

Mr. WHITEHOUSE. I thank the Chair.

(The remarks of Mr. WHITEHOUSE pertaining to the introduction of S. 45 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. WHITEHOUSE. I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. I thank the Chair.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 112 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Ms. COLLINS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JOHANNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nebraska is recognized.

AMERICA'S COMPETITIVENESS

Mr. JOHANNIS. Mr. President, as we look forward to tonight's State of the Union Address, we are hearing a lot of talk about jobs and the United States being more competitive. Unfortunately, the American people have heard the talk, they have heard the rhetoric, but they do not see the concrete action that is going to make a difference. The time for talk really is over.

Today, I am introducing three concrete measures to unleash American competitiveness and lift barriers to American job creation.

First, we must unbridle our job creators from the onerous 1099 tax paperwork mandate that is buried in section 9006 of the health care bill. Behind the scenes, for the past few weeks there has been growing bipartisan support for this important piece of legislation. In fact, now I can report that 50 Senators have signed on as cosponsors, including, I believe, 10 or 11 of my colleagues from across the aisle. Successful passage of this repeal would send an enormously powerful message. It would declare that the 112th Congress will come together to remove barriers to job creation. Left unabated, though, this avalanche of paperwork will simply bury businesses. If a business purchases more than \$600 of goods or services from another business, it will be required to provide the business and the IRS with a 1099 tax form. This new mandate will affect all kinds of businesses in the country. It also will include nonprofits, churches, local governments. This small section of this 2000-plus page bill is causing massive confusion and, I might add, outrage across the country.

Although this mandate was included in the health care law, it has abso-

lutely nothing to do with improving health. Rather, section 9006 was included because it would supposedly generate money to help pay for the bill. But the National Taxpayer Advocate, a division of the IRS, does not buy it. Their analysis took all the air out of the argument by concluding that the IRS would "face challenges making productive use of this new volume of information." The analysis adds that the IRS likely would "improperly assess penalties that it must abate later, after great expenditure of taxpayer and IRS time and effort."

This mandate was ill-advised, and it is not responsible policy. We can do better, and the time is now. The President himself is talking about ridding the books of outdated regulations. We should not overlook this new regulation that will smack businesses if we fail to repeal it. It will inflict a mountain of paperwork on an estimated 40 million business owners across this Nation, and it stands in the way of job creation.

It is going to have an impact in Nebraska, there is no doubt about that. In fact, as I have traveled back home, I have been inundated with stories about business owners who are bracing for the impact.

Jeff Scherer of Smeal Manufacturing Company in Snyder, NB, says the bill will lead to an additional \$23,000 in accounting costs. Being able to invest that \$23,000 into a company will go a long way toward helping justify business expansion.

Another real-life example from Nebraska is a company called Hayneedle. Hayneedle is an online retailer of home furnishings and other home products located in Omaha, NB. Hayneedle employs 400 people. Prior to the 1099 tax reporting mandate, Hayneedle issued approximately 150 1099 forms annually. Now this great company will be required to issue thousands more tax forms every year. They will be required to track payments for everything from a computer to rent to office supplies. Simple expenses such as food purchases for employees would have to be counted and traced. The company estimates that the annual cost of compliance will exceed \$100,000—useless paperwork. That \$100,000 would go a long way toward hiring more workers.

In addition, the thousands of Hayneedle's vendors will be required to complete and return to Hayneedle a form W-9. This means Hayneedle will be required to review and process and oftentimes correct those forms and then issue a 1099 to the vendors. It is a mad circle for no good even.

If the 1099 law is not repealed, it will waste vast quantities of capital and human resources. Squandering these resources will stunt their ability to grow their businesses. Our Nation needs more employers like Hayneedle and Smeal Manufacturing to continue growing and putting people to work. Considering the high unemployment rate plaguing every State in the coun-

try, it is incomprehensible that we keep this in place.

This new 1099 reporting requirement will have an especially detrimental effect on small businesses in our local communities. For example, the new 1099 reporting requirements create a perverse incentive to consolidate suppliers, which leaves Main Street businesses out in the cold. You see, businesses will likely reduce the number of vendors they work with to reduce the paper transactions to avoid the \$600 limit and avoid the paperwork.

When suppliers are consolidated, you can bet that suppliers will lose out. Kentucky Fried Chicken restaurant owner Dale Black of Grand Island says it best. He says this: He "wants to be a good corporate citizen in the communities I have restaurants, but the 1099 forces me not to hire local vendors and tradesmen in my community; instead giving work to a single regional contractor."

The IRS's own Taxpayer Advocate appears to agree, saying:

Small businesses may lose customers, leave the economy with more large national vendors and less local competition.

Now, I am certain the goal was not to strangle small-town economies, but it is the unintended consequence and reality of this new mandate. We need to look for ways to help small businesses, not hamper them. But there is no way to talk around this provision, to spin it. It is simply brutal for the American business community.

Businesses cannot afford the new burden. They are imploring us to help them. That is why the Small Business Paperwork Mandate Elimination Act, introduced today with that many cosponsors, simply needs to become the law. Repealing this mandate is going to be a joint effort of all of us in the Senate, and my hope is it will be done.

In fact, there is something else we can support to create an estimated 27,000 new jobs, and it does not cost taxpayers anything. I am referring to the second piece of my American competitiveness and jobs package, our three pending trade agreements. Unfortunately, with our economy struggling, this issue has been given lip service for the past couple of years. Although our President mentioned this topic almost 1 year ago, we have seen virtually no action. During last year's State of the Union Address, the President boldly stated:

We have to seek new markets aggressively, just as our competitors are. If America sits on the sidelines while other nations sign trade deals, we will lose the chance to create jobs on our shores.

I could not agree more with his statement. The next day I offered a letter to the President with 17 Senators offering our help and our support. But, unfortunately, a year later, there has been little action. The White House has not sent to us the three trade agreements that are sitting on the shelf collecting dust. It is an unfortunate squandering of a sorely needed opportunity.

So with 14 million Americans still unemployed, our country will tune in to the State of the Union tonight with keen ears for ideas that create jobs, that boost the economy. But our three negotiated trade deals continue to sit there. It is unacceptable, and it needs to change. By this July, the European Union and South Korea will have implemented their own free-trade agreement, putting U.S. business at a competitive disadvantage.

The Korea-U.S. Free trade Agreement fixes that. Our friends to the north in Canada and south in Mexico have trade deals in place with Colombia. While our agreement languishes, their exports are winning the marketplace. Imagine how our exporters feel watching their competition move to the front of the line, knowing that the agreements put them ahead.

If we fail to act on the agreement, it is clear that our U.S. producers will fall behind. It is happening. Thus, today, some of my colleagues and I introduced a resolution pushing for the approval of the Korea, Colombia, and Panama trade agreements. Our President and this Congress hold the keys to unlocking the benefits.

According to the U.S. International Trade Commission, these agreements would increase new U.S. exports between \$10 and \$12 billion, reducing the U.S. trade deficit and boosting the economy. In addition, these new U.S. goods exported to South Korea, to Colombia, to Panama would yield 27,000 new jobs. Overall this means an estimated gain in GDP of over \$12 billion from net exports annually.

This would be music to the ears of our exporters and those looking for work. Their government should similarly be chomping at the bit to get this done. It is within our grasp. American workers and businesses are essentially pleading for us to move forward. The folks on the production line, in our fields, those seeking employment, are the ones with true skin in the game.

We need to unleash their potential by unleashing the pending agreements with South Korea, Colombia, and Panama. These agreements will level the playing field and eliminate barriers for U.S. goods. Our workers are always ready to roll up their sleeves and do what they can to start producing.

Recently our Federal Reserve Chairman, Ben Bernanke, said: Our current pace of hiring will require 4 to 5 years to reach normal unemployment levels. Now, 4 to 5 years is too long to wait. We need to do everything we can to change that picture. So imagine the impact of immediately eliminating tariffs on 80 percent of U.S. exports to South Korea. Remember, only 13 percent of our goods and services are currently exported tariff free. How about immediately eliminating tariffs on U.S. exports to Colombia for more than 77 percent of agricultural goods and 76 percent of industrial goods. Consider a whopping 90 percent of Colombian imports already enter our country duty

free under the Andean Trade Preference Act. This leveling of the playing field is sorely needed.

To be clear, I do not oppose helping our neighbors, and the Andean agreement was designed to do that. But should we not at least seek the same treatment for our businesses and our workers?

Almost 1 year ago today we heard the President speak about aggressively expanding the marketplace in the international market. These agreements would do that. I hope tonight he reaffirms his commitment.

Finally, the third pillar of the competitive package that I introduced today will lower our corporate tax rates 20 percent. For many years, the United States has had the second highest corporate tax rate in the world—second highest corporate tax rate in the world—second only to Japan. Japan has now announced that they will reduce their corporate rate for 2011. With this reduction, the United States will have the highest corporate tax rate of anyone in the entire world. That means the U.S. tax environment for our job creators will be the least attractive in the entire world.

Here is the math: When you take into account a Federal corporate tax rate of 35 percent and the average State corporate tax rate, the combined U.S. corporate tax rate totals more than 39 percent, nearly 40. This combined rate soars above those of other countries with which American businesses compete. That makes absolutely no sense. Is it any wonder that jobs are leaving this country to go to other competitive countries? Our Nation should be encouraging business creation and growth, not putting our job creators at a disadvantage with this extraordinary, No. 1-in-the-world tax rate.

At least 27 of 34 nations in the Organization for Economic Cooperation and Development have cut their general corporate income tax rates since 2000. These countries have benefitted from increased capital investment, and—get this—they have seen their corporate tax revenues, as a share of GDP, actually increase even with the lower rate because they are expanding the base.

According to a July 2010 analysis by PricewaterhouseCoopers, the U.S. would have to reduce its Federal rate to 20.3 percent to match the average corporate rate of other OECD countries. Thankfully, many recognize the need to bring our corporate tax rate in line with those of other industrialized nations. In fact, in December, the President's Export Council recommended the corporate tax rate be reduced to 20 percent. This will stimulate job creation across the country, all sectors of the job market.

Washington cannot continue to say one thing and do another. That is why today I am introducing the Restoring America's Competitiveness in Enterprise Act of 2011. This legislative package, the 1099 repeal, the resolution supporting the trade agreements, the bill

to reduce the highest—soon to be the highest—corporate tax rate in the world will provide a solid foundation for our country to move forward.

It will send a powerful message that this 112th Senate supports job creation and is committed to unleashing America's competitiveness. I am hopeful that my colleagues will join me in supporting this important package. We are off to a good start, and I thank my colleagues on both sides of the aisle who have joined me in this effort.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHANNES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:27 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

Mr. LEAHY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MERKLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRANKEN.) Without objection, it is so ordered.

UNANIMOUS CONSENT REQUEST— S. RES. 21

Mr. MERKLEY. Mr. President, I submit a resolution on behalf of myself and Senator TOM UDALL to amend rule XIX and rule XXII of the Standing Rules of the Senate, and I ask unanimous consent that the Senate proceed to the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. MERKLEY. Mr. President, for purposes of having the resolution go over, under the rule, I object.

The PRESIDING OFFICER. Objection is heard. The measure will go over, under the rule.

Mr. MERKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MERKLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.