

Coalition for Tax Competition

February 23, 2010

Speaker of the House of Representatives Nancy Pelosi, House Minority Leader John Boehner,
Senate Majority Leader Harry Reid, Senate Minority Leader Mitch McConnell
Members of the House of Representatives and Members of the United States Senate
cc: President Barack Obama

Dear Representatives and Senators,

We write today to warn you of anti-growth components to Senator Reid's newly proposed "jobs bill" (S.A. 3310 to H.R. 2847). Specifically, we are concerned that provisions lifted from the Foreign Account Tax Compliance Act of 2009 will discourage investment in the United States.

In brief, these provisions would impose a stiff thirty percent withholding tax on the investments of foreign financial institutions unless they agree to onerous and intrusive reporting agreements with the Treasury Department about their American accounts.

These provisions will make it more expensive to invest and do business in the United States. Making it more expensive to invest in the United States will divert global capital to other nations. This will reduce growth and jobs creation in America.

Furthermore, the reporting requirements are a threat to fiscal sovereignty. By attempting to impose American laws on foreign companies acting outside of the United States, we open the door for similarly misguided efforts on the part of foreign governments and international bureaucracies. European bureaucrats already are interfering with mergers and acquisitions among and between U.S. companies, so it seems particularly foolish to create further precedent for this type of fiscal imperialism.

Finally, these anti-jobs provisions in a so-called jobs bill will not raise the funds that proponents claim. Financial institutions and other international investors will simply shift funds out of the United States. The only effect of these provisions will be the movement of investments and jobs overseas.

Sincerely,

Andrew F. Quinlan ~ President, Center for Freedom and Prosperity Foundation

Grover Norquist ~ President, Americans for Tax Reform

Karen Kerrigan ~ President & CEO, Small Business and Entrepreneurship Council

David A. Keene ~ Chairman, American Conservative Union

Matt Kibbe ~ President, FreedomWorks

Tom Schatz ~ President, Council for Citizens Against Government Waste

Fred Smith ~ President, Competitive Enterprise Institute

Andrew Moylan ~ Director of Government Affairs, National Taxpayers Union

Phil Kerpen ~ Vice President for Policy, Americans for Prosperity

Lew Uhler ~ President, The National Tax Limitation Committee

Tom Giovanetti ~ President, Institute for Policy Innovation

Jim Martin ~ Chairman, 60 Plus Association

Karri Bragg ~ Executive Vice President, Citizen Outreach

Stephen J. Entin ~ President, Institute for Research on the Economics of Taxation