STEVE CHABOT, OHIO
CHAIRMAN

NYDIA M. VELAZQUEZ, NEW YORK
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business

2361 Rayburn House Office Building
Washington, DC 20515–6315

October 26, 2017

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Brady and Ranking Member Neal:

As Chairman and Ranking Member of the House Committee on Small Business, we write to request your consideration of H.R. 3717, the Small Business Owners' Tax Simplification Act of 2017, which modernizes the United States tax code for small businesses, startups, and entrepreneurs.

The outsized role small businesses have on the economy cannot be disputed. They are the country's job creators, they are our nation's innovators, and they are transforming communities from coast to coast. However, the tax code continues to disproportionately impact the smallest firms, which often do not employ armies of experts to handle and calculate their taxes. Moreover, the tax code has simply not kept pace with today's technology-focused companies that are altering how businesses reach and interact with customers.

As a result of numerous bipartisan hearings and research, we introduced H.R. 3717 to address some of the tax code inequities facing small businesses as they strive to create jobs and expand. Specifically, H.R. 3717 simplifies and modernizes the code by proposing the following:

- Aligning estimated tax payment deadlines with actual quarter ends;
- Aligning 1099 filing thresholds;
- Updating electronic signature requirements;
- Outlining anti-fraud measures by requiring pre-notification testing;
- Allowing small business owners to both offer and participate in Cafeteria Plans;
- Excluding self-employment income from Social Security Quarters of Coverage;
- Allowing a deduction for certain health insurance costs;
- Ensuring voluntary withholding agreements do not impact worker classification; and
- Allowing voluntary training services (safety courses, tax compliance courses, etc.) to be offered to contractors without impacting worker classification.

To follow up on the introduction of H.R. 3717, the House Small Business Committee held a full committee hearing on October 4, 2017 to hear from the private sector on this proposal. A witness panel comprised of small business owners, an accountant, and an academic specializing in the sharing economy discussed with our Members the tax burdens small firms confront as they strive to create the next great American company. Comments from the witness panel that "this bill is important" and H.R. 3717 "brings a lot of much needed simplification" were not outliers. We didn't solely hear from the witness panel. Our Committee received letters of support spanning the business spectrum. For your review, on the following pages we included a number of these letters.

As the Committee on Ways and Means discusses tax reform, we request that you consider the role small businesses have on our economy, along with the provisions outlined in H.R. 3717. In addition to the priority of cutting tax rates for small firms, this bill offers practical and common sense ideas that will truly impact every small company. It addresses the feedback our Committee has heard again and again – to simplify and streamline the tax code. At the end of the day, when small businesses are growing and expanding, so does the American economy. Feel free to contact House Small Business Committee staff with any questions (Robert Yavor with the Majority Staff at 202-225-5821 or Melissa Jung with the Minority Staff at 202-225-4038).

Sincerely,

Steve Chabot
Chairman
Committee on Small Business

Nydia Velázquez
Ranking Member
Committee on Small Business

185 Berry Street
Suite 5000
San Francisco, CA 94107

October 10, 2017

U.S. House of Representatives Small Business Committee
Chairman, Representative Chabot
Ranking Member, Representative Velazquez

U.S. House of Representatives Ways and Means Committee
Chairman, Representative Brady
Ranking Member, Representative Neal

Lyft is the first company to establish peer-to-peer, on demand ridesharing, and is currently the fastest growing rideshare company in the United States. Today, Lyft connects over 30 million people each month with efficient, affordable, and safe rides in over 95% of the United States.

Lyft applauds the House Small Business Committee's thoughtful examination of the tax code, and how it can benefit entrepreneurs in the new economy. The Small Business Owners' Tax Simplification Act of 2017 will help to streamline and modernize current tax laws and requirements for the 42.6 million Americans participating in the independent contractor workforce.

This bipartisan bill would help to provide greater certainty to independent contractors and entrepreneurs; specifically, the bill:

- Aligns quarterly reporting dates
- Modifies 1099 threshold filing requirements
- Updates thresholds for exemption when annually filing self-employment income
- Modernizes the filing process through accepting electronic signatures
- Allows businesses to withhold taxes without jeopardizing worker classification status,; significantly increasing compliance and reducing complexity
- Allows business to provide training and tax advice

As Congress addresses tax reform, Lyft is thrilled to see this common sense, bipartisan approach to clarifying the tax code. This is an important step in modernizing our laws to interact with the workforce of today.

Sincerely,

Joseph Okpaku
Vice President of Public Policy
Lyft

National Association for the Self-Employed

Legislative Office
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September 11, 2017

The Honorable Steve Chabot
Chair, House Small Business Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Chabot,

On behalf of America's 27 million self-employed and micro-business owners represented by the National Association for the Self-Employed (NASE), the American Independent Business Coalition, and the Southern Consumers Alliance, I write to you today in strong support of the *H.R. 3717, Small Business Owners' Tax Simplification Act.*

Over the past year, we have worked closely with your committee staff on key components of this legislation and we are so pleased to see so many of those provisions included in the bill. We believe strongly that, if passed, this bill will significantly alleviate many burdensome issues that the self-employed face in meeting their tax responsibilities.

Thank you so much for your efforts to ensure millions of small business owners are treated equitably under the tax code, while also finding ways to streamline and simplify key areas of the tax code.

Sincerely,

Katie Vlietstra

Katie Vlietstra
Vice President of Government Relations & Public Affairs
National Association for the Self-Employed

AEO Association for Enterprise Opportunity
The Voice of MicroBusiness

1310 L Street NW
Suite 830
Washington, DC 20005

www.aeoworks.org

September 21, 2017

Representative Steve Chabot
Chair
House Small Business Committee
U.S. House of Representatives
Washington, DC 20515

Representative Nydia Velazquez
Ranking Member
House Small Business Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chair Chabot and Ranking Member Velazquez,

On behalf of the Association for Enterprise Opportunity (AEO), I am writing in support of H.R. 3717, the "Small Business Owners' Tax Simplification Act of 2017." AEO is the leading voice of innovation in microfinance and microbusiness development, with member organizations in every state, as well as a growing network of partners in the private, public and non-profit sectors. We engage, and assemble the complex and interdependent network of stakeholders required to unlock the power of microbusiness as an engine to drive the country's economy.

It is no secret that the federal the tax code is burdensome and rife with uncertainty for our nation's entrepreneurs and small businesses. Additionally, the last decade has seen dramatic demographic shifts and technological advancement, altering the way our economy functions. Tech-savvy Millennials have become the largest segment of the U.S. workforce, and tech firms such as Uber and Lyft have fueled an explosion of the "gig economy." This evolution of our national economy has created a nebulous understanding of what constitutes an "employee," while increasing the need for simplification and modernization of the federal tax code:

AEO supports the provisions in H.R. 3717 which simplify the tax code by:

- Aligning 1099-MISC's and 1099k reporting requirements at $1,500. This will eliminate reporting gaps and provide certainty regarding income tax filings.
- Aligning four-month reporting deadlines with the logical end-of-quarter requirements will enable small businesses to satisfy all reporting requirements at once.
- Requiring the Secretary of the Treasury to standardize electronic signature rules to create certainty for everyday commerce.

AEO Association for Enterprise Opportunity
The Voice of MicroBusiness

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- Enabling entrepreneurs and small business owners to participate in Cafeteria plans, and exclude self-employment income from Social Security Quarters Coverage offered to their employees.
- Allowing voluntary withholding agreements and voluntary training services to be offered to contractors without classifying these individuals as employees.

Providing certainty and simplification of the federal tax code will enable microentrepreneurs to grow and create jobs. As Congress prepares to address tax reform, AEO strongly supports the inclusion of H.R. 3717. Thank you for your support of our nation's small business community.

Sincerely,

Connie Evans
President & CEO