NATIONAL ASSOCIATION OF REALTORS®
The Voice For Real Estate®
REALTOR®

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January 12, 2010

The Honorable Nancy Pelosi
United States House of Representatives
235 Cannon House Office Building
Washington, DC 20515

Dear Speaker Pelosi:

As you continue to work to craft a final compromise health reform bill, I want to share the perspective of the 1.2 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) on a number of remaining issues of concern. As self-employed, independent contractors[1] forced to purchase insurance in today's dysfunctional individual insurance markets, Realtors® personally understand the great need for reform. With more than 28 percent of our membership currently uninsured and many others underinsured, our members have a large stake in seeing reform done right.

The self-employed and those associated with small businesses make up the great majority of the uninsured today. As such, the individual mandate will fall most heavily upon them. While we understand the role that the individual mandate plays in the eventual success of any reform, there are a number of provisions that must be included in any final measure if <u>truly affordable</u> insurance coverage is going to be available to the nation's self-employed workforce, as well as all others who depend upon the individual or small group insurance markets.

Tax Equity for Self-Employed Workers. NAR strongly urges you to rectify the inequitable tax treatment that requires the self-employed to pay payroll tax on income used to pay health insurance premiums – a tax burden that is not shared by any other American business or many employees. Including the provisions of HR 1470/S. 725, the Equity for Our Nation's Self-Employed Act, introduced by Representatives Kind (D-WI) and Herger (D-CA) and Senators Bingaman (D-NM) and Hatch (R-UT) in the final compromise bill would correct this longstanding inequity. In addition, the resulting significant tax savings would allow the self-employed to more easily purchase the mandated coverage.

[1] Internal Revenue Code Section 3508 provides criteria that, if satisfied, assure the agent's treatment as an independent contractor.

Nonprofit Employers and the Small Employer Credit. We urge you to provide small nonprofit employers with access to the same small employer credits available to small for-profit firms that provide employee coverage. As approved, the House bill does not allow small non-profit employers to make use of the small employer affordability credit. The Senate bill provides small nonprofit employers with a 35% credit while providing eligible for-profit firms with a 50% credit. The cost of providing employee coverage doesn't depend upon an entity's taxable status. All employers, regardless of tax status, should be treated equally. Small non-profit employers must have access to the same 50% credit available to small for-profit firms.

National Exchanges. NAR has long held that administrative overhead and inefficiencies have been a major contributor to the high cost of health insurance premiums in the individual and small group markets. NAR is concerned that multiple state Exchanges will increase administrative costs and create confusion for consumers. For these reasons, we strongly urge you to settle on one national Exchange, rather than a system of 51 Exchanges.

NAR continues to oppose the employer mandate included in either bill. Either mandate as structured fails to recognize that, unless affordable coverage is available, employers will be put in an untenable situation. Imposing large penalties on those firms unable to find acceptable coverage will have a detrimental impact on firms responsible for a significant portion of the nation's job growth.

The NATIONAL ASSOCIATION OF REALTORS® thanks Congress for taking on this most necessary debate. While we are pleased with many of the proposed market reforms, we would note that issues of importance to our members remain. We urge you to address these concerns and bring meaningful health reform to the nation's growing self-employed workforce.

Sincerely,

Vicki Cox Golder, CRB
2010 President, NATIONAL ASSOCIATION OF REALTORS®