

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON SELECT REVENUE MEASURES

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Chairman Tiberi Announces Hearing on Small Businesses and Tax Reform

Congressman Pat Tiberi, (R-OH), Chairman of the Subcommittee on Select Revenue Measures of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the special burdens that the tax code imposes on small businesses and pass-through entities and the need for comprehensive tax reform to address these problems. **The hearing will take place on Thursday, March 3, 2011, in Room 1100 of the Longworth House Office Building, immediately after a brief Subcommittee organizational meeting beginning at 9:00 A.M.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing. A list of invited witnesses will follow.

BACKGROUND:

Some advocates of tax reform have suggested limiting that effort solely to corporate tax reform while postponing consideration of reforming the individual income tax. Such an approach ignores three important facts: (1) more than half of active business income earned in the United States is earned by pass-through entities (sole proprietorships, partnerships, and S corporations) and is therefore subject to the individual income tax rates, not the corporate rate; (2) business tax preferences that presumably would be curtailed to offset the revenue loss caused by a reduction in the corporate rate generally are available to pass-through entities as well, meaning that such entities (most of which are small businesses) could end up paying higher taxes to finance a cut in corporate income taxes; and (3) small businesses face a tremendous administrative burden in complying with the tax code, as they must comply with rules designed for large corporations, even though they often have only a fraction of the resources.

On January 20, 2011, the full Ways and Means Committee held the first in a series of hearings on fundamental tax reform. At this hearing, the Committee received testimony outlining the importance of tax reform to small businesses. And according to a poll by the National

Federation of Independent Business, nearly 75 percent of small businesses are organized as pass-through entities, not C corporations.

In announcing the hearing, Chairman Tiberi said, **“Today, more than half of all business income earned in the United States is earned by pass-through entities, the vast majority of which are small businesses. While I applaud President Obama’s interest in pursuing corporate tax reform, we cannot ignore the special problems faced by small businesses that must devote scarce resources to tax compliance and tax planning instead of to business expansion and job creation. This hearing will allow the Committee to better understand these issues.”**

FOCUS OF THE HEARING:

The hearing will focus on the critical role small businesses and pass-through entities play in the U.S. economy and the importance of including small businesses in the ongoing discussion of fundamental tax reform. The hearing will also explore specific problems, such as complexity and administrative burdens, faced by small businesses.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, March 17, 2011**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-3625 or (202) 225-2610.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.