

The background of the entire page is a photograph of the U.S. Capitol building at night. The building is illuminated with a deep blue light, and the windows are glowing from within. An American flag is visible on a pole in the lower right section of the image. The overall mood is formal and patriotic.

U.S. Congress:

The Many Faces of Family Business

**Family
Enterprise USA**

Enterprising families. Working together.



U.S. Congress:

The Many Faces of Family Business

They are radio station owners, dairy farmers, dentists, restaurant owners, technology entrepreneurs, manufacturers and everything in between. They hail from every region of the country, from the largest city to the most rural county. So what unifies such a diverse group of people? In addition to having an interest in a family business, they have all reached the highest level of politics and are current members of the U.S. House of Representatives and the U.S. Senate.

Family businesses have long been a critical part of the U.S. economy. Studies show that family businesses employ 63% of the U.S. workforce and generate 57% of the nation's Gross Domestic Product. With 5.5 million family businesses, it's no wonder that a significant portion of the U.S. Congress has a family business connection. But, until now, there was no specific data on the number of elected officials who have this experience.

During this difficult economy when Members of Congress are struggling to identify policies that help foster long-term job growth, many of them could find answers by looking to their own family's business. Familiarity with family business provides an important insight into the difficult task of meeting a payroll, sensitivity to tax policy, and to awareness that decision-making is often based on something broader than making a profit.

Family businesses have leadership tenure four to five times longer than their non-family counterparts, are slower to reduce their workforce in a down economy, and carry much greater equity as they plan to responsibly reinvest in growing the company.

Beyond their great economic benefit, family businesses are central players in building the health and wellbeing of their communities. Fully 95% of family business owners are engaged in some kind of local philanthropy, making it logical that those business owners themselves or their children would be called to public service.

Congress and Their Family Business Ties

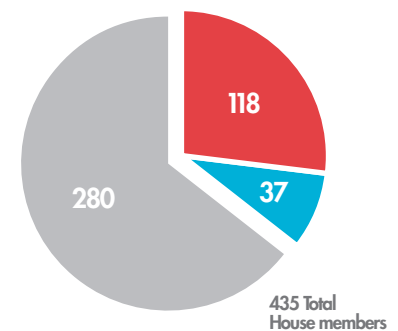
From Speaker of the House John Boehner's frequent references to work he did as a young man in his father's tavern to Senate Finance Committee Chair Max Baucus' years spent on the family ranch outside of Helena, Montana, elected officials draw on their experience to help them relate public policy to the private sector. And there is much experience from which to draw.

In the 110th Congress, there are a total of 155 members of the U.S. House of Representatives (118 Republicans and 37 Democrats) and 37 U.S. Senators (23 Republicans and 14 Democrats) who have a connection to family business, according to publicly available information.

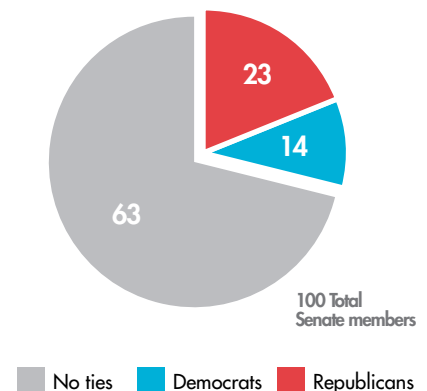
There are 13 members of the House Ways and Means Committee and eight members of the Senate Finance Committee who have a connection to a family business, making them an important part of drafting tax laws dealing with such critical policy as the estate tax and the taxation of Subchapter S, limited liability companies and other "pass-through entities," which constitute the overwhelming majority of family business organization. Having either direct experience or practical knowledge of how tax policy impacts family firms can provide important insight into how they can remain vibrant, to the benefit of their employees and the community.

The values of hard work and responsibility learned in a family farm or business help shape the belief system of people as they begin their own careers. An analysis of public statements shows that this is no different for Members of Congress, who frequently cite family business experience as instrumental in teaching them about commitment to family, employees, and the community.

House Members with family business ties



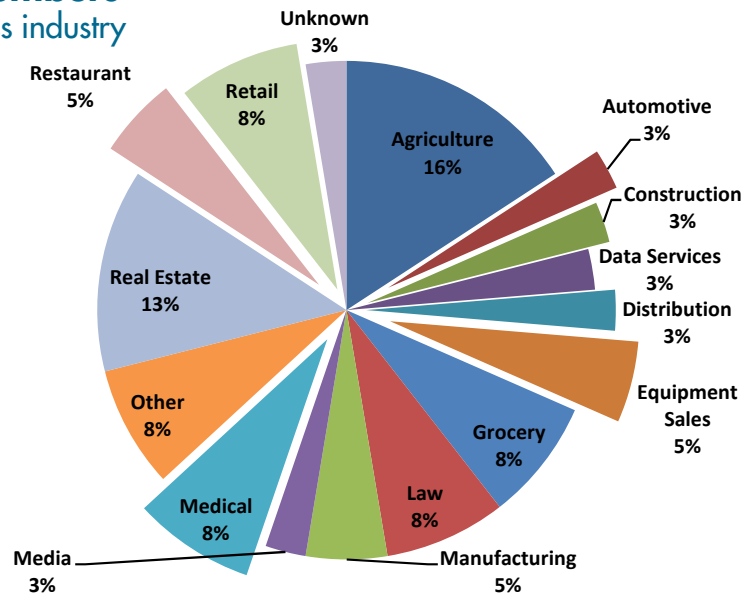
Senate Members with family business ties



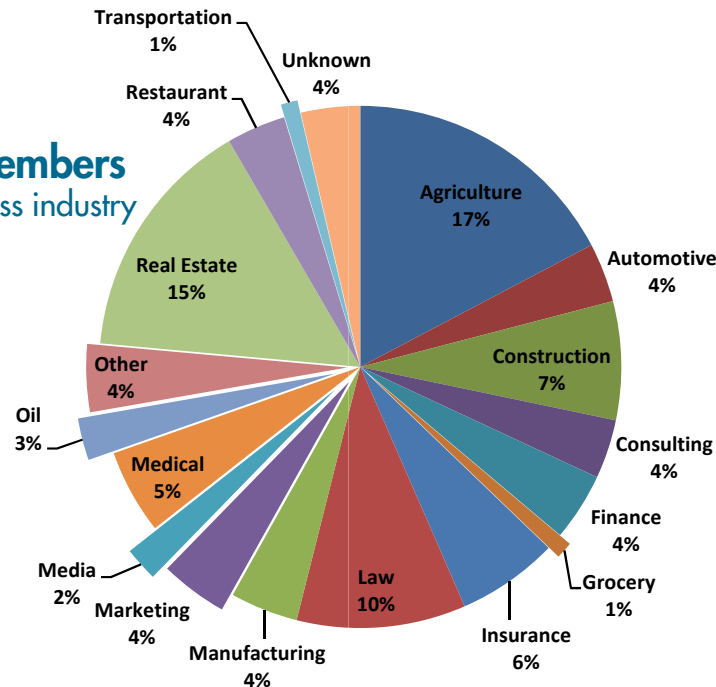
Family Business in Congress Diverse as U.S. Economy

The diversity of experience in family business for Members of Congress is as varied as the U.S. economy itself. Given the critical role that agriculture plays in America's and the world's food basket, it's not surprising that the largest connection to family business for current Members of Congress and Senators comes from the family farm. But, the connections go from there to touch just about every sector of the economy – from the law to real estate to technology and manufacturing.

Senate Members family business industry



House Members family business industry



House and Senate Leadership Ties to Family Business

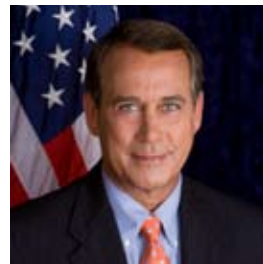
In the House, every member of the Republican Leadership team has a connection to a family business. Speaker Boehner, Majority Leader Cantor, Chairman Jeb Hensarling, and Vice Chair Cathy McMorris all grew up in a family business or on the family farm. Majority Whip McCarthy started his first small business at age 21. Congressman Greg Walden, Chair of the Republican Leadership, grew up on his family orchard and later owned a collection of rural radio stations. Policy Committee Chair Tom Price ran an orthopedic clinic in Atlanta, and Conference Secretary John Carter ran his own private legal practice.

On the Democrat side, Minority Leader Pelosi's husband owns Financial Leasing Services, Inc., and Caucus Chair John Larson once owned Larson & Lysik Insurance Company.

In the Senate, Democrat Conference Vice Chair Chuck Schumer's father owned a small business, and Policy Vice Chair Debbie Stabenow's family owned a local car dealership when she was growing up in Michigan. Steering Committee Chair Mark Begich's wife owns an Anchorage bookstore and her family owns a coffee company. Finance Committee Chair Max Baucus grew up on his family's ranch in Montana before starting his own law practice.

Among Senate Republicans, Conference Chair Lamar Alexander founded Bright Horizons Family Solutions, the nation's largest provider of worksite daycare. Policy Committee Chair John Thune's grandfather owned a hardware store, where his father also worked. Vice Chair John Barrasso owned and operated his own orthopedic clinic.

"I grew up mopping the floors of Andy's Cafe, a tavern outside of Cincinnati established in the 1930s by my grandpa, Andrew, and run for decades by my dad, Earl. These experiences taught me a lot, long before I entered government service."



John Boehner
Speech to Economic
Club of New York
May 9, 2011

"In Montana, agriculture is not simply a livelihood, it is our way of life. Growing up on a ranch outside of Helena taught me firsthand the values of hard work, faith, family, and doing what is right--values I try to bring with me to work every day."



**Senator
Max Baucus**
Senate Speech
March 14, 2011

Family Businesses Need Policy Certainty

Familiarity with family business can be a key element for Members of Congress who want to know how government policy will impact business expansion and job creation. Any family that has spent considerable personal and financial resources preparing for the generational transfer of a business, for instance, will know what the death tax can mean to a family business. Years of uncertainty about what death tax rates or exemption levels will be have caused enormous frustration for families who need predictability to protect their employees.

The vast majority of family businesses are organized as “pass-through entities” for tax purposes, meaning they are S corporations, partnerships, or limited liability companies. So, the owners of family firms pay tax on their business earnings through their individual tax returns. What will those rates be next year or two years from now? What are the deduction, credit, and depreciation rules going to be? What will the long-term capital gains rate be? Nobody can say with any degree of certainty what these rates will be on January 1, 2013. With family firms focused on investing for the long-term, this kind of uncertainty invites caution not risk. Without risk, there will be no job growth.

Transparency, clarity, and certainty in government taxation and regulation would go a long way towards helping family businesses prosper, to the benefit of their employees and the entire community.

Conclusion

Family businesses are critically important to the economy as they are known for their longevity, job growth and job retention. As the U.S. Congress debates the important issue of generating economic growth in a time of escalating budget deficits and debt, they would do well to call upon their vast connection to family businesses for lessons in what works.

Methodology

All information contained in this report was derived by Family Enterprise USA from a review of publicly available information about Members of Congress and the U.S. Senate, including their public biographies, public statements, and financial disclosure information provided in accordance with House and Senate rules. Members of Congress and U.S. Senators who have a connection to a family business are defined as individuals who have a direct ownership stake in a business, a former ownership stake in a business, have family members who run businesses in which they are not involved, or were raised in a family business.