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Washington DC - Early this morning, the House Education and Labor Committee accepted an amendment offered by Congressman Duncan Hunter to better protect small businesses against broad employer mandates included in comprehensive health care reform legislation currently under consideration in the House.

As part of the legislation's "pay to play" provisions, businesses are required to provide employees with health care coverage or risk incurring a penalty tax equal to eight percent of annual payroll expenses. The Hunter amendment specifically allows businesses to apply for an exemption from this mandate if the Department of Labor determines that compliance would result in job losses that negatively impact that company or the community it serves. The amendment, which was one of four Republican amendments accepted by the Committee, passed unanimously.

Congressman Hunter's statement, prepared for delivery, follows:

"Thank you Mr. Chairman. We just heard about the detrimental impact the "pay to play" provision in the underlying bill will have on our economy and America's workforce.

"While we're all aware that the legislation before us today includes a broad employer mandate and a penalty tax of eight percent of payroll expenses for noncompliant businesses, there is no method for evaluating the impact of this mandate or any mechanism for seeking relief if the impact is severe. Over the last day or so, since this proposal was made available for public review, we've all seen the reports and heard from small businesses about their concerns with this mandate and coinciding penalty.

"Contrary to what we're hearing from the other side, the National Federation of Independent Businesses says that this bill won't in fact provide more choice, lower costs or increase competition among small businesses. It estimates that as many as 1.6 million jobs - more than 1 million of them among small businesses -- will be lost. Other estimates put this figure at as many as 4.7 million jobs. There is also the unfortunate reality that some businesses might

instead choose to reduce wages, limit inventory or, even worse, close their doors altogether.

"In 2008, about half of small businesses nationwide with three to nine workers offered health coverage according to another study. Faced with mandates and penalties, businesses are going to have to make tough decisions at one of the worst possible times. Right now, these businesses don't know how they will have to respond - and that's a serious problem. But one thing is certain: job loss must be avoided if we hope to maintain the profitability of America's small business community.

"Today's recession has severely challenged small businesses. Imposing mandates and penalties without opportunity for relief will only make matters worse. The New York Times reported this week that businesses with one to nineteen employees lost 757,000 jobs from the second quarter of 2007 through 2008. That amounts to 53 percent of all private sector losses for a group of companies with about 20 percent of all employees.

"Do we really want to make things more difficult for these businesses and those who rely on the jobs they provide? I hope we all agree that the answer is no.

"My amendment provides an opportunity for relief; ensuring small businesses aren't faced with the decision of laying off workers in order to conform to extensive government mandates imposed by this bill.

"Specifically, my amendment protects businesses and jobs by creating a process through which employers can apply to the Secretary of Labor for an exemption from these mandates, provided the employer can certify that compliance would result in job loss.

"This amendment recognizes the difficult challenges that employers are currently facing - or, may face in the future - and provides a reasonable opportunity to apply for a temporary exemption. In other words, it provides employers with an economic "safety valve."

"In light of current and forecasted economic conditions, the last thing we should do is impose additional burdens on small businesses, especially without a process in place that ensures they

are adequately protected.

"With that Mr. Chairman, I urge the adoption of this amendment and yield back the balance of my time."