

**Opening Statement for Chairman Steve Chabot (R-OH)**

House Small Business Committee

*“Small Business Tax Reform: Modernizing the Code for the Nation’s Job Creators”*

*October 4, 2017*

**AS PREPARED FOR DELIVERY**

I call this hearing to order.

Good morning. Before we begin, I wanted to briefly say this Committee continues to track the recovery efforts conducted by SBA as a result of the Hurricanes in Texas, Florida, and Puerto Rico. Those impacted are in our thoughts and prayers. They have a long road to recovery and this Committee stands ready to assist the Administration as needed.

Returning to today’s hearing topic, I want to thank you all for being with us this morning. As the discussions surrounding tax reform reverberate in the Capitol, it is paramount that part of the conversation involves the job creators themselves – the startups; the entrepreneurs; and the small businesses that transform Main Streets across America.

Too often, these small businesses are at a disadvantage. Beyond overbearing regulations and health care issues that seem insurmountable, the United States tax code consistently builds obstacles in front of them.

Instead of dedicating time and resources to creating the next big idea, small business owners must labor away on Internal Revenue Code issues and tax compliance problems.

Unfortunately, the code is not built for small businesses.

Not only does it provide complexity and massive uncertainty for the nation’s 29 million small businesses, but it also simply has not kept pace with today’s modern and technology utilizing companies.

Innovation is changing how companies do business and how they are interacting with customers. The sharing economy is transforming how businesses operate. From food delivery to locating a contractor to work on your home, the advanced digital economy is building momentum.

However, as the technology revolution changes business ecosystems, the tax code continues to wilt.



That is why the Ranking Member and I introduced H.R. 3717, the Small Business Owners' Tax Simplification Act of 2017, to update the tax code for all of the nation's small businesses, entrepreneurs and startups.

H.R. 3717 aims to update the tax code by simplifying and modernizing approximately a dozen provisions. From realigning estimated payment deadlines to aligning the tax filing thresholds of the form 1099-MISC and form 1099-K, the goal is to streamline the decision points for small businesses and their owners.

Moreover, H.R. 3717 will finally address the "cafeteria plan" issue that many small business owners face. While they can offer cafeteria benefit plans to their employees, such as health savings accounts, too many owners cannot participate themselves. H.R. 3717 proposes a solution so that small business owners can both offer and participate in these pre-tax benefits.

With the flexibility of the sharing economy driving some businesses, the definition of the worker, independent contractor and employee is critical. H.R. 3717 provides clarification as businesses navigate these important decisions by allowing companies to enter into voluntary withholding agreements and offer voluntary training without impacting worker classification.

While not exhaustive, H.R. 3717 is the result of many hearings and research and I believe it is a step in the right direction to provide equity for the nation's small businesses.

Today, we will discuss how the tax code impacts small businesses and how proposed changes, like those outlined in H.R. 3717, could impact the nation's job creators.

I appreciate all of the witnesses for being here today. As Congress debates comprehensive tax reform, your thoughts and opinions could not be more timely. I am looking forward to your testimony.

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

