



# *SBLC WEEKLY*

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## **HEALTH CARE REFORM**

The three principal House committees with jurisdiction over health care reform have finished their work. The Energy and Commerce Committee version contains many more pages than the Ways and Means and Education and Labor Committees' versions which are roughly the same. More significantly, it includes a series of amendments that resulted from negotiations between the leadership and the fiscally conservative "Blue Dog" Democrats. Over the August recess, the House Rules Committee will attempt to perform a feat of magic and somehow decide what should be in the final version that is brought to the floor. Holding the Blue Dogs and liberals on the same bill is going to be quite a trick. It is highly unlikely any Republicans will vote in favor of the final bill so the Democratic leadership needs most of its party's members singing from the same choir book.

Among the significant revisions was an adjustment to the employer mandate. In the original version, employers with less than \$250,000 were completely exempt and employers with payrolls over \$400,000 would pay an eight percent tax if they did not provide

coverage to employees and their dependents.

The amendment to the House Energy and Commerce Committee altered the exemption/payroll table as follows: If the annual payroll of an employer for the preceding calendar year does not exceed \$500,000, the applicable percentage is 0 percent, if the payroll exceeds \$500,000, but does not exceed \$585,000, the percent is 2 percent; if payroll exceeds \$585,000, but does not exceed \$670,000, the percent is 4 percent; and if payroll exceeds \$670,000, but does not exceed \$750,000, the percent is 6 percent. If payroll is over \$750,000 the percent is 8 percent.

The Senate Health Education Labor and Pension (HELP) Committee has a mandate for employers of more than 25 employees to provide coverage for employees or pay a flat fee to the government.

The Senate Finance Committee's bi-partisan negotiating group will continue to negotiate over the summer recess.

We are still going with the melt-down followed by the phoenix arising from the ashes scenario for health care reform in the fall.

## **INDEPENDENT CONTRACTORS**

As we anticipated, Representative Jim McDermott (D-WA) introduced the Taxpayer Responsibility, Accountability, and Consistency Act, H.R. 3408. The bill would make substantial changes to what is known as the Section 530 safe harbor and would also expand Form 1099 information reporting requirements so that businesses would have to issue them to all service vendors including corporations.

## **RECESS**

While the House has skedaddled, the Senate will work one more week. In addition to a new Justice of the United States Supreme Court, it is possible we could have a new Chief Counsel for Advocacy for Small Business by the end of the week. A hearing on Winslow Sargeant's nomination is scheduled for Thursday. It is not unusual for a quick hearing followed by "a blink of the eye" unanimous consent approval as they rush out the door.

As is our custom, the *SBLC Weekly* will go on hiatus until Congress returns in September. Enjoy what remains of the summer!