



May 24, 2011

Dear Senator Hatch:

Representing the country's largest, oldest and most respected small business associations who have spent more than a decade working to improve access to and affordability of private health insurance, we commend you for introducing the American Job Protection Act (S. 20). This bill repeals the employer mandate in the Patient Protection and Affordable Care Act (PPACA).

In the law, the employer mandate penalizes businesses with 50 or more "full-time equivalent" employees if they do not provide government-prescribed health insurance, or if certain employees receive a tax credit and purchase insurance through the exchange. Regulations promulgated to implement this mandate are further exacerbating the confusion among employers, increasing employer uncertainty as to the various ways to: classify and define employees; calculate the impact of the cumbersome requirement; and minimize the costs associated with compliance. This cumbersome burden will only increase costs for small business owners.

This onerous mandate will force employers to use their resources and savings to pay these penalties, at the expense of hiring employees, creating jobs and expanding their business. It also establishes a powerful disincentive to hire more than 50 employees. Thus, it punishes both the employer and employees alike. While the employer will struggle with the cost of the penalty, the employees will suffer lower wages and possibly job loss. According to the Congressional Budget Office (CBO), the employer mandate and other harmful provisions in PPACA would cost the economy over 800,000 jobs. This hurts small business owners, who generate two-thirds of the new jobs each year.

Further, this unprecedented mandate creates more uncertainty for the nation's job creators. These penalties are already discouraging employers from making immediate and long-term business decisions during our nation's economic recovery; particularly now employers need certainty too allow them to plan for the future as well as flexibility in providing health insurance.

The American Job Protection Act will provide employers desperately needed certainty by repealing the employer mandate. The mandate – although not effective until 2014 – is already

stifling job creation and economic growth and is counter-productive to the goal of expanding access to affordable healthcare for small businesses. Thank you for introducing this important legislation and we look forward to working with you.

Sincerely,

American Bakers Association

American Council of Engineering Companies

American Farm Bureau Federation

American Foundry Society

American Hotel & Lodging Association

American Nursery & Landscape Association

American Rental Association

American Supply Association

Associated Builders and Contractors, Inc.

Associated General Contractors of America

Automotive Aftermarket Industry Association

Automotive Recyclers Association

Door and Hardware Institute

Farm Equipment Manufacturers Association

Independent Electrical Contractors

Independent Office Products & Furniture Dealers Association (IOPFDA)

International Franchise Association

International Housewares Association

International Sleep Products Association

Manufacturers' Agents Association for the Foodservice Industry

National Association of Mortgage Brokers

National Association of Wholesaler-Distributors

National Club Association

National Council of Chain Restaurants

National Federation of Independent Business

National Lumber and Building Material Dealers Association

National Restaurant Association

National Retail Federation

National Roofing Contractors Association

National Tooling and Machining Association

National Utility Contractors Association

North American Die Casting Association

NPES The Association for Suppliers of Printing, Publishing and Converting Technologies

Petroleum Marketers Association of America

Precision Machined Products Association

Precision Metalforming Association

Professional Golfers Association of America

Promotional Products Association International

Service Station Dealers of America & Allied Trades

Small Business & Entrepreneurship Council

Specialty Equipment Market Association

SPI: The Plastics Industry Trade Association

Textile Rental Services Association

Turfgrass Producers International

U.S. Chamber of Commerce

Western Growers Association