July 6, 2010

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of the members of the Society of American Florists (SAF), I am writing to express my strong support for repeal of the Form 1099 provision included in the Patient Protection and Affordable Care Act. The onerous provision mandates expanded reporting requirements that will impose financial and paperwork burdens on floral industry businesses.

Beginning in 2012 all companies must issue 1099 tax forms to any individual or corporation from which they buy more than $600 in goods or services in a tax year. Under current rules, most payments to corporations are exempt from 1099 reporting requirements. Although this may seem like a small revision, it would translate into a costly administrative burden for SAF’s members. In 2012, our members will need to gather Taxpayer Identification Numbers (TINs), deal with withholding requirements, and mail 1099 tax forms for basic business expenses. Small retail florists, for example, will have to issue 1099’s to their wholesalers, landlords and gas stations. Wholesalers purchasing flowers and plants from growers will need to issue 1099’s. Growers who send staff to a trade show will have to issue a 1099 to the hotel in which those staff members sleep. In essence, our members will have to issue 1099’s to all of their vendors.

In this weak economic recovery, we must do all we can to minimize burdens on small businesses and foster an environment in which they can thrive and grow. Business owners in the floral industry operate on thin margins. SAF’s Second Quarter Economic Outlook survey revealed more florists think sales will decline or stay the same over the next six months. Instead of focusing on selling, designing and distributing flowers, because of this new rule, they will spend more time and expense to comply or face stiff penalties for late filing.

Based on the results of a survey SAF recently conducted on the new requirements, 84 percent of the respondents, said they do not have anyone on staff currently who could track the 1099 forms, reconcile each TIN, and issue the forms to all vendors -- meaning that they would need to reassign or hire someone to accomplish these tasks.

In addition, under the new law, 64 percent of respondents to the survey cited above anticipate issuing 50 or more 1099 forms. Under existing law, four percent of respondents currently issue 50 or more 1099’s.

SAF believes this is a counterproductive tax policy that punishes taxpayers who comply with all current laws. We urge you reconsider this reporting requirement and to repeal this provision before it is implemented.

The Society of American Florists is the national trade association representing the entire floriculture industry, a $35 billion component of the U.S. economy. Membership includes nearly 10,000 small businesses, including growers, wholesalers, retailers, importers and related organizations, located in communities nationwide and abroad. The industry produces and sells cut flowers and foliage, foliage plants, potted flowering plants, and bedding plants.

Sincerely,

Peter Moran, CEO
Society of American Florists