



Grover G. Norquist

President

July 19, 2004

Dear Senator,

As the conference committee gets set to begin work on the Jumpstart our Business Strength (JOBS) Act (S.1637) and the American Jobs Creation Act (H.R. 4520), I would like to remind you of Americans for Tax Reform's (ATR) full support for the included provision often called the Ensign-Boxer-Smith Invest in USA Act. Keeping this provision in the full conference committee ensures a steady inflow of new capital for American jobs and investment which will significantly boost the nation's economy.

Currently, US subsidiary firms operating in foreign countries must pay taxes to the host country on their profits and if the company decides to bring the profits back into America, the company must pay the difference of the foreign tax and the U.S. 35 percent rate. This completely encourages American companies to invest in foreign countries and keeps out new investment in America.

The Invest in USA Act temporarily removes this obstacle to reinvest in the United States by reducing the 35 percent toll charge on domestic investment of foreign earnings to 5.25 percent. In doing this, the legislation will encourage significant reinvestment of foreign earnings into the U.S. economy.

Independent analysts have concluded this will provide substantial new economic growth. For example:

- JPMorgan forecasted that U.S. companies would bring back at least \$425 billion of foreign earnings during the one-year period.

Respected economist, Dr. Alan Sinai, expanded on this forecast and found passage of the legislation result in:

- \$234 billion additional U.S. investment in plant and equipment in the next 5 years
- Increased U.S. GDP over the next three years peaking at about 0.8% in 2005
- More than half million U.S. jobs by the end of 2005

As you can see, the Invest in USA provision is an important step in spurring new economic growth. ATR urges you to support this provision in conference committee.

Sincerely,

Grover G. Norquist