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Congress of the United States
House of Representatives
Washington, DC 20515–4906

September 15, 2011

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20515

The Honorable Eric Cantor
Majority Leader
U.S. House of Representatives
H-329 U.S. Capitol
Washington, D.C. 20515

The Honorable Dave Camp
Chairman
House Committee on Ways and Means
1102 Longworth HOB
Washington, D.C. 20515

The Honorable Spencer Bachus
Chairman
House Committee on Financial Services
2129 Rayburn HOB
Washington, D.C. 20515

Dear Colleagues:

In the wake of President Obama's speech last week to a Joint Session of the Congress, I was gratified to see the constructive response of our House Leadership. Certainly, our lagging economy, with its stalled engines of job growth, demands our immediate attention. Submitting the President's proposals to consideration by the appropriate committees of the House is a proper start to developing policy responses that will attract bipartisan support and will be effective in generating new private-sector job growth. To make best use of our limited resources, we must first identify specific obstacles to growth and fashion fitting remedies.

In speaking this summer with the job creators of Wisconsin's 6th Congressional District, I learned that many manufacturers have experienced increased demand but have been challenged in filling orders due to constraints in their upstream supply chain. In particular, high quality steel has been in limited supply because large producers have held back the investment needed to reopen shuttered capacity. Investment tax credits, tailored to fostering investment at the head of the supply chain, could move undeployed capital off the sidelines and have impacts in sectors beyond their immediate application.

Depreciation schedules within our current tax code also merit some attention. Many of these schedules are out of sync with current business realities. Too often, assets considered to be 30-year properties for tax purposes have a significantly shorter useful life. This is especially true in the retail and restaurant sectors. Corporate tax reform hopefully is on its way, and more realistic depreciation schedules are certain to be part of any reform. Why not take a first step now and accelerate depreciation schedules to reflect current business practice?

Such a change could produce new job-supporting investment in the retail, restaurant, and commercial construction industries.

Housing problems were a central cause of our recession, but these issues have yet to be addressed adequately. Real estate professionals in my district and economists generally maintain respectively that the housing and mortgage sectors will not rebound until markets are cleared of foreclosed properties and questionable mortgage securities. We all know the important role that housing and its related businesses play as employers throughout our country. Fixing housing could have a big payoff in terms of job creation.

While mortgage finance is outside my area of expertise, I do recall the successful efforts of the Resolution Trust Corporation, in the aftermath of the Savings and Loan debacle, to hold foreclosed properties off the market in order to prevent the downward pressure on prices that only serves to keep new investment idle. We also must not ignore the possibility that new properties may soon find their way into foreclosure. Many homeowners are still "underwater" with their mortgage and could well decide that strategic foreclosure is in their interest. We should take advantage of the current low-interest rate environment to craft policies, including mortgage refinancing for a broad range of homeowners, that will limit new foreclosures and prevent local markets from being flooded with currently distressed properties.

I also believe that we will have little success in breathing new life into our housing sector until we return the business of mortgage finance to the private-sector banking industry. Toward this end, it would be useful to encourage a careful examination of existing mortgage securities with the goal of separating those that are healthy and performing from those that have soured so that both classes can be handled appropriately. Only by clearing bad mortgage pools will we be able to restore confidence and attract new investment capital.

As has been noted by many on our side of the aisle, some of the President's proposals are worthy of bipartisan consideration. In addition to those of his ideas that make sense, I encourage consideration of the issues of investment tax credits, accelerated depreciation, and addressing the housing crisis as part of our effort to get our economy back on track. Government policies focused on our core economic problems are most likely to produce the desired results, and concentrating on the problems specific to job creators is most likely to produce job creation.

Sincerely,

Thomas E. Petri
Member of Congress