

Small
Business
SURVIVAL
Committee

June 16, 2004

The Honorable William M. Thomas
Chairman, Committee on Ways and Means
U.S. House of Representatives
2208 Rayburn House Office Building
Washington, DC 20515-0521

Dear Chairman Thomas:

On behalf of the Small Business Survival Committee (SBSC) and its nationwide membership of small business owners and entrepreneurs, I am writing to offer our support for H.R. 4520, the American Jobs Creation Act of 2004. This legislation not only addresses the important issue of World Trade Organization (WTO) compliance, but also incorporates provisions conducive to economic growth.

The repeal of the FSC-ETI must advance in order to halt the punitive tariffs that have been placed on certain U.S. goods by the European Union. H.R. 4520 accomplishes this task in a balanced manner by providing compensatory benefits to domestic manufacturers, producers, farmers and small corporations. Such benefits include the provision of a transition relief package as well as a reduction in the top corporate tax rate from 35 percent to 32 percent. Furthermore, reductions in double taxation for many U.S. exporters, the current beneficiaries of the FSC-ETI, will help affected companies compete internationally and encourage them to maintain operations in the United States. Thus, this bill would not only encourage domestic job growth, but would also make U.S. companies more competitive in the global arena where other nations' corporate tax rates are lower.

H.R. 4520 establishes numerous pro-growth tax incentives for small businesses, which would encourage investment and consequently stimulate additional job creation. Such incentives include (among others): tax relief through Alternative Minimum Tax reform, extension of enhanced section 179 expensing, reform of tax and eligibility provisions for S corporations, the protection of broad-based stock options from payroll taxes, and a reduction of the tax rate on repatriated income. The bill would also extend soon-to-expire R&D tax provisions, which have become important in stimulating investment and economic growth.

The American Jobs Creation Act of 2004 would not only increase the global competitiveness of U.S. industries and end a longstanding trade dispute, but would also modify tax provisions that weaken our economy and create uncertainty. Business investment, innovation, and job creation by small firms will be enhanced through H.R. 4520. Thus, I offer my strong support and look forward to its swift passage.

Sincerely,



Karen Kerrigan
Chairman