

**OPENING STATEMENT
AS PREPARED FOR DELIVERY**



**Opening Statement of
Chairman Steve Chabot
House Committee on Small Business
“The Sharing Economy: A Taxing Experience for New Entrepreneurs”
AS PREPARED FOR DELIVERY
May 24, 2016**

Good morning. Thank you all for being here. A special thanks to our witnesses, who have taken time away from their busy schedules to be here with us today.

We are here to examine an exciting new phenomenon in our society – the sharing economy.

This new economy goes by many names: app, gig, on-demand, peer-to-peer, online platform and collaborative. I’ve even heard it called “the Uber economy.” Some of you may have even taken Uber or Lyft to get to this hearing today.

No matter what you call it, the sharing economy is changing the face of American entrepreneurship and small businesses before our very eyes.

The dizzying pace of this change has presented many new opportunities and new challenges for the millions of Americans who participate in it.

These new platforms have dramatically changed the way companies provide goods and services, giving their workers unprecedented freedom and independence.

This new generation of workers want to set their own hours and decide which jobs to take. They may work with one on-demand platform or multiple platforms. They may work alone or pool their resources with others. This is the essence of economic liberty and a testament to the power of the free market.

However, in their enthusiasm, these entrepreneurs are running smack-dab into the buzz-saw of an outmoded tax code that is not designed to accommodate them. The tax compliance challenges they face have gone largely unacknowledged so far. But as we are hearing from a growing chorus of entrepreneurs, they present new and unnecessary obstacles for our small businesses.

Some of these new entrepreneurs fail to file their taxes altogether, and, when they do, they often pay too much. They don't know that can deduct certain expenses, or they don't have the records to back up their deductions, putting them at risk for audit.

Unfortunately, the IRS has not been part of the solution for entrepreneurs in navigating this new sharing economy. Too often, it has been part of the problem.

Our current tax system isn't working for these new small businesses. In many ways, it is working against them. We can do better, we must do better.

Today, we will explore some of these problems and discuss some potential solutions with this distinguished panel.

I am looking forward to hearing from our witnesses today. I now yield to our Ranking Member, Ms. Velázquez, for her opening statement.