



February 7, 2011

The Honorable Dan Lungren
United States House of Representatives
2313 Rayburn House Office Building
Washington, DC 20515

Dear Representative Lungren:

The American Association for Clinical Chemistry (AACC) endorses H.R.4, the “Small Business Paperwork Elimination Act of 2011,” which would repeal Section 9006 of the Patient Protection and Affordable Care Act. This provision requires employers to issue the 1099 form to all vendors that receive payments of \$600 or more annually and then report that information to the Internal Revenue Service (IRS). AACC believes this change will substantially increase the regulatory burden on non-profits and other small associations.

Currently, the 1099 form is used to document payments for services provided by individuals. The new law extends this reporting requirement to the purchase of goods, including those bought from corporations. This means that small businesses and non-profits will now need to:

- obtain the tax identification number (TIN) from each vendor;
- keep records of all purchases sorted by TIN; and
- generate and transmit reports to the vendor and IRS when the \$600 threshold is exceeded.

AACC is concerned that these changes will be very costly for many non-profits, since it may require instituting new, complex accounting and tracking procedures to gather, monitor and report this information.

Further, we question the merit of this policy change. In its June 2010 mid-year report to Congress, the Office of the Taxpayer Advocate (OTA), an independent office with the IRS, stated that the negative impact of this provision “may turn out to be disproportionate as compared with any resulting improvement in tax compliance.” In addition, the OTA inferred that some small entities may go out of business as a result of this requirement. AACC urges the immediate repeal of this new regulatory burden.

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By way of background, AACC is the principal association of professional laboratory scientists--including MDs, PhDs and medical technologists. AACC's members develop and use chemical concepts, procedures, techniques and instrumentation in health-related investigations and work in hospitals, independent laboratories and the diagnostics industry worldwide. The AACC provides international leadership in advancing the practice and profession of clinical laboratory science and its application to health care. If you have any questions, please call me at (314) 362-0194, or Vince Stine, PhD, Director, Government Affairs, at (202) 835-8721.

Sincerely,

A handwritten signature in cursive script that reads "Ann M. Gronowski".

Ann Gronowski, PhD
President, AACC