Congress of the United States
Washington, DC 20515

January 23, 2008

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Room H-232, the Capitol
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
Room H-204, the Capitol
Washington, DC 20515

Dear Speaker Pelosi and Minority Leader Boehner:

Last week, the Congressional Budget Office (CBO) released its report outlining options for responding to the nation's short-term economic weakness. One key finding of the report is a warning: any stimulus that a short-term economic package "can provide to the economy depends on how much of the resultant spending goes to purchase domestically produced goods. The degree of stimulus that a policy can provide to the economy also depends on how much of the resultant spending goes to purchase domestically produced goods. If the additional consumption (or investment) demand is satisfied by imported goods, the income of foreign producers will rise, and the stimulus essentially will be exported" (emphasis added).

Simply put, we do not want the benefits of the proposed $145 billion U.S. economic stimulus package to primarily go abroad. We want to keep the benefits of this package to help Americans as much as possible. That's why we respectfully urge you to include the *American Jobs Creation and Economic Stimulus Act of 2008* in any economic stimulus package that is crafted by Congress (see attached). This bill will provide a quick power boost to the economy that does not cost too much and rewards companies for keeping and adding jobs in America. Our proposal simply accelerates the phase-in of the domestic manufacturing tax benefit by two years.

The domestic manufacturing tax deduction (now Section 199 of the Tax Code) started in 2005 at 3 percent as part of the 2004 law (Section 102 of Public Law 108-357) that replaced the Foreign Sales Corporation/ Extraterritorial Income (FSC/ETI) tax structure, which was ruled as an illegal export subsidy by the World Trade Organization (WTO). Last year, the domestic manufacturing tax deduction increased to 6 percent. The final phase – raising the domestic manufacturing deduction to 9 percent – is scheduled to start in 2010. The *American Jobs Creations and Economic Stimulus Act of 2008* simply changes the start date of the 9 percent domestic manufacturing tax deduction from

PRINTED ON RECYCLED PAPER

January 1, 2010 to January 1, 2008, thus providing an additional 3 percent tax incentive for all domestic manufacturers right now.

According to the Internal Revenue Service (IRS), 378,627 small and large manufacturers, as broadly defined by the U.S. Treasury, were helped by this benefit in 2005. One year later, that number grew to over 400,000.

This tax deduction is ideal because it only applies to revenue generated by operations based in the United States and discourages the "off-shoring" of American production. No other economic stimulus idea ties tax relief to requiring companies to keep production and jobs in the United States. The *American Jobs Creation and Economic Stimulus Act of 2008* is a simple low-cost idea that both Democrats and Republicans can agree on. It also fits within the parameters, as outlined by the President on Friday, of what could be included in an economic stimulus package.

We respectfully urge its inclusion in any economic stimulus legislation that will be voted on by the House. Thank you very much for your kind consideration of our request.

Sincerely yours,

The Honorable Donald A. Manzullo

The Honorable Daniel Lipinski

cc: The Honorable Charles B. Rangel, Chairman, House Committee on Ways and Means
The Honorable Jim McCrery, Ranking Minority Member, House Committee on Ways and Means.