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Senate

The Senate met at 10 a.m. and was called to order by the Honorable CARTE P. GOODWIN, a Senator from the State of West Virginia.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Almighty God, guide our lawmakers today with Your higher wisdom, helping them to see Your desires and plans for their day. May they seek Your guidance throughout this day and remember Your promise to give wisdom liberally to all who, by faith, request it from You. Lord, remind them that the wisdom You give leads to purity, civility, kindness, sincerity, honesty, and peace. May the gift of Your wisdom infuse us all with a faith that replaces doubt, until truth arises over falsehood, justice triumphs over greed, and love prevails over hate.

We pray in Your wonderful Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CARTE P. GOODWIN led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUYE).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

Washington, DC, September 14, 2010.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CARTE P. GOODWIN, a

Senator from the State of West Virginia, to perform the duties of the Chair.

DANIEL K. INOUYE,
President pro tempore.

Mr. GOODWIN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader.

Mr. MCCONNELL. Mr. President, I expect the majority leader momentarily. I am going to go ahead and make my opening statement first, since he is not here this morning yet. I am sure he will be here shortly.

The ACTING PRESIDENT pro tempore. The Senator is recognized.

1099 MANDATE

Mr. MCCONNELL. Mr. President, over the past year and a half, I have tried to highlight some of the things the Democratic health spending bill does to undermine the health care system in this country. But one of the things the American people might not realize is that the consequences of this bill reach far beyond health care.

As a way of helping fund their health spending bill, Democrats inserted a backdoor tax known as a 1099 mandate that forces small businesses to bear the burden of their plan. It mandates that every business and charity in the country submit 1099 forms for transactions totaling \$600 or more, including routine business expenses such as phones, office products, and shipping costs. It could increase businesses' reporting requirement by as much as 2,000 percent.

Even the White House now admits they went too far and that their health spending bill hurts small businesses. Predictably, however, their remedy is to raise taxes. This is one more way Democrats are holding back the economic recovery—by socking businesses

with another mandate that costs them thousands of dollars a year in the middle of a recession.

Ironically, the IRS says they will not even be able to handle the paperwork this mandate would generate. They also say it is likely they will improperly assess penalties they will have to abate later.

The Democratic Senator from Florida has put forth an amendment we will be voting on later today that aims to help small businesses get around this reporting requirement. The problem is the Nelson amendment only covers some small businesses and fails to address the root of the problem.

Under this amendment, for example, businesses with 26 or more employees would still be subject to mandates for transactions totaling \$5,000 or more. Not only would hundreds of thousands of businesses still have to deal with this costly and burdensome new mandate, many others would presumably stop hiring once they reach the magic number of 26 employees in order to avoid paying the new expense. Moreover, the Nelson amendment does nothing to alleviate the paperwork nightmare, and it is paid for with yet another major tax increase.

Senator JOHANNIS has proposed a better approach. Unlike the Nelson amendment, the Johanns amendment fully repeals the 1099 mandate and would halt the Democrats' backdoor attempt to further place the costs of their health care plan on the backs of small businesses. It eliminates the paperwork for all businesses instead of picking winners and losers.

The Johanns amendment also has broad support. It has been endorsed by the Coalition for Fairness in Tax Compliance, the U.S. Chamber of Commerce, the National Federation of Independent Business, the American Farm Bureau Federation, and the Americans for Tax Reform. It has bipartisan support in the Senate as well.

This is a strong amendment that will actually help small businesses without

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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