

How H.R. 4520 Creates Jobs

- **It ends sanctions.** American manufacturers and farmers are being hit with escalating tariffs that currently stand at 8 percent. These tariffs are increasing the price of U.S. goods sold overseas, thus reducing U.S. exports. Lower U.S. exports mean fewer U.S. jobs. H.R. 4520 ends these sanctions by repealing the FSC-ETI regime.
- **It reduces corporate tax rates.** The bill permanently cuts corporate tax rates for domestic manufacturers, producers, farmers, and small corporations from 35 percent to 32 percent. Companies that are paying less in taxes have more money left over to create new jobs or retain existing ones. Moreover, a corporate rate cut will boost economic growth. The U.S. currently has one of the highest corporate tax rates in the world.
- **It reduces double taxation of U.S.-based manufacturers.** U.S. companies that do business overseas are taxed twice on the income they earn overseas. They are taxed once in the United States and once in the country where the income is earned. This double taxation is only partially offset under current law. The bill includes several provisions to reduce double taxation and simplify taxes for these companies. Reducing double taxation will give companies an incentive to keep jobs in the United States, rather than shutting down their U.S. headquarters and relocating overseas where it is cheaper to do business. These U.S.-based multinationals receive more than 90 percent of FSC-ETI benefits under current law.
- **It provides relief from the AMT.** The bill provides significant tax relief for millions of small businesses and farmers by exempting them from the AMT. This will help businesses create new jobs.
- **It makes it cheaper for businesses to increase investment.** H.R. 4520 includes several provisions that will make it cheaper for businesses to invest in new equipment. Increased investment provides significant stimulus to the economy, thus boosting job growth. For example, H.R. 4520 extends enhanced section 179 expensing for small businesses. It also provides accelerated depreciation for leasehold and restaurant improvements (many of which are small businesses) and extends 50 percent bonus depreciation for small aircraft for an additional year.
- **It provides incentives for farmers and farm states.** H.R. 4520 extends the ethanol fuel tax subsidy through 2010. It also restructures this subsidy so that the Highway Trust Fund is made whole. As a result, farm states will get an automatic boost in highway funding, which will translate into an automatic boost in job creation. The bill provides other important benefits for farmers, such as AMT relief and capital gains tax relief when livestock is sold and replaced on account of weather-related conditions.