

Coalition to Promote Independent Entrepreneurs

ICCoalition.org · (202) 659-0878

August 6, 2019

BY EMAIL

The Honorable Antonio Delgado
1007 Longworth House Office Building
Washington, D.C. 20515

The Honorable John Joyce, M.D.
1337 Longworth House Office Building
Washington, D.C. 20515

Re: *Tax Fairness for the Self-Employed Act of 2019*

Dear Representatives Delgado and Joyce:

On behalf of the Coalition to Promote Independent Entrepreneurs, a national coalition of organizations, companies, and independent entrepreneurs that support an individual's right to work as an independent entrepreneur, I am writing to express the Coalition's support for the *Tax Fairness for the Self-Employed Act of 2019*, H.R. 3880.

The bill would help level the playing field for self-employed entrepreneurs by conforming the tax treatment of the health insurance premiums they pay to the tax treatment given such payments made by their incorporated competitors. The bill would accomplish this by allowing such amounts to be deductible as a business expense.

At a time when much focus appears to be given to defining independent-contractor status with an overly restrictive test, which can discourage potential clients from doing business with an independent contractor, the introduction of H.R. 3880 sends a powerful message of support to the self-employed and encourages individuals to offer their services as independent entrepreneurs. Such a message is especially important at this time, as the cohort of self-employed individuals continues to decline, as a percentage of the civilian workforce. Enclosed is a graph, based on Bureau of Labor Statistics data, showing this unfortunate decline.

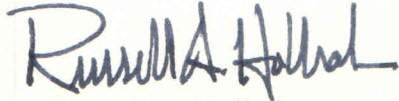
The Coalition believes a thriving entrepreneurial sector is vital to our nation's long-term economic success. This viewpoint is supported by the work of Ph.D. economist Jeffrey A. Eisenach, who found that curtailing independent contracting:

- Reduces job creation and small business formation;
- Reduces competition and increases prices;
- Creates sector specific disruptions; and
- Produces a less flexible and dynamic work force.¹

¹ *The Role of Independent Contractors in the U.S. Economy*, at ii (December 2010), Navigant Economics, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1717932.

We applaud your introduction of this bipartisan bill to provide for a more equitable tax treatment of health insurance premiums paid by the self-employed. We are hopeful that H.R. 3880 attracts broad support and moves swiftly toward enactment.

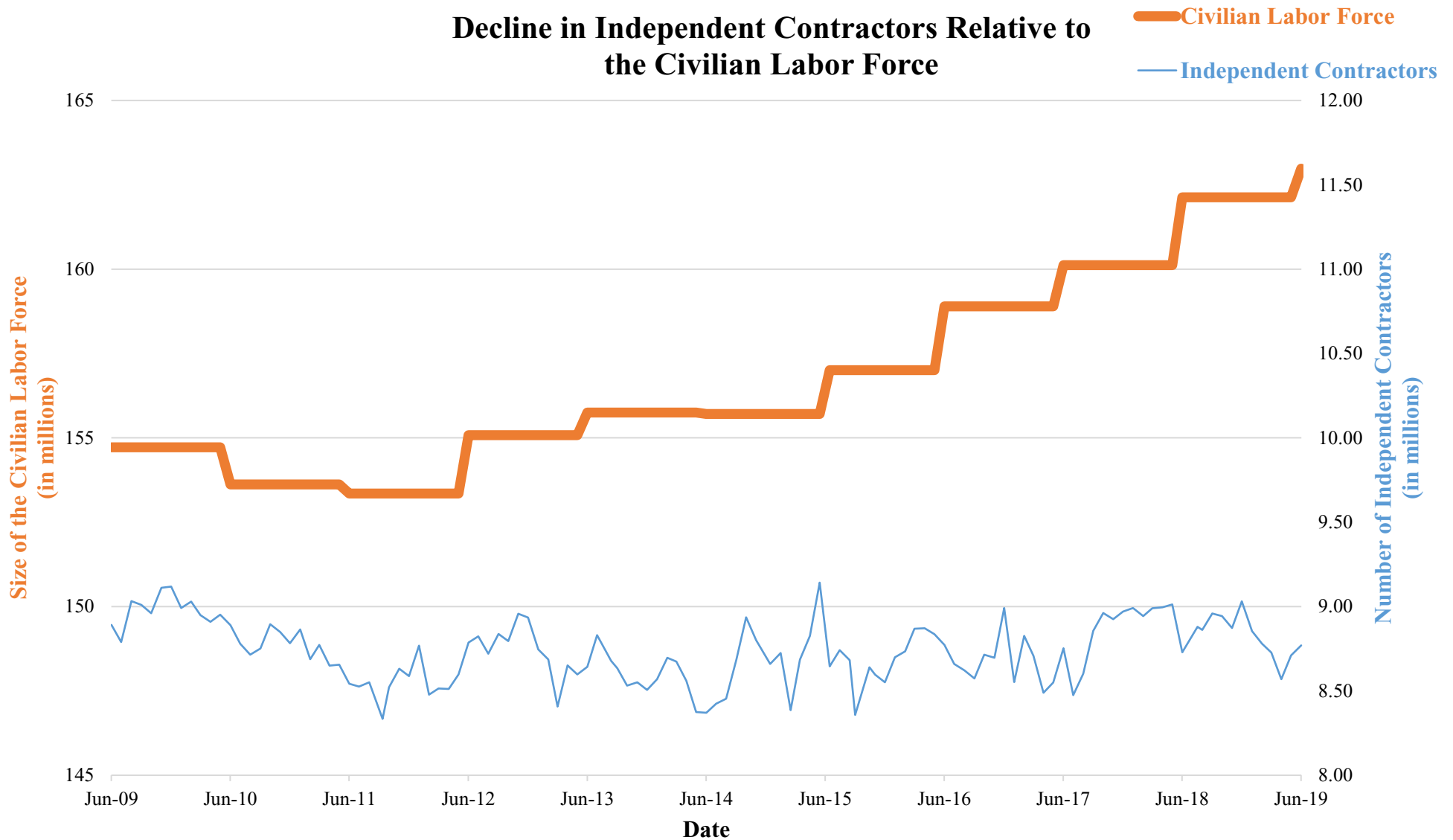
Sincerely,

A handwritten signature in black ink, appearing to read "Russell A. Hollrah". The signature is written in a cursive, slightly slanted style.

Russell A. Hollrah
Executive Director

Enclosure

Decline in Independent Contractors Relative to the Civilian Labor Force



BLS Definitions

Labor Force: The labor force includes all persons classified as employed or unemployed in accordance with the definitions contained in this glossary.

Employed Persons: Persons 16 years and over in the civilian noninstitutional population who, during the reference week, (a) did any work at all (at least 1 hour) as paid employees; worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family; and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent because of vacation, illness, bad weather, childcare problems, maternity or paternity leave, labor-management dispute, job training, or other family or personal reasons, whether or not they were paid for the time off or were seeking other jobs. Each employed person is counted only once, even if he or she holds more than one job. Excluded are persons whose only activity consisted of work around their own house (painting, repairing, or own home housework) or volunteer work for religious, charitable, and other organizations.

Unemployed Persons: Persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.