



**NATIONAL
ASSOCIATION of
REALTORS®**

Ron Phipps
ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President

Dale A. Stinton
Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION

Jerry Giovaniello, Senior Vice President
Gary Weaver, Vice President
Joe Ventrone, Vice President
Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194 Fax 202-3837580
www.REALTOR.org

March 15, 2011

United States Senate
Washington, DC 20510

Dear Senator:

The National Associations of REALTORS® (NAR), on behalf of our 1.1 million members, urges the Senate to take up the House-passed bill H.R. 4, “The Small Business Paperwork Mandate Elimination Act of 2011.” NAR further urges you to vote in favor of the legislation.

The substantive tax provisions in H.R. 4 are of great interest to Realtors. They would repeal the burdensome Form 1099 reporting provisions included in the Patient Protection and Affordable Care Act of 2010 (PPACA). The Senate has previously passed that repeal as part of the Airways legislation that passed earlier this year. We urge your consideration of H.R. 4 because it also would repeal another less publicized but still onerous 1099 reporting provision.

Last fall, Congress enacted, and President Obama signed, the Small Business Jobs Act of 2010. It 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 Form 1099 reports of any payments of \$600 or more to any service provider.

Laudable as it may be to close the tax gap, the landlord reporting provision fails because it is a trap for the unwary.

Many individuals own a single rental property. These owners often are not sophisticated taxpayers. Rather, these “little guy” landlords may be unaware of reporting requirements. Even if these small landlords were aware of the requirements, they would often be uninformed about how one goes about making Form 1099 reports or how to obtain either Taxpayer or Employer Identification Numbers (TIN or EIN) from those who provide services to them. Hence, this reporting requirement is not only another paperwork burden, but a trap for all small landlords.

The new 2010 provision is already in effect for 2011. Its burden on small landlords is made even more onerous because there are no regulations or publications that describe what services and transactions must be reported. Moreover, the penalties for small landlords who do not comply with the new reporting rules were *doubled* in 2010.

NAR fully supports the timely enactment of this legislation repealing both the small business and the landlord reporting requirements. We urge the Senate to take up and to vote YES on H.R. 4.

Sincerely,

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



REALTOR® is a registered collective membership mark which may be used only by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.