

Promote America's Competitive Edge

U.S. Workers Keeping **PACE**
with the World

www.pace4jobs.org

July 22, 2014

Dear Senator:

The PACE Coalition—a broad-based organization dedicated to promoting and increasing the more than 71 million American jobs that depend on the international competitiveness of worldwide American companies—opposes S. 2569 sponsored by Senator John Walsh (D-MT), which is pending before the Senate.

The proposed legislation would disallow tax deductions for ordinary business expenses associated with the closing of a U.S. business unit when it is determined to be relocated abroad. Plant closings and relocations, when necessitated, however, are driven by business considerations in a globally competitive economic environment.

While intended to promote U.S. job creation, the legislation actually would have the unintended consequence of making it even more difficult for American worldwide companies to compete at home and in world markets, thereby placing at risk jobs of American workers. The best way to grow and add jobs in the United States is through tax reform that makes the U.S. tax system as competitive as those of other industrialized countries, not by imposing new impediments on American companies.

Foreign markets represent 95% of the world's population and more than 80% of the world's purchasing power. Global demand for American goods and services creates extraordinary opportunities for American companies and their employees, which benefits the U.S. economy and boosts American living standards. In many cases, job creation in the United States is tied to the ability of American companies to expand in worldwide markets.

Relocation of certain business operations can result in greater production in the United States when it results in cost savings that can increase the international competitiveness of U.S.-made goods and services. In contrast, disallowing a deduction for a legitimate cost of doing business would inject even more uncertainty into business planning, add additional complexity to the tax code and further increase costs for U.S. companies, making them less competitive in the global marketplace.

We strongly encourage Congress to develop and enact pro-growth and pro-competitiveness comprehensive tax reform, which is the path to a more vibrant American economy that will ensure the retention and creation of U.S. jobs.

Sincerely,

Business Roundtable
Information Technology Industry Council
National Association of Manufacturers
National Foreign Trade Council
U.S. Chamber of Commerce