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February 7, 2011

The Honorable Max Baucus
Chairman, U.S. Senate Committee on Finance
511 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Baucus:

On behalf of more than one million members of the National Association of REALTORS®, I urge you to support the amendment that Senator Snowe has filed to offer during the Committee's February 8 markup to repeal the so-called "landlord reporting provisions" enacted in the Small Business Jobs Act of 2010.

The 2010 provision attempts to narrow the "tax gap" by requiring all persons who receive rental income from real estate to provide Form 1099 information reports to all contractors and vendors to whom they make payments of more than \$600. Laudable as it may be to close the tax gap, this particular provision fails because it is a trap for the unwary. Historically, any person "in the trade or business" of renting property has been required to make 1099 reports. NAR does not oppose that requirement. The new rule, however, imposes a reporting burden on "any person" who receives rental income.

This is a trap for all small landlords. Many individuals own a single rental property: a home inherited from a family member; a home that a financially strapped former homeowner has had to rent out because the house would not sell; a person of modest means who rents out a room or flat in his/her home; a person with a "day job" with a property or two held for investment. These individuals often are not sophisticated taxpayers and would often be unaware of reporting requirements. Even if they were aware of the requirements, they would often be uninformed about how one goes about making Form 1099 reports.

The new 2010 provision is made even more onerous because there are no regulations or publications that describe what services and transactions must be reported. Moreover, small landlords who are in non-compliance with the new reporting rules would be subject to penalties that were doubled in 2010. This seems remarkably unfair.

Please support repeal of this provision and protect the "little guy."

Sincerely,

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President, National Association of REALTORS®

Cc: Members, Senate Committee on Finance



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