



Written by [Michael Tennant](#) on September 14, 2010

Movement to Repeal ObamaCare Tax Requirement Gains Momentum

ObamaCare being a particularly expensive undertaking, the law includes “more than 15 revenue-raising measures,” [according](#) to the *New York Times*. One of those measures, a tax-reporting requirement for small businesses, is now coming under a great deal of scrutiny, with both Republicans and Democrats offering up bills to repeal it in whole or in part. (The *Times* notes that “many lawmakers were apparently unaware of it when they voted for final passage of the legislation,” undoubtedly because it was rushed through Congress so that they couldn’t “find out what’s in it” until it had already become law.)

As *The New American* [reported](#) in April, the law mandates that “all businesses must issue a 1099 whenever they [sic] total gross revenue from business they do with an outside concern exceeds \$600 annually.” This could easily amount to hundreds of such forms even for a very small business — a “crippling” burden on small businesses, as Joe Wolverton II described it.

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Nina E. Olson, the Internal Revenue Service’s national taxpayer advocate, echoed Wolverton’s sentiments, telling the *Times* that the reporting burden might “turn out to be disproportionate as compared with any resulting improvement in tax compliance.”

The silver lining to the cloud is that because the new reporting requirement applies to over 38 million businesses, “the I.R.S. will face challenges making productive use of this new volume of information reports,” Olson said. Clogging up the already sluggish machinery at the IRS, as this and other ObamaCare mandates do, may be the only good thing to come out of Barack Obama’s signal achievement.

“Most Republicans want a full repeal,” says the *Times*. “In a recent speech, the House Republican leader, Representative John A. Boehner of Ohio, said the ‘1099 mandate’ showed how the health care law could ‘wreak havoc on employers and entrepreneurs.’” Rep. Dan Lungren of California and Sen. Mike Johanns of Nebraska are heading up the GOP’s repeal efforts.

Democrats are a bit more conflicted, having voted for ObamaCare in the first place and not wanting to go against a President of their own party. “The White House is nervous about a repeal,” writes the newspaper, “fearing that it could set a precedent for rolling back other unpopular features of the law.”

Rep. Scott Murphy of New York has led House Democrats’ efforts to repeal the 1099 mandate, and “in late July, 239 House Democrats voted for repeal, but the bill did not get the two-thirds majority needed for approval under the expedited procedure used then,” according to the *Times*.

In the Senate, repeal has been added as an amendment to a small-business jobs bill that will be soon be coming up for a vote — a bill that Obama “strongly supports,” says the *Times*, though “he has not embraced a repeal of the reporting requirement.” It will be interesting to see if the bill passes with the amendment intact and, if so, whether Obama will sign or veto it.

While Sen. Blanche Lincoln (D-Ark.) voted for ObamaCare but supports full repeal of the reporting requirement, Democrats are also offering up a “half-measure,” as Johanns described it. Florida Sen. Bill Nelson’s plan exempts businesses with 25 or fewer employees from the new reporting requirement and raises the reporting threshold from \$600 to \$5,000 — changes that Nelson said would exempt over 90



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percent of companies from having to issue the new flurry of 1099 forms. If that is the case, why not just go whole hog and repeal it?

Besides, as Stephanie Cathcart, a spokeswoman for the National Federation of Independent Business, pointed out, in order for a business to know if it has exceeded the \$5,000 threshold for the year, it will still have to keep extensive records of all its payments to outside vendors. Nelson's plan, therefore, saves businesses very little work.

Of note also is that the parties have differing approaches to making up for the loss of revenue — estimated to be up to \$17 billion over 10 years — that repealing all or part of the 1099 mandate would cause. Johanns, reports the *Times*, “would cut spending from a new prevention and public health fund,” while Nelson “would increase taxes on big oil companies.”

The repeal plan, supported by most Republicans and a significant number of Democrats, coupled with the Johanns spending cuts, actually reduces the burden on businesses and all other taxpayers. Nelson's plan merely makes a show of reducing the burden without actually doing so and simultaneously raises taxes that will ultimately be paid not by oil companies but by consumers. Though Nelson's is more likely to be signed by Obama, Republicans and Democrats alike should get behind full repeal with spending cuts. Those who vote for repeal will benefit by improving their chances for getting reelected, and all Americans will benefit by the removal of these onerous burdens from the U.S. economy.

UPDATE: Since this article was written, the Senate has rejected both the Johanns and Nelson amendments, failing to vote for cloture on either. Senators who favor repeal will therefore have to find another way to bring it up for a vote and to convince enough of their colleagues to join them in voting for repeal. Calls, letters, and emails from constituents could go a long way toward bringing senators around.



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