

## REPEAL OF 1099 REPORTING MAY COME TO FRUITION

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The health care reform act including a provision that will require business owners to report to the IRS on Form 1099 all payments in excess of \$600 each year. That provision was heavily criticized by business interests for the expensive and time-consuming reporting burden it would impose. Many gold bugs were/are convinced that this was an intentional effort by the government to be able to track their bullion purchases (as a necessary first step towards confiscation in the event of fiscal emergency).

Despite strong support for repeal, the repeal was held hostage to political interests, including possible stratagems to resisting repeal as creating an open door to the repeal of other provisions of the health care act.

On February 2, the Senate voted against the bill that passed the House of Representatives to repeal the health care act. However, it did approve, by a vote of 81-17, an amendment to the FAA Air Transportation Modernization and Safety Improvement Act that repeals the new Form 1099 reporting. The provision now has to go back to the House of Representatives. Hopefully, the House will pass a similar repeal and President Obama will not veto it, so that this burdensome requirement meets its end before its 2012 effective date.

As a political aside, it is interesting to note how the Form 1099 provision was enacted as part of *health care* legislation, and its repeal is part of *air transportation* legislation – two subjects that have next to nothing to do with tax reporting. In many states, the legislature is prohibited from legislating on more than one subject at a time. This provides the social benefit of avoiding the enactment of undesirable legislation in a vote because it is paired with or buried in legislation that enjoys broader support in the legislature or to evade a governor's veto – a common legislative tactic. There are organizations lobbying for a similar federal prohibition on combining legislative

subjects in one act – for example, if you are interested, visit

<http://www.downsizedc.org/etp/campaigns/83>.

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