

H.R. 4520, the American Jobs Creation Act of 2004

Executive Summary

1. Ends sanctions against U.S. exporters by repealing FSC-ETI. Compensates for lost benefits by permanently cutting the top corporate tax rate from 35 percent to 32 percent for domestic manufacturers, producers, farmers, and small corporations.
2. Provides additional pro-growth tax incentives for manufacturers, small businesses and farmers.
 - AMT relief
 - Section 179 expensing for small businesses
 - Tax relief and simplification for S Corporations
 - Extension of ethanol subsidy through 2010
 - Exemption from payroll tax for broad-based stock options
 - Temporary tax reduction on repatriated income
 - Several miscellaneous provisions benefiting manufacturers, small businesses and farmers (most have previously passed the House)
3. Enhances the competitiveness of U.S.-based companies engaged in exporting and/or manufacturing by reducing double taxation. These multinational companies receive more than 90 percent of FSC-ETI benefits under current law and employ half of all American manufacturing workers.
4. Allows taxpayers to deduct their state income tax or state and local sales tax in 2004 and 2005.
5. Repeals the government tobacco support program and transitions to a market-based system of tobacco production.

Total relief provided by the bill:

- \$9 billion in FY2005
- \$32 billion over six years
- \$34 billion over 11 years