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U.S. Rep. Lee Terry says small businesses would suffer and unemployment would climb if Congress fails to extend the Bush-era tax cuts for another year.

Speaking Monday at a northwest Omaha plumbing business, Two Men and a Snake, Terry said tax changes set to kick in Jan. 1 would make it harder for small businesses to hire and to pay their employees.

"Whoever pays taxes will see a tax increase," said Terry.

The Bush tax cuts are set to expire at year's end. The U.S. House is expected to vote on an extension as early as this week. There has been debate in Washington about whether to extend part or all of the cuts.

Democrats in the Senate and President Barack Obama have argued for extending the tax cuts for middle- and low-income earners but allowing the tax cuts for higher earners to expire. Republicans have argued the economic necessity of extending all the tax cuts, particularly for small business owners.

Two Men and a Snake owner Joe Schlotfeld, who hosted Terry's news conference, said he's putting off hiring another employee until he knows the future of the tax cuts. He said he worries he might have to downsize his five-member staff without them.

Raises would be out of the question, he said.

"I have to pull that money out of somewhere," Schlotfeld said. "The last thing we want to do is bite off more than we can chew."

Terry, a Republican, is running for re-election against Democrat John Ewing in Nebraska's Omaha-based 2nd Congressional District. Ewing is the Douglas County Treasurer.

Ewing was not immediately available for comment.