



1120 Connecticut Avenue, NW
Washington, DC 20036

1-800-BANKERS
www.aba.com

*World-Class Solutions,
Leadership & Advocacy
Since 1875*

Edward L. Yingling
Executive Vice President
Tel: 202-663-5328
Fax: 202-663-7533
Email: eyinglin@aba.com

June 9, 2004

The Honorable William M. Thomas
Chairman
House Ways and Means Committee
Washington, DC 20515

Re: American Jobs Creation Act of 2004 (H.R. 4520)

Dear Chairman Thomas:

The American Bankers Association (ABA) would like to express our support for the American Jobs Creation Act (H.R. 4520) and thank you for your leadership in moving this important legislation. The ABA brings together all categories of banking institutions to best represent the interests of a rapidly changing industry. Its membership – which includes community, regional, and money center banks and holding companies, as well as savings associations, trust companies and savings banks – makes ABA the largest banking trade association in the country.

The ABA strongly supports the business incentives and reforms contained in the bill. We particularly appreciate the inclusion of small business tax relief measures, especially subchapter S reforms that will help community banks and their communities. In addition, we support the measures to extend increased expensing for small business for two years, encourage reinvestment of foreign earnings in the United States, simplify the international tax rules, extend expiring tax provisions, and exclude payroll taxes on certain stock options. Finally, we would like to thank you for excluding certain punitive measures that are currently in the Senate version of the export tax repeal bill. Those measures include a harmful retroactive effective date for certain leasing transactions involving tax-exempt entities, a clarification of the economic substance doctrine, and a nondeductibility of fines and penalties provision that could impact routine bank exam fees that are paid by banking institutions.

We do have some remaining concerns about the provision impacting non-qualified deferred compensation plans, particularly the timing for taxation. The bill requires immediate taxation upon the right to receive a stock option. Current law does not impose taxation until the stock option is actually exercised. In addition, it would be helpful to add back a previous House provision, which is currently included in the Senate export tax repeal bill, that allows a 20-year foreign tax credit carryforward, and move the effective date for leasing transactions involving tax-exempt entities to the date of enactment.

Thank you for your consideration of ABA's views on H.R. 4520. We look forward to working with you to see this legislation enacted.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward L. Yingling". The signature is fluid and cursive, with a prominent initial "E" and a long, sweeping tail.

Edward L. Yingling