

Statement of Senator Michael B. Enzi
Repeal of Expanded Form 1099 Reporting
November 29, 2010

Mr. President, I rise today to speak about the Johannis amendment that would repeal a provision in the health care reform law that, if not repealed today, will impose significant burdens on small businesses across this country.

Repealing this provision has the support of many of my colleagues on the other side of the aisle. Even the President has commented that this provision is onerous on small businesses and warrants immediate adjustment.

Starting in 2012, the new health care reform law will require that all businesses purchasing \$600 or more in property or services from another entity, including corporations, must provide the vendor and the Internal Revenue Service with a tax information return. This new government mandate will impose significant burdens on both small and large businesses, and taxpayers' costs will increase as a result of accumulating the information and preparing the tax forms necessary to comply with this expanded mandate.

Imagine you're a freelance writer and you buy a new laptop. Well, now you have to send Form 1099 to Apple and the IRS or be labeled a tax cheat. Oh, and you'll need Apple's Taxpayer Identification number too so don't forget to ask the salesman for that.

This new reporting requirement hits small businesses hardest because they typically don't have in-house accounting departments and have to hire outside help. Every penny a small business spends on these services is money they can't spend on hiring new workers and expanding their business. Every hour a small business owner spends filling out these new tax forms is time he or she is not making a sale, manufacturing a product or working with a customer.

I understand the challenges this can create for a small business. Before I came to the United States Senate, my wife and I owned a shoe stores in Wyoming. When you own a small business, you have to be the CEO, the bookkeeper, the salesman and the person who cleans the bathroom.

Every hour that I spent filling out government mandated paperwork was an hour I couldn't spend selling shoes. Government mandates, like the new 1099 requirement, have a real cost, and it is small businesses who end up having to pay them.

This new 1099 reporting requirement is just one of the many things in the new health care reform law that need to be re-examined immediately. Our small businesses need to be focused on creating jobs and helping our economy recover, not spending countless hours on new government paperwork burdens.

We all would do well to remember the claims of the sponsors of the health care reform law, who said that this new law would actually reduce the federal deficit. Most Americans didn't believe those claims when they were made, and today we are seeing the first evidence of their falsity.

Today, when confronted with the nation-wide opposition to this ill-conceived expanded information reporting policy, one of the leading proponents of the new health care law in the Senate is offering an amendment that will eliminate it and the revenues it produces. More importantly, his amendment makes no attempt to pay for the lost revenues. That means his amendment will further increase the federal deficit.

While this may be the first time we see this, it certainly will not be the last. The funding for the entire health care law was built on a fiction of cost estimates and actuarial assumptions. As each of these provisions confronts the harsh reality of the light of day, we will see more and more of these provisions undone in the coming years.

When millions of seniors across the country lose existing Medicare benefits and face escalating out-of-pocket costs, there will be an urgent push to "restore" these benefits. When hospitals, nursing homes and home health agencies begin to close their doors because Medicare payment rates cause them to operate at a loss, Congress will move to undo these cuts. When the new insurance benefits are slashed as a result of formula gimmicks that will force automatic reductions in benefits, I suspect that many of the supporters of the new law will argue for the urgent necessity of delaying these cuts.

We can make a statement right now to America's small businesses that we want you creating more jobs, hiring new employees and growing your business – not worrying about what Washington will require of you next. Let's tell our small business men and women that we stand behind them, not on top of their backs, and let's repeal this new tax paperwork burden in a fiscally responsible way.

Mr. President, I yield the floor.