Promote America's Competitive Edge

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

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June 14, 2010

Senator Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Senator Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Senators Reid and McConnell:

The undersigned associations — representing virtually every industry sector in the United States — write today to urge the Senate to remove the international tax provisions included in the "Tax Extenders" legislation approved recently by the House.

Worldwide American companies are already faced with one of the highest corporate tax rates in the world, yet the legislation currently before the Senate would begin to dismantle tax provisions designed to keep U.S. companies competitive. As Dr. Robert Shapiro, Chair of NDN's Globalization Initiative and principal economic advisor to the Clinton, Gore and Kerry presidential campaigns stated recently:

> *As a stream of recent research has demonstrated, increases in investment and jobs by the foreign subsidiaries of U.S. global companies no longer come out of investment and jobs at home. Instead, as those foreign subsidiaries expand, mainly to serve foreign markets, their demand for and use of those idea-based, headquarter services expands too. So, the data and the operations behind them now show that increases in jobs and investment by foreign subsidiaries are now accompanied by increases in investments and jobs by the parent companies back home.* ***For all of these reasons, raising the tax burden on American companies with foreign operations would reduce investment and job creation not only abroad, but here at home as well.***

We firmly believe that changes in our international tax laws should only be considered in the context of broader tax reform that makes us more competitive. While we support many of the pro-growth tax relief provisions in the bill, $14.5 billion in permanent tax increases are being used to fund various temporary tax and spending initiatives. The cumulative effect of the international offsets will be to make it more expensive for U.S. companies to bring foreign earnings back to reinvest in the U.S. This will not help, but rather hinder job creation for Americans.

American workers and jobs benefit from the ability of American companies to compete in a worldwide economy. Other countries are eliminating the overreaching worldwide tax model, lowering tax rates, and creating new and dynamic tax systems to attract job-creating activity. In the United States however, the proposed changes like those outlined above will make the U.S. tax system even less competitive than it is, threatening U.S. jobs, U.S. competitiveness and overall growth.

The undersigned associations collectively represent industries employing tens of millions of Americans. We urge the Senate to reject the international tax “pay-fors” included in the Tax Extender bill, and stand eager to work with Congress to modernize our international tax system.

Sincerely,

American Chemistry Council
AMT – The Association For Manufacturing Technology
Association of Equipment Manufacturers
Business Roundtable
Business Software Alliance
Emergency Committee for American Trade (ECAT)
Financial Executives International's (FEI) Committee on Taxation
Information Technology Industry Council
National Association of Manufacturers
National Foreign Trade Council
Retail Industry Leaders Association
Silicon Valley Leadership Group
Software Finance and Tax Executives Council
Software & Information Industry Association
TechAmerica
TechNet
Technology CEO Council
U.S. Chamber of Commerce
United States Council for International Business

C: Members of the U.S. Senate