



Grover G. Norquist

President

October 7, 2004

Dear Representative:

On behalf of Americans for Tax Reform (ATR), I am writing to express ATR's strong support for the conference report of H.R. 4520, the American Jobs Creation Act of 2004. I urge you to vote yes on the final conference report and urge you to reject procedural roadblocks designed to keep the legislation from passing.

Americans for Tax Reform fully supports this legislation for a number of reasons:

First, this legislation removes the discriminatory tariffs being placed on American companies by the European Union (EU). As you know, the Foreign Sales Corporations (FSCs) and the extraterritorial income exclusion (ETI) export subsidies were found to be in violation of World Trade Organization (WTO) agreements. The 12 percent tariffs are acting like a tax on American businesses and workers and thus is imposing damage on the U.S. economy. H.R. 4520 Conference report repeals FSC which will remove the tariffs and work like a tax cut for American businesses and workers.

Second, the conference report includes a provision commonly known as the "Invest in USA Act" or the "Homeland Investment Act," which will provide a large boost to U.S. economic growth. More specifically, this legislation allows foreign subsidiaries of American companies to repatriate their profits back into America at a lower tax rate. As much as \$400 billion could be invested into America's economy just from the repatriation component of H.R.4520, money that would never enter this country without passage of this legislation.

While this is good for the economy, the provision takes the country one step closer to international tax reform. The United States is one of the few countries in the world that has international tax laws based on a worldwide taxation system. This places the nation at a competitive disadvantage with other countries which based their tax system on what is called a territorial tax system. The passage of the repatriation component of the conference report begins an incremental process towards this badly needed tax reform.

Third, Americans for Tax Reform believes this legislation will be a substantial net tax cut over the next twenty years. While the legislation is revenue neutral in the ten year window, the acceleration of the manufacturing tax deduction and extension of some of the temporary provisions, such as small business expensing, makes this legislation a net tax cut when viewed in its entirety.

The tax reform you are advancing will bolster economic growth and strengthen the US economy. Americans for Tax Reform fully supports the H.R.4520 Conference Report. I urge you to vote with American taxpayers by passing the H.R. 4520 Conference Report.

Sincerely,

Grover Norquist