



December 12, 2011

**An Open Letter to the United States House of Representatives:  
NTU's Views on the Middle Class Tax Relief and Job Creation Act**

Dear Representative:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write to offer our views on H.R. 3630, the "Middle Class Tax Relief and Job Creation Act." Although there are several less than desirable elements in this package, they are outweighed by pro-taxpayer provisions and generally constructive reforms to broken federal programs.

As NTU made clear during the Senate debate over the issue, the proposed extension of the reduction in the payroll tax is unlikely to provide a significant boost to our economy, but given the continued financial hardship that many Americans face, maintaining a lower payroll tax rate is a positive way to provide a measure of comfort and confidence to workers and self-employed individuals who have been battered by the recession. The bill also contains other elements that could help to reverse job losses and add fuel to spark a recovery through expediting a final decision on the Keystone XL pipeline (a valuable source of energy and jobs to the United States), extending the 100 percent expensing of certain business assets, and allowing the Environmental Protection Agency time to reformulate job-killing regulations.

To varying degrees of success, H.R. 3630 would make changes to some wasteful federal programs. On the one hand, the bill offers sensible reforms to the National Flood Insurance Program that would act as modest protections against taxpayer-funded bailouts. On the other hand, more progress could have been made by embracing several NTU-backed amendments the House turned down earlier this summer to transition flood insurance to a more solid private-sector-driven model. Furthermore, NTU would have liked to have seen a more fundamental restructuring of antipoverty programs in exchange for the reauthorization of the Temporary Assistance for Needy Families Program. Rep. Jordan's (R-OH) Welfare Reform Act of 2011, H.R. 1167, would have provided a good model to accomplish this goal.

Finally, the package follows the prudent course of accommodating the bill's fiscal impact largely by paring back future expenditures rather than relying on damaging tax increases. These offsets include implementing a means-test in Medicare's voluntary Part B and D portions, extending the partial federal workforce pay freeze, implementing a competitive auction process for spectrum, and eliminating the particularly egregious "Prevention and Public Health Fund," which used taxpayer dollars to fund state and local lobbying efforts for higher taxes and more restrictive regulations on disfavored food and consumer products.

Despite the many positive aspects of H.R. 3630, it is by no means a perfect piece of legislation and contains several components that should give legislators pause, including its treatment of Unemployment Insurance (UI). While we sympathize with families struggling to make ends meet, we do not believe the bill adequately confronts long-term concerns about UI's sustainability or efficiency. Although H.R. 3630 takes some steps toward overhauling UI, such as gradually reducing the maximum weeks of benefits from 99 to a still-high 59 weeks, Washington's goal should be to return UI closer to historical norms while helping the unemployed find permanent work through more vigorous pro-growth tax policies (beyond those found in the bill) that encourage hiring and private sector investment.

Perhaps most troubling is that Congress is once again scrambling to craft a "must-pass" package of unrelated items in the waning days of the session. This slapdash procedure, which leaves little time for taxpayers to grasp the wide-ranging impacts of the bill, is not consistent with the commitments that many Members made to conduct the people's business in a transparent and timely manner. Despite all of these flaws, the Middle Class Tax Relief and Job Creation Act charts a more rational course than the many alternatives offered to it by avoiding major tax hikes, embracing greater spending discipline, and making some progress toward overhauling several troubled programs. **Accordingly, a "YES" vote on H.R. 3630 will be considered the pro-taxpayer position in our annual Rating of Congress.**

Sincerely,

A handwritten signature in black ink, appearing to read "B. Greife". The signature is fluid and cursive, with the first letter "B" being particularly large and stylized.

Brandon Greife  
Federal Government Affairs Manager