

COALITION TO PROTECT PRIVATE ENTERPRISE

September 9, 2010

Dear Senator/Representative:

As organizations representing millions of small and closely-held businesses, we urge you to act now and pass legislation preventing massive tax increases that will impact businesses.

Tax cuts passed in 2001 and 2003 are set to expire at the end of this year, increasing the tax rates for individual taxpayers and raising the maximum rate to nearly 40 percent. The majority of businesses in this country are organized as pass through entities, meaning they pay taxes at the individual rate and will be subject to these increases.

Main Street businesses are America's job creators. They are responsible for 60 percent of the net new jobs created in the last decade. But uncertainty about the economy and looming tax hikes have kept this sector from hiring new workers, resulting in a weak economic recovery and slow to nonexistent job growth. Until Main Street begins to hire, we fear the unemployment rate will remain unacceptably high.

Some policy makers propose extending only some of the current tax rates, arguing that only a handful of businesses would be affected if the top two tax rates are increased. They also claim that many of these firms are not "real" businesses and therefore not worthy of consideration. These arguments are unfounded. The question is not how many or what type of business is affected, but rather how much economic activity is subject to the tax hike and how many jobs are put at risk. Estimates from Treasury and the Congressional Budget Office make clear that between one-fourth and one-third of all business tax income is taxed at the top rates.

Meanwhile, a survey of small business owners found that businesses most likely to pay the top rates employ over 25 percent of the total workforce. With unemployment near 10 percent, subjecting employers accounting for such a large portion of the workforce with a substantial tax hike is risky and harmful to the recovery.

Recent economic and jobs reports confirm that our economy continues to struggle. Failure to address these expiring rates will punish the millions of Americans seeking jobs. With just a few weeks left in the 111th Congress, legislators should act now to prevent a significant tax increase on American employers and provide more certainty to job creators.

Sincerely,

Air Conditioning Contractors of America
American Council of Engineering Companies
American Farm Bureau Federation
American Moving & Storage Association
American Petroleum Institute
AMT - The Association for Manufacturing Technology
Associated Builders and Contractors
Financial Executives International
Food Marketing Institute
Independent Insurance Agents & Brokers of America
Independent Community Bankers of America
International Council of Shopping Centers
International Franchise Association
National Association of Manufacturers
National Association for the Self Employed
National Association of Wholesaler-Distributors
National Federation of Independent Business
National Funeral Directors Association
National Marine Manufacturers Association
National Multi Housing Council / National Apartment Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Small Business Association
Plumbing-Heating-Cooling Contractors – National Association
Printing Industries of America
S Corporation Association
Small Business Legislative Council
TechAmerica
Tire Industry Association
U.S. Chamber of Commerce