage growth and prosperity toward Small Business Owners and Small Corporations within the United States of America that are pass-through entities. Whether conducting business within the United States or for Trade of Exporting or Importing. Banking Financial needs and Taxes can create success or failures of any and all Small Businesses and Small Corporations.

This proposal was generated after banking failures occurred in 2008 across the United States.

Upon living through the unsuccessful environment of banking and taxes from my Company Commercial Lender, after paying off the company's large line of credit that created huge taxes due, I testified at the Regulatory Fairness Hearing Wednesday, March 18, 2015 in Salida, Colorado. With the intent to better the Small Business and Small Corporation environment. Testifying to what did occur and how the financial ramifications can and will occur. Loopholes that exist and how this can be corrected as to never occur again for any business. How companies can safety manage their businesses to regrow and continue through safe harbors and not file bankruptcy or lose all their assets. They can reposition and strengthen from these economic hardships. If we encourage the following solutions, there should be no business needing to file bankruptcy due to these historical events and not be able to promote and sustain through most difficult financial downturns in economic failures.

Paying off loans to banks before their due date and under strict demand situations cause serious issues to Small Business Owners and the Small Corporations when an economic downturn occurs and factors beyond their control can compromise their entire companies, as well as their own prosperity they relied on over their lifetimes. Taxes and Banking problems are unhealthy environments for Small Businesses and Small Corporations where their taxes are unknown before filing taxes.

These two historical situations, that we see in the 1930's and again in 2008 - 2013 that cause failures to occur with Small Businesses and Small Corporations do not need to occur. They can be eliminated and provisions can be made to provide safe, encouraging environments to provide economic strength and growth within ALL Small Businesses and Small Corporations.

Banking and Tax Burdens

Any business owner that pays the company's line of credit in full at the banking level by using financial assets such as the company receivables will learn when filing the annual taxes, large amounts of taxes will be due from using company assets and liquidating assets into income. The income the company used to pay the large lines of credit for the company is taxable and the amount due must be paid in full to the Internal Revenue Service. If not paid, heavy penalties and interest will occur. Most will be settled through an Offer-In-Compromise as the company's assets shrink or liquidate. As this occurs it creates only more tax burdens.

Banking documents do not provide provisions or requirements for any company assets to be used for paying any of the taxes due, but they do require lines of credits to be paid. It is not mandatory that any assets secured by any bank be used for paying any taxes. It is mandatory that the asset to debt ratio formula be used to provide secure measurements to the bank. The Small Business Owner has no provisions that any taxes will be paid on their behalf from the banking level. If the bank lender decided to provide 75% or up to 100% of the business financial assets for lending purposes, your company will not have the assets it needs to pay its taxes when they become due to the Internal Revenue Service. Your taxes will be paid by "other assets." Probably your own assets. Your asset to debt ratio has now been lowered and your ability to receive a loan for what your company needs for capital is now non-existing or lowered. The company will now not be able to secure financing for its growth or stability. This scenario is a major loophole and has created this exact environment we are seeing today within Small Businesses and Small Corporations.

Lowered assets against your debt at the banking level will cause you to not meet your asset/debt ratio and your loan may not be renewed or continued until your assets are regained. There are no bank provisions for paying taxes on behalf of the banks customer. This financial burden does not have to exist.

Changes to Banking documents, collecting taxes on lines of credit that have been paid in full, and providing safe environments called “safe harbors to Small Business Owners and Small Business Corporations (aka S-Corps)” whom for tax purposes use Pass-through requirements to their personal taxes are vulnerable and can cause liquidation to all assets causing bankruptcy and beyond tax failures causing Offers-In-Compromise or failures to meet the demands of the economy.

Key factors and benefits to All can provide safe harbors that promote safe measurements, safe loans, a strong workforce, solid loans, taxes paid, knowledge of the economic factors and the feeling of not being alone in the world when most business owners, individuals, professional companies, and government entities are not ready to support and give advice. When no one is prepared to deal with economic losses and spiral downturns and helping others is not high on anyone’s financial portfolio but survival of one’s business is Key. It is a time of selfishness, no intended but occurs.

The following factors are some growth forming and supporting business atmospheres for Small Businesses and Small Corporations that promote growth and survival of economic disasters:

Key Factors and Benefits provided to ALL:

1. Bank Financing and retaining capital is a key factor for any Small Businesses (pass-through) or Small Corporations(S-Corp) to be successful. Banking documents must hold provisions within the documents that pay taxes and other financial safe harbor provisions to all Small Businesses and Small Corporations.

The Benefit: For the use of retaining assets for capital inside the companies. Keeping American Businesses prospering and growing, keeping the government taxes paid, offering knowledge support and teaching business owners the value of learning and thriving to be better, more successful in their studies of field, support when disasters occur, keeping Americans working and investing and happy in life.

2. Paying taxes on time. We all must pay taxes.

The Benefit: Pay taxes on time and no interest or penalties will exist.

3. A Fair Tax. A tax that can be expected and paid in full without liquidations of your assets.

The Benefits: The United States would be an extremely attracted country to live and promote business dealings and would create more taxes as the country grows in population. People and the taxes they generate and pay keeps us strong. A fair tax promotes growth in job creations and savings accounts, investments and compliance with government and local taxes. 53% of small firm's support replacing the existing code with the Fair Tax.

4. Federal and State organizations formed to protect Small Businesses and Small Corporations during stressful economic failures. Funds available for large economic factors causing severe harm.

The Benefit: Businesses do not have to be left to try to figure out how to not file bankruptcy, not lose their life savings, not lose their workforce, not manufacture any more. If the economic factors are too burdensome, then funds become available for supporting what the loss was such as a charge-off just like the banks. No bankruptcies and no offer-in-compromise are needed.

5. Banking Bridge loans specifically setup at the banking level for ALL banking loans that will be paid in full and taxes will be due.

The Benefit: Takes the guessing out of the amount of taxes that will need to be paid. The business owner continues on with growth and prosperity and the government taxes are paid in full.

6. Very low interest rates on Bridge Loans and no penalties are due, extra time is allowed for paying on the Bridge loan that pays the taxes due from the lines of credit being paid off.

The Benefit: Up to 15 year loans can be given to large amounts due in taxes. It lets the business owner continue with manufacturing, building or servicing and promoting work for the workforce. Everyone wins even the government.

7. The bank is required to provide the bridge loans and required to send electronic payments each month to the Internal Revenue Service on behalf of the Small Business Owner.

The Benefit: Confirmation is given to the Small Business Owner when the payment is made by the rely on behalf of the Small Business for Owner. It is not a question of if there will be available funds for paying the tax bill that is unknown today.

8. Fair tax given to all Small Business Owners that are pass-through and Small Corporations that make the Fair tax an equal tax at a rate of 20% flat tax.

The Benefit: Businesses can plan their taxes and know what tax requirements they will need to meet. Today, anything can be charged up to the rate of 39.6%. Taxes are so high that there is not enough retained earnings to pay the taxes in full with lending of 75% to 100% asset lending. The business must have retained earnings. If you must pay off your line of credit at 100% of your asset or even 75% assets, then you're at a loss owing 39.6%. Taxes at this rate is so high that it is impossible to retain earnings. The company must retain earnings to continue prospering.

9. FDIC will provide safe harbor amounts up to \$500,000 on behalf of all savings accounts for Small Businesses and Corporations.

The Benefit: The company will not have to leave the bank empty with no savings and no assets. It will protect business owners from full liquidation and provide and promote healthy capital for starting again from an economic disaster.

10. Federal or State law provisions for the safe keeping of savings accounts, receivable accounts and asset/debt ratio levels maintained at the banking level.

The Benefits: Supporting businesses for safe harboring the company's assets for future loans and capital needs. Provide all taxes within the loan documents to make sure that the taxes are paid and assets remain strong. New lending will not be needed.

11. No loans are to be turned over to a third- party lender. The originated bank carries loans. Banks can charge-off bad debts. Bridge loans are to be made available at a lower interest rate.

The Benefits: This will keep the banks from turning over their business customers to third party lenders whom charge higher interest rates. Causing harm to the customer and stifles growth and lending. Forcing Businesses to be subjected to lower credit scores.

12. All lines of credits must have provisions of taxes paid when lines of credit are paid in full.

The Benefit: This will keep the business customer from using all the assets at the banking level and no assets for paying the taxes.

13. No 30- day demand payments for paying off lines of credit. If the customer has paid on time for its loans the loan cannot be called for the sake of the bank collecting its money. It is impossible to pay off your line of credit within 30 days while your company is in a growth period. It causes severe damage to the business owner.

The Benefit: While growing your receivables your sales must continue to stay growing. If one year of time is extended to the business customer, they can continue to grow and find new lending. The bank can charge-off their debt and they do not need to call customers loans and cause harm to them so they can prosper from the charge-off and the paying customer. Let the business owner succeed by providing fair planning and fair time to move their accounts. This will create a fair business relationship that is healthy to both.

14. If a loan is given to a Small Business or Small Corporate Customer and the loan becomes due, then a bridge loan can be given to the customer up to one year to find another bank that will purchase or provide a new loan to the business customer.

The Benefit: This will keep the assets from falling and help seek and find new lending from banks.

Closing Statements:

Banking and Taxes are two key components of a healthy financial environment. We as a nation must provide stability and everlasting success for financial and tax provisions being met toward Small Businesses and Small Corporations (S-Corps.) Taxes must be paid and the financial stability to make Small Businesses and Small Corporations to continue to exist with sustainable growth within a healthy environment with hopes to avoid or stricken turbulent times must be combated for endurance and longevity of the businesses. Let us move forward and not relive what we have already endured. Let us all work together for the better of American prosperity that is unshaken or unwavering.

In this proposal, is an attempt to offer financial changes within our banks and making sure taxes are paid at a fair tax. The loss of income and assets must be combated and we must move forward to provide a healthy economic environment for all companies to succeed in and during any economic downturn. These key factors are short and yet simple but everlasting. Environmentally growth proof for Small Businesses (pass-throughs) and Small Businesses.

We must strive as a great nation and one of the financially healthiest nations on earth to provide a safe harbor environment to all Small Businesses and Corporations via changes to our banking documents and taxes paid on time, not in rears, with excessive penalties and interest to be included as this sends a fear through Small Businesses and Small Corporations, that are afraid they will not meet the demands of banking requirements and the tax burdens they must pay. Eliminating the factor of unpaid taxes or taxes that create large amounts of assets, time, and finances to be liquidated that are burdensome and worrisome is needed. Toward our overburdened Internal Revenue system regulations toward Small Businesses(pass-throughs) and Small Corporations and their owners. We must move forward to create growth and economic sound environments for promoting strength, longevity, healthy work forces, safe working practices, tax deadlines to be met, banking financial strength that does not lowering assets but keeping them consistent and safe for working financial environments.

This proposal is for the growth of providing an end to banking and tax problems that occur during these inevitable economic times that eventually will occur again within our country. Regardless of filing bankruptcy or not your business taxes will be due. Bankruptcy is not a full proof alternative. Bankruptcy does not provide you with a means of not paying taxes.

We have felt the shuttering financial and tax failures in the late 1920's through 1930's and again in the 2008-2012 years.

Let us be prepared to handle certain times whether good or bad. Safe harboring the economic hardships from happening and repeating themselves and learning from our mistakes will keep American Companies thriving within the American Borders or Outside the America Borders. Conducting Business and harboring profits to pay taxes is very important. Keeping capital thriving and banking loans here at home within our own American borders.

This proposal attempts to protect the Small Business Owners and Small Corporations for these changes and grasp a smarter and more ingenious way to pay our taxes without concern or uncertainties during economic hardships. Let us move to a stronger America whom can rely on its banking needs and taxes that are not in rears but are paid when due.

To this end, it is better to be ready than left crippled and sometimes extinct. May this proposal provide growth and prosperity for ALL.

Special Thanks for given support:

NSBA Association

U.S. Small Business Administration

Office of the National Ombudsman

Materials used in writing this proposal:

Testimonial from Joan M Price, Ombudsman's in Salida, Colorado, March 2015

NSBA: "Small Businesses should not suffer because of banks' overreliance on credit scores."

FDIC Charge-Offs and Recoveries on Loans/Leases, Cash Dividends, and Number of Employees

FDIC- Insured Commercial Banks/1934-2013

FDIC-Number of Institutions, Branches, and Total Offices/FDIC-Insured Commercial Banks Balances at Year End, 1934-2013

Failed Bank List/Failures and Assistance Transactions

FDIC Mission, Vision, and Values

Where did all the Lenders Go? A Look at the Small-Business Loan Market. Rebel A. Cole, PhD, Kaye Professor of Finance, Florida Atlantic University

The Honorable Rob Woodall, U.S. House of Representatives, Washington D.C. (The Fair Tax)

The Honorable David Vitter, Small Business Tax Compliance Relief Act-Bridge loans, and duties of the lenders. "To mend the Internal Revenue Code of 1986 to improve the tax treatment of small businesses."

Grant Thornton, "An instinct for Growth" Business Equivalency Rate: Equal rates for all businesses.