



February 14, 2011

Chairman Dave Camp
Committee on Ways and Means
1102 Longworth House Office Building
Washington D.C. 20515

Ranking Member Sander Levin
Committee on Ways and Means
1106 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Camp and Ranking Member Levin:

On behalf of the National Small Business Association, I would like to express our support for repealing a portion of the health care law which will place an unnecessary and expensive paperwork burden on small businesses owners, beginning in 2012.

It is my understanding that the Committee on Ways and Means may soon consider legislation that will repeal Section 9006 of the Patient Protection and Affordable Care Act (PPACA) that requires any business that purchases more than \$600 of goods or services from another business to submit a 1099 form to the Internal Revenue Service (IRS). NSBA encourages your immediate attention and action on this costly and time-consuming provision. This mandate has nothing to do with health care coverage or reform, and instead was used as an unrelated "pay for" as a way to help the IRS track and collect taxes on income that now goes unreported by enlisting businesses to help create a paper trail.

NSBA has been adamant that the only solution to the huge problem posed by the new 1099 reporting provision is full repeal. It poses two critical problems for small businesses, 1) a significant new reporting and paperwork burden, and 2) the likely consolidation of business resulting from the reporting requirement that would affect small businesses bottom-line.

As enacted, every small-business owner will face increased paperwork and administrative burden for each additional 1099 form prepared. Increased costs are incurred for mailing additional forms and for hiring outside assistance to ensure that businesses are correctly complying with the law. Furthermore, if a business previously has not been required to utilize the Form 1099 filing system, greater difficulty with compliance is likely to ensue. While it may seek to capture non-compliant corporations, it clearly places the burden on the wrong taxpayer—the compliant small-business.

NSBA data shows that the number of companies small businesses would have to report on under the new requirements would skyrocket from the current average of 10 to 80. Furthermore, the provision will have the harmful byproduct of business consolidation as

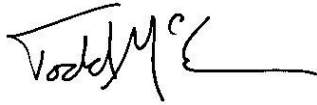
businesses look to streamline, and thus minimize, their 1099 reporting. This will give big-box retailers an inherent advantage over small businesses.

Businesses are already overburdened with tax paperwork and reporting requirements, so the additional requirements included in the PPACA will only increase the cost and complexity of complying with the tax code.

Immediate action to repeal this onerous paperwork requirement is the only way to remove the costly impact it would have on millions of businesses. I appreciate that your committee is taking action, and NSBA looks forward to working with you toward the goal of repealing this burden as soon as possible.

Now is the time for Congress to support proposals that are fair and reasonable, and that do not hinder the survival, growth and innovation of our nation's entrepreneurs.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken". The signature is stylized and includes a long horizontal flourish at the end.

Todd McCracken
President