



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the Small Business Jobs Bill**

Mr. President, the book of Ecclesiastes teaches:

"The end of a matter is better than its beginning."

In other words, getting something done is better than starting something new.

That's what a lot of folks are telling us these days.

They're telling us to get some things done. They're telling us to do something to create jobs. They're telling us to enact legislation like the small business jobs bill before us today.

In America, the private sector creates the vast majority of jobs. And in the private sector, small businesses are the principal engine of job creation.

Over the past 15 years, small businesses generated two-thirds of the new jobs. That's about 12 million new jobs.

That's even more true in my home state of Montana. Montana has the largest share of workers employed by small businesses of any state in the country.

Nearly four out of five employees in Montana work in businesses with fewer than ten workers. Three out of five employees in Montana work in businesses with fewer than five workers.

The Great Recession has hit small businesses hard. Over the course of the recession, small firms have incurred two-thirds of the net job losses.

We need to focus on small business, as we seek to create jobs. When we help small businesses, we help to get Americans back to work.

And that's exactly what this small business jobs bill would do.

This bill would help small businesses to get capital. This bill would make it easier for small businesses to invest. This bill would promote entrepreneurship. And this bill would improve equity in the law.

This is exactly the kind of targeted, job-creating legislation that folks are telling us to enact. We ought to get it done.

But before we can pass this bill, we have to address the pending Johanns and Nelson amendments on information reporting. I urge my colleagues to oppose the Johanns amendment and support the Nelson amendment. And let me explain why.

The Johanns amendment would repeal a tax reporting provision enacted in the new health care law. But no matter what you think of the reporting requirement in the new health care law, the offset in the Johanns amendment is a killer.

The Johanns amendment would go in the wrong direction. The Johanns amendment would expand the exemption from the responsibility to buy health insurance.

The amendment would raise revenue because it would thus decrease the number of people who would receive federal tax credits. Fewer Americans would get insurance, and fewer people would get tax credits to buy the insurance.

But according to the nonpartisan Congressional Budget Office, the Johanns amendment could increase premiums by up to four percent in the individual market. And the Johanns amendment would increase the number of uninsured by two million people.

Under the Johanns amendment, much of the cost of caring for the uninsured would continue to be shifted to people with insurance, as it is today. And premiums would continue to go up to pay for that.

And by reducing the requirement for folks to buy insurance, the Johanns amendment would make it so that the share of folks who buy insurance who are sick would also increase. And that would make insurance premiums go up, as well.

We need to resist misguided efforts like this to weaken the new health care law.

What's more, the amendment would also cut money set aside for prevention in the new health care law. That's also a bad idea.

The Johanns amendment is a wolf in sheep's clothing. It's dressed up as an attempt to help small business. But in reality, it is just another partisan effort to undermine the new health care law.

And let me take a few moments to address the information reporting requirement.

Current law, even before health care reform, requires all businesses to send a Form 1099 information return to all unincorporated service providers to whom the businesses pay \$600 or more during the year. This information also goes to the IRS.

The new health care law expands this requirement to include payments to corporations, as well as payments for goods and property, beginning in 2012.

Now, I know that it takes time and money for small businesses to comply with information reporting requirements. I am very sympathetic to the record-keeping burdens of small businesses.

But the research demonstrates that voluntary compliance doubles when information reporting is in place. The rate rises from 46 percent compliance to 95 percent compliance.

Information reporting does not increase taxes. Rather, it keeps tax rates lower, because more people pay the taxes that they already owe.

Both the Bush Administration and the Obama Administration included corporate information reporting among their tax compliance proposals.

But we do need to address this requirement. The Nelson amendment is an excellent start. The Nelson amendment directly addresses the concerns that small businesses are raising.

First, the Nelson amendment would completely exempt businesses with 25 or fewer employees from the new reporting requirements for goods and property.

And for businesses with more than 25 employees, the Nelson amendment would raise the threshold to report purchases of goods and property from \$600 to \$5,000.

The Nelson amendment would also take other steps to reduce the burdens on small businesses.

The bottom line is this: We have heard the concerns of small businesses. And we intend to work diligently to address and mitigate those concerns. The Nelson amendment is the first step in that process.

I urge my colleagues to support the Nelson amendment in response to the concerns of small businesses.

But the offset in the Johannis amendment is a killer. The Johannis amendment would raise health insurance premiums. The Johannis amendment would result in fewer people having health insurance. And the Johannis amendment would cut funding for prevention. Those are results that no one should want.

I oppose the Johannis amendment and urge my colleagues to vote against it.

And so, let us address these amendments and get something done. Let us do something to create jobs. And let us enact this small business jobs bill today.

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