



Business Roundtable™

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March 19, 2009

To Members of the U.S. House of Representatives:

Business Roundtable, an association of chief executive officers of leading U.S. companies, urges Congress to reject the Administration's budget proposal to increase taxes on U.S. companies competing for business abroad. The present rules were designed by Congress specifically to provide a level playing field for U.S. companies to compete in the international economy. The Administration's budget proposal would increase taxes by \$210 billion over 10 years through changes to "deferral" and other tax provisions.

Congressional approval of these changes to the current, balanced system would create a serious disadvantage for U.S.-based multinational companies. Imposing higher taxes on American companies would allow our foreign-based competitors to reinvest more, expand faster and sell their products at lower prices. U.S.-based multinational companies would be unable to compete against foreign corporations, leading to reduced employment and lower wages for American workers. Now, more than ever, we simply cannot afford to stifle economic recovery and job creation here at home by changing the tax rules.

Successful foreign operations of American companies are an important growth engine for the U.S. economy and domestic job creation. Foreign markets represent 95 percent of the world's consumers, and growth in these markets helps expand the demand for U.S. goods and services. Department of Commerce data show that nearly 90 percent of sales by foreign subsidiaries of American companies are to foreign customers. As U.S. companies expand abroad, they expand at home, leading to increased exports from the United States and increased and better paying jobs.

In order for U.S. companies to be internationally competitive, they must not be handicapped by higher tax burdens than their foreign-owned competitors. U.S.-based multinationals lead the economy in innovation, research, and productivity growth, employing nearly 22 million Americans in the process.

We believe the current proposal to change deferral would harm this nation's growth and result in a loss of jobs for Americans employed by multinational companies and by their U.S. suppliers. We urge you to reject this proposal.

Sincerely,

John J. Castellani

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