



Opening Statement
Committee on Small Business
Rep. Chris Collins, Presiding Chairman
Hearing: The Health Care Law: The Effect of the Business Aggregation Rules on Small Employers”
December 4, 2013

Good afternoon. I call this hearing to order.

As we are all aware, the new health care law requires businesses that employ 50 or more employees who work an average of 30 or more hours per week, “full-time” in the law’s definition, to offer health insurance or pay a penalty. A critical with the law is the definition of “employee,” but equally important is the issue of which – and how many -- employees are attributed to a business. The answer may be simple for one business with a single owner. However, when an individual shares ownership of multiple entities, or when a business has multiple owners, the answer is less clear. Today, we will examine the process of determining whether businesses are considered single or multiple entities under the health care law.

According to the National Federation of Independent Business, 39% of small businesses with 20 or more employees own at least 10% of one or more other businesses. To determine if the threshold of 50 or more employees has been met in these situations, the health care law utilizes the Internal Revenue Code’s “controlled group business aggregation rules,” which are complex and confusing even for most experts. Some experts have suggested that most small business owners could not interpret these rules without the guidance of a tax specialist.

Also, despite the Administration’s promises that the health care law would help small businesses, each week seems to bring entrepreneurs more bad news. A recent U.S. Chamber of Commerce/International Franchise Association survey found that 53% of small business owners believe the law will have a negative impact on their businesses. In our challenging economy, many small business owners are simply not hiring or reducing worker hours to avoid the employer mandate.

Thank you to this outstanding panel of witnesses, who have taken time from their busy schedules to be here. We look forward to your testimony.

I now yield to the Ranking Member for her opening remarks.