

## Small Business Advisory

### **Senate Strikes Tax Provision from Health Care Overhaul, Rejects Full Repeal**

February 2, 2011- The Senate on Wednesday backed removing a controversial tax reporting requirement from the 2010 health care overhaul, but rejected a Republican plan to scrap the entire law.

Approved by unanimous consent after overcoming a budgetary point of order by a vote of 81-17, the amendment would repeal a provision in the health care overhaul law requiring businesses to submit a 1099 form to the IRS for each vendor to whom they pay more than \$600 each year for goods.

In addition to repealing the 1099 requirement, the amendment would rescind \$44 billion in unobligated discretionary funds, with the Office of Management and Budget tasked with deciding the source of the rescissions.

The Senate also rejected, 47-51, a motion to waive a budgetary point of order against an amendment offered that would have repealed the entire health care law as well as health care provisions in a related reconciliation law. All Republicans backed the repeal, while no Democrats supported it.

“This is a budget-buster amendment,” said Richard J. Durbin, D-Ill., who said the amendment would add \$230 billion to the national deficit over 10 years and an additional trillion dollars over the following decade.

McConnell called such arguments “preposterous.”

On the 1099 repeal, eight Democratic appropriators opposed the amendment over concerns about granting Congressional prerogatives over federal spending to OMB. The amendments were offered during debate on an unrelated Federal Aviation Administration bill (S 223).

Democrats and Republicans as well as the president have said the 1099 provision is too burdensome and should be eliminated.