



**NATIONAL
ASSOCIATION of
REALTORS®**

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United States House of Representatives
Washington, DC 20515

Dear Representative:

The National Association of REALTORS® (NAR), on behalf of our 1.1 million members, urges your support for H.R. 4, “The Small Business Paperwork Mandate Elimination Act of 2011” when it is considered in the House later this week.

H.R. 4 would repeal the burdensome Form 1099 reporting provisions included in the Patient Protection and Affordable Care Act of 2010 (PPACA) that affect all small businesses, including individual REALTORS® and other real estate professionals. In addition to repealing this Form 1099 provision, an important amendment was made to the legislation during the committee process that warrants your attention and support.

H.R. 4 as amended would also repeal an overlooked 1099 provision enacted in 2010. The Small Business Jobs Act expanded a reporting requirement that previously applied only to taxpayers engaged in the trade or business of rental real estate. Now, for the first time, any person who receives rental income from real estate must make a Form 1099 report of any payments of \$600 or more. Laudable as it may be to close the tax gap, this provision fails because it is a trap for the unwary.

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 modest flat or apartment in a home; a property or two held for its potential appreciation by a person with a “day job.” These owners often are not sophisticated taxpayers. Rather, these “little guy” landlords may 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. Hence, this reporting requirement is not only another paperwork burden, but a trap for all small landlords.

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.

NAR thanks the House for its efforts to rein in burdensome 1099 reporting requirements. We fully support the timely enactment of this legislation repealing both the PPACA and the landlord reporting requirements and urge a YES vote on H.R. 4.

Sincerely,

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



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