



815 King Street
Suite 302
Alexandria, VA 22314
703-535-5836
Fax: 703-535-5838
www.cfif.org

April 15, 2013

United States House of Representatives
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives:

On behalf of the Center for Individual Freedom (CFIF) and over 300,000 of its supporters and activists across the nation, I write today regarding the Committee's review of current federal income tax law. Specifically, CFIF emphasizes the nation's desperate need for comprehensive tax reform in order to improve economic growth and boost job creation.

Foremost among the necessary reforms to our monstrously Byzantine tax code is the need to lower the U.S. corporate tax rate. Today, the U.S. statutory corporate tax rate of 35% is the highest in the industrialized world. That rate consistently places the U.S. at a comparative disadvantage in the global economy, as it deters foreign investment and erodes the competitiveness of U.S. businesses. Accordingly, the primary goal of tax reform should be to remove these obstacles by transitioning to a corporate rate at or below the OECD average of 25%.

Failing to keep up with basic international standards has resulted in an increasingly greater economic cost to the U.S. In the last ten years alone, 46 headquarters of Fortune 500 companies have abandoned the country, which reduces the number of well-paying jobs and penalizes hardworking middle-class families. A recent study from Ernst & Young found that as a result of other countries lowering their corporate rates while the U.S. stands still, U.S. gross domestic product (GDP) for 2013 will be reduced by between 1.2% and 2.0%. That same study found that real wages may be depressed by more than 1% over the long-term. Meanwhile, the U.S. unemployment rate remains stubbornly elevated at 7.6%, and our workforce participation rate has fallen to 63.3 percent, the lowest such figure in nearly 34 years. Policymakers in both parties know we can – and simply must – take action on tax reduction and reform to put our country on a better course for job creation.

Of course, tax reform must be done in an equitable manner. Members of Congress on both sides of the aisle rightly argue that no company or industry deserves special consideration when it comes to tax rates. Our current tax system, however, unfairly and inefficiently picks winners and losers, leaving companies to make decisions based on tax technicalities rather than market forces and rational business strategies. Tax expenditures, such as those identified by the Joint Committee on Tax, must be on the table for the purposes of creating a more globally competitive statutory rate.

Manifestly, achieving comprehensive tax reform in a bipartisan manner is not an impossible goal. After all, in 1986 Democrats and Republicans came together to enact the 1986 Tax Reform Act, a historic legislative breakthrough that significantly lowered rates, boosted job growth and improved economic output.

Today, we must do the same. As Congress moves forward, we exhort policymakers to remain focused on the goal of crafting comprehensive tax reform that will result in a lower, competitive rate for *all* U.S. companies and individual taxpayers. Such reforms will create a freer marketplace for U.S. companies and

Center for Individual Freedom
Page 2 of 2

benefit American workers and consumers. Thank you for your attention to this critical, and long overdue, matter.

Sincerely,

Timothy H. Lee
Vice President of Legal and Public Affairs