

April 12, 2013



We submit these comments today to urge the Ways and Means Committee to continue the valuable work that is currently underway on tax reform, with the eye towards reforms that will put more Americans back to work. The recent jobs numbers underscore a startling trend. While the economy may be growing again, it is growing too slow, too few Americans are regaining jobs – and even more are dropping out of the workforce entirely. American can – and must – do better.

Since our founding more than a decade ago Americans for Job Security (AJS) has been a consistent advocate for pro-growth, pro-jobs policies that benefit the American people. We believe that free markets and pro-paycheck public policy are fundamental to building a strong economy and creating more and better paying jobs.

We believe that the current tax code runs counter to all of these ideals. Both the individual and business tax codes are enormously complex and burden our companies, small businesses and consumers alike. In addition, tax rates are simply too high. At 35%, the corporate rate makes the U.S. an outlier on the global stage and discourages investment and job creation here at home. Compared to our major trading partners in Europe and Asia the U.S. rate is a full 10 percentage points higher than the OECD average of 25%. Canada's federal statutory rate is just 15%.

Tax reform with a significant rate reduction is a job creator. Reducing our rate to just the OECD average of 25% would, according to The Heritage Foundation, would create more than half a million jobs annually over the next decade. It would also improve wage growth for American workers. Under the current system, workers are losing out on wage growth of between .1% and .3% this year because of our "world-leading" corporate rate. Even the Treasury Department has argued that the corporate rate is borne in large part by labor.

The main aim of Tax reform, therefore must be to reduce the tax burden on our job creators by lowering the rate and creating more certainty and clarity in the tax code. Under the current tax regime, companies are forced to make decisions based not on how best to hire and grow their business but on how to avoid a huge tax liability. While individual tax expenditures support job creation in their own right, Congress should not be in the business of using the tax code to pick winners and losers. Instead, all businesses should pay the same, competitive rate.

More than half a decade since the economic recession America still has too many people out of work. After the failed stimulus programs pushed by the administration we must turn to policies that are pro-growth and don't rely on simply spending more money. Tax reform is such a policy. Reform will restore the competitive edge of U.S. companies while also making the U.S. a more attractive place for foreign companies to investment in new facilities and more American workers.

In 1986, the Ways and Means Committee successfully reformed the tax code and substantially lowered rates. The aim of these tax reform working groups should be to replicate this approach and push forward with reform that boosts economic growth and job creation here in the U.S.

Sincerely,

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