

Government Relations Today

Spotlight On Legislation: 1099 Nightmare

Starting in 2012, businesses will be required to submit Form 1099 to the Internal Revenue Service, reporting the payments made to vendors for all goods and services worth more than \$600. This burdensome new tax paperwork requirement was included in the Patient Protection and Affordable Care Act (PPACA).

Under the existing law, businesses issue the Form 1099 only to individuals who provide services to a business. The new law makes two changes:

1. The Form 1099 must be issued to corporations of all sizes and shapes as well as to individuals.
2. A Form 1099 must also be issued to individuals and corporations that provide property to a business.

The payments that are included under this are not only those made directly by check but also those made by other means such as credit cards, for example. Think of all the payments that appear on your credit card statement for airlines, hotels, rental cars and restaurants.

You might not think of them as vendors of goods and services, but that is what they are. Also, if you are in the business of selling or distributing goods, all of your suppliers of products are also vendors under the new law.

And, of course, any business that pays you more than \$600 will be sending *you* a Form 1099.

In supporting efforts in the House and Senate to repeal this reporting requirement, PPAI joined a number of other organizations, including the National Federation of Independent Business, the U.S. Chamber of Commerce and the Small Business Legislative Council.

The efforts to repeal have not been without challenges.

From A Big Mess To A Clear Message

On the night before the House's adjournment for August recess, Republican members attempted to add an amendment to an unrelated bill for the repeal of the 1099 requirements. As a result, Democrats pulled the amended, unrelated bill off the floor. The next morning, Democrats introduced a freestanding repeal bill and scheduled a vote for that day. However, they offset the revenue cost of repeal with unrelated tax increases unacceptable to Republicans. As a result, the Republicans voted against the repeal bill. There was a whole lot of shouting and it was quite dramatic. It was one big mess.

Volume 1, Issue 4
25 August 2010

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***The message should
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requirements.***

Instead of recounting the varied bills presented on the subject of a repeal, PPAI and other small and independent business associations decided to use a different strategy. Because everyone in the House—Democrats and Republicans—recognize the need for a repeal, associations, businesses and constituents should support Representative Dan Lundgren's (R-CA) repeal bill, H.R. 5141. In the Senate, there are some members that want to “fix” the requirement rather than repeal it. The message there is to support Senator Mike Johanns (R-NE) repeal bill, S. 3578.

The message should be simple and clear: repeal the 1099 reporting requirements. There is no way to mitigate the certain burden this reporting requirement will have on small businesses in all industries. Sometimes a bad idea is just that—a bad idea.

Make Your Voice Heard

Visit [PPAILAW](#)'s website to e-mail your members of Congress.

Call your member of Congress' office to tell your own story, using [this script](#) as a guide.

Send this article or the website's link to your friends and co-workers encouraging them to take action.

Government Relations At Industry Tradeshows



HPPA Hot Stuff Expo, Government Relations Booth: Bailey Broussard, Carol Broussard, and Katy Weirich

Looking for an easy way to spread the word about the issues affecting our industry?

Include a government relations presence at your association's next event or tradeshow.

The Upper Midwest Association of Promotional Professionals (UMAPP), the Specialty Advertising Association of California (SAAC) and the Houston Promotional Products Association (HPPA) recently included a government relations booth in their tradeshows.

At each show, RAC delegates and regional association members answered questions about the issues and promoted the industry advocacy pledge.

Need materials for your show?

Consider putting together information on your local politics and issues, as UMAPP did for its August 11 Selling Solutions Showcase.

Contact [Eme Alberico](#) or [Anne Lardner](#) to learn more about what PPAI has to offer.



UMAPP Selling Solutions Showcase: Government Relations Booth

Mark your calendars for **September 22, 1 pm CST!**

Webinar: Legislative Advocacy—How To Make Your Voice Heard

MAS/CAS: 1 point



Using our Legislative Education and Action Day as a case study, we'll discuss how you can plan your own "march on Washington" or just your state capitol. We'll break face-to-face advocacy down to a series of simple steps you can implement on the local level, leaving plenty of time for discussion.



Pictured left to right: Bob McLean, Kathy Goodin-Mitchell, Kenny Marchant, and Steve Slagle

Advocacy NOW: PPAI Staff Congressional Appointments

After House Speaker Nancy Pelosi (D-CA) called members of Congress back in from recess to vote on monetary aid to states, PPAI staff members met with Representative Kenny Marchant (R-TX) and Taylor Bledsoe and Matt Garcia of Representative Pete Sessions's staff (R-TX).

The meeting attendees were determined based on constituency status. Hillary Burlbaw, marketing manager; Christi Jones, operations manager; and Veronica Ramos, project coordinator for professional development met with Mr. Bledsoe and Mr. Garcia. Steve Slagle, CAE, president and CEO; Bob McLean, CFO; and Kathy Goodin-Mitchell, SPHR, human resources director, met with Representative Marchant. Anne Lardner, senior manager of public affairs attended both meetings.

Emphasizing the relevancy of the industry in the small business community, Slagle and McLean were able to gain promised support from Representative Marchant.

“We discussed the repeal of the provisions in the health-care legislation passed last spring that require all businesses to issue 1099s to any company from which another business purchases more than \$600 in goods or services in a year, and the independent contractor legislation that would require such contractors to become employees. He pledged his support to vote in favor of the repeal and against any changes to the rules governing the classification of independent contractors,” says Slagle.

YOUR STORY HERE

If you've met with your member of congress, let PPAI know about your challenges and successes!

McLean noted from the meeting that Marchant's “own background of running a small business certainly helped his understanding of the issues our members face. I was impressed with how quickly he picked up how our industry's supply chain worked. He was proud of his small-business background and we could see how it influenced his positions. He even claimed ‘we all use promotional products’ talking about his fellow congressmen.”

Preparation for the Meetings

Because the majority of PPAI staff attending these meetings were first-time advocates, the public affairs department held training sessions to explain the issues, learn more about the political process and practice issue related dialogue with co-workers. We provided a congressional biography, articles on important political issues, industry statistical data and maps and directions to the office location.

“With the information and training provided by PPAI's public affairs staff, as a first-time legislative advocate, this was a great experience,” says Burlbaw.

As a legislative chair or regional association director, you may be very familiar with the political process and meetings with congress people while your members and associates may not. Make them feel comfortable by offering as much training and information as they need and request.

Ramos says her training and the support of co-workers made the experience more enjoyable.

“This is not something I would have done on my own,” she says, “but having the training from Anne and going with co-workers made it fun and easy.”



Pictured left to right: Taylor Bledsoe, Christi Jones, Hillary Burlbaw, Veronica Ramos and Matt Garcia.

The Issues

At both meetings, PPAI staff reviewed the challenges of Form 1099 reporting requirements, the value of protecting the safe harbor clause of the IRS Code’s independent contractor designation and the challenges posed by the Consumer Product Safety Improvement Act. “The Congressman’s staff was responsive, personable and receptive to our comments and concerns on behalf of the industry.”

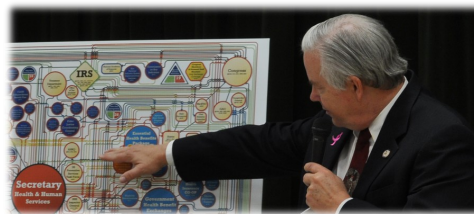
Jones says that she was initially nervous about the meeting, but that the staff members greeted them warmly.

“It was intimidating, but they made us feel very welcome and that what we said was important to them and the Congressman,” Jones says. “We explained who we are and what we do. It’s the first step in the conversation—every little bit helps.”

Not Able To Schedule A Meeting? Consider a Town-hall Event.

After attempting to set up an appointment with Representative Joe Barton’s office (R-6) to no avail, PPAI staff attended one of his multiple area town-hall meetings.

Vicki Sypien, IT project manager, and Pam Webb, *Promotional Consultant* managing editor, attended the meeting. They asked the Congressman about independent contractor legislation currently pending in both houses of Congress, with which—as it turns out—he was unfamiliar. “I was a bit disappointed that he didn’t know more about the issue, but with his busy schedule, I can see why he wouldn’t,” says Vicki.



Rep. Joe Barton discussing current political issues at a local town-hall event.

Because the Congressman didn’t know much about the issue, his aide Martie Climer approached Sypien and Webb after the event to learn more. PPAI is now in contact with Climer to educate Congressman Barton on the independent contractor issue. Because of Sypien and Webb’s attendance at a public town hall and willingness to ask a question of their member of Congress, PPAI and the industry gained one more contact—the political network grew by one more connection.

PPAI is currently setting up meetings with Representative Sam Johnson (R-TX) and Representative Michael Burgess (R-TX).

If you need help setting up meetings, finding event opportunities to meet with your members of Congress or training your associates for these meetings, don’t hesitate to contact [Anne Lardner](#) or [Eme Alberico](#).