



**Congress of the United States**  
**House of Representatives**

October 13, 2008

The Honorable Nancy Pelosi  
Speaker of the House  
H-232, U.S. Capitol  
Washington, D.C. 20515

Madame Speaker:

I have been reading with great interest the press reports relaying the Majority's continued discussion of an additional "stimulus" package. Madame Speaker, I agree wholeheartedly that Congress should take additional measures to get our economy back on track, and we should not wait until January.

Families and small businesses continue to feel squeezed by the impact of the credit crisis. The threat of new taxes stifles any planned job creation. And the cost of energy, while falling somewhat, is still too high and threatens our economy and family budgets. You have been quoted in recent days as saying this Congress must make "harsh" decisions to address these challenges. Yet those same news stories document your plans to spend upwards of \$150 billion as "stimulus" – hardly a "harsh" decision. This is instead more of the same: an irresponsible, business-as-usual approach that has earned this Congress the lowest approval ratings ever recorded in the history of modern polling.

Nothing currently being discussed by the Majority as "stimulus" will stabilize the economy long-term. Nothing being discussed will ease the uncompetitive nature of our nation's tax rates. Nothing being discussed will bring a single dollar of private capital into our markets, which would help stabilize and restore American families' savings and retirement accounts. And nothing being discussed will help small businesses compete and thrive.

To be sure, Madame Speaker, the challenges we face today are long-term problems and will take a great deal of work by Congress and the next administration. And we must allow time for the recently-enacted market rescue package to begin to work. However, there are immediate steps we can take to begin to turn the corner toward real economic growth, including:

- **Creating Jobs through an "All of the Above" Energy Plan:** While the moratorium on development of nation's deepwater oil and gas resources expired on October 1st, completing

the requirements under existing law to develop these resources will take at least two years. And lawsuits from anti-American energy extremists could delay development even longer. Congress should amend existing law so that leasing for the development of our deep ocean resources can begin in months, not years. Likewise, we should streamline the judicial review process so that any lawsuits can be heard and acted upon quickly. More importantly, Madame Speaker, we should view the expiration of the energy production bans as just the first step toward the energy reforms the American people support. Nearly three months ago, House Republicans introduced the *American Energy Act*, an “all of the above” plan to lower energy costs by increasing production of American energy, encouraging the use of alternative and renewable fuels, and promoting more efficiency and conservation. These changes – not reinstating the energy production bans, as Majority Leader Hoyer and Natural Resources Committee Chairman Rahall have recently suggested – are expected to create a million good-paying job opportunities and lower the costs of energy for all Americans.

- **Bringing American Jobs Back Home:** Under current law, the nearly 10,000 U.S. companies that have overseas subsidiaries must pay a 35 percent tax (the second highest tax rate in the world) on profits earned overseas when they bring those profits home. This encourages U.S. companies to leave their earnings overseas, meaning less money is available to shore up struggling companies at home, keep Americans employed, and create new American jobs. Congress should immediately change the law to lower the tax rate on profits that companies bring back to the United States. A similar one-time change enacted in 2004 resulted in \$312 billion that had been locked away overseas coming home to the United States.
- **Encouraging Home Purchases:** Currently, people can exclude up to \$250,000 of capital gains (\$500,000 for married filing jointly) on the sale of a home used as a primary residence in at least two of the last five years. Congress should encourage people to purchase properties by allowing a similar exclusion for other homes purchased in the next 18 months and held for at least 5 years.
- **Providing Capital Gains Tax Relief:** Congress should immediately suspend the capital gains rate from 15 percent for individuals and 35 percent for corporations for equities purchased during the next two years. At a time of economic uncertainty, Congress should do everything in its power to encourage investment to help spur growth in equities markets, and providing capital gains tax relief could help take foreclosed properties off the market and raise home values on behalf of American families.
- **Lowering the Corporate Tax Rate:** The American corporate tax rate is the second highest in the industrialized world. To encourage American companies to assist with the financial recovery, American companies should see a benefit for investing in distressed assets. Congress should enact a program where corporations that agree to purchase some amount of distressed assets should benefit with a temporary 10 percentage point cut in their corporate tax rate.
- **Increasing the FDIC Insurance Limit:** The recent economic rescue package increased the FDIC insurance for deposits from \$100,000 to \$250,000. While this was a necessary step to encourage Americans to keep their money in American banks, Congress should act to insure

100 percent of assets in transaction accounts. Many small and mid-size businesses easily eclipse the new \$250,000 threshold to meet payroll.

- **Guaranteeing Interbank Lending:** One of the primary impediments to unlocking the credit markets is that banks do not trust the security of other banks. A federal government guarantee of lending among banks will go a long way in unlocking the credit markets for businesses and individuals.
- **Suspending of Minimum Withdrawal Rules.** Current law requires individuals age 70½ to begin withdrawing from their Individual Retirement Accounts. Congress should immediately enact legislation suspending this requirement to spare investors from being forced to sell their stocks at just the time when the market is hurting the most.

House Republicans represent nearly half of the American people. Our constituents are not looking at the mess in Washington or Wall Street and asking for the federal government to take care of other governments. They are not asking for a one-term accounting fix to Medicaid, or pork-barrel spending masquerading as “stimulus.” They’re asking for reforms that create good jobs, lower energy costs, and allow our employers to compete. They are asking for a real economic growth package that lets them keep more of their own paychecks – and creates new American jobs at the same time.

I look forward to working with you to pass these important reforms.

Sincerely,

/s/

John Boehner  
Republican Leader