

**Statement for the Record
Of
The International Franchise Association**

**For The Hearing On
“Certain Expiring Tax Provisions”**

**Before
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
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one opportunity at a time.

Chairman Tiberi, Ranking Member Neal, and Members of the House Ways and Means Select Revenue Measures Subcommittee, on behalf of the International Franchise Association, representing the nation's 825,000 franchise establishments which support nearly 18 million jobs, I thank you for the opportunity to submit this statement on tax extenders and tax reform for the record at this hearing. We understand that your approach in this hearing is to review all the extenders that have expired or will expire to determine which represent policy appropriately pursued through the tax code.

IFA joined colleagues in the business community recently asking Congress to pass an immediate and seamless extension of the business tax-extendors this year which is critical to small businesses, rather than a piecemeal, one-off approach.

Our franchise small business owners need certainty in the tax code in order to make hiring decisions. By allowing the extendors package to go unaddressed last year, lawmakers placed a great deal of uncertainty on small business owners. Moving forward now with only some of these extendors, while leaving others aside, would only heighten the uncertainty causing many small business owners to delay plans for job creation.

IFA believes the package of tax extendors should include provisions such as the 100 percent bonus depreciation, 15-year straight-line recovery for qualified leasehold improvements, restaurant improvements and new construction, and retail improvements, and the Work Opportunity Tax Credit for lower-skilled workers and the long-term unemployed, among others.

IFA is a leading member of the Broad Tax Extenders Group, which represents business, individuals, organizations, and community groups. We sent a letter to Congress before the 2011 adjournment urging Congress to pass the business package of expiring tax provisions. These key incentives have an impact on a wide range of activities that help spur economic growth, job creation, and job retention. Despite bicameral, bipartisan support for these provisions, Congress failed to extend them.

Unfortunately, President Obama in his Administration's 2013 budget proposal to Congress included only some tax extendors supported by the small business community such as extending for a year the ability of all businesses to immediately deduct all of the costs of equipment and software purchases. And then, in late February, the U.S. Department of Treasury released President Obama's framework for reforming the U.S. business tax system. The President's plan called for only a few of the business tax extendors to be extended like the R&D tax credit.

IFA applauds the focus that Congress and the Administration have placed on our nation's economic health and we look forward to working together as more ideas and proposals are crafted. While there are still many unanswered questions, we will work with you to resolve them so that franchising – one of the most job creative segments of our economy – can remain an innovative force in this economy.

Franchising is a creative and innovative force in this economy. The International Franchise Association is the world's oldest and largest organization representing franchising worldwide. Celebrating over 50 years of excellence, education and advocacy, IFA works through its government relations and public policy, media relations and educational programs to protect, enhance and promote franchising.

As the oldest and largest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 11,000 franchisee, 1,100 franchisor and 575 supplier members nationwide. According to a study conducted for the IFA Educational Foundation, there are over 825,000 franchised businesses across 300 different business lines that provide for nearly 18 million jobs and generate over \$2.1 trillion to the U.S. economy.