

Republicans' No-Cost Jobs Plan

Tear Down Self-Imposed Obstacles to Economic Growth:

The threat of increased taxes, new government regulation, and costly government mandates – all of which are currently pending before Congress and various regulatory bodies – are a significant threat to any employer who is trying to decide whether they can afford to expand. As the CEO of a steelmaker recently told the *Wall Street Journal* “Companies large and small are saying, ‘I am not going to do anything until these things – health care, climate legislation – go away or are resolved.’”

Therefore Congress and the Administration should:

- ***Halt Any Proposed Rule or Regulation Expected to Have an Economic Cost, Result in Job Loss, or Have a Disparate Impact on Small Businesses:***
 - ✓ Since taking office, the Administration has had under consideration over 100 regulations that are deemed economically significant, meaning they have an impact on the economy in excess of \$100 million. Many of these rules will directly impact small businesses.
 - ✓ The President should issue an immediate Executive Order halting any proposed regulations expected to impose any net costs on the economy in either the near or long-term or that negatively impact small businesses or result in a net loss of jobs. Such rules should be rewritten to fully mitigate any negative economic impact.

- ***Eliminate Job Killing Federal Tax Increases:***
 - ✓ While there is a philosophical difference between the two parties when it comes to taxes, we believe we should find common ground on the premise that the government should at a minimum never raise taxes during periods of high unemployment.
 - ✓ While Republicans will continue to fight both new initiatives that are premised on tax increases and automatic tax increases that are imbedded in current law, we urge a bipartisan commitment to blocking such tax increases at least until unemployment is below 5% again.

Restore Confidence in America's Economic Future:

Record deficits and debts and the seeming lack of commitment on the part of policymakers to restrain federal spending has caused many to conclude that the federal government is likely to address its deficit problems by either raising taxes or inflating the dollar. Even the threat of such actions in the future is a drag on the current economy.

Therefore Congress and the Administration should:

- ***Demonstrate a Commitment to Lowering the Deficit Now Without Raising Taxes By Freezing Domestic Discretionary Spending at Last Year's Level:***

- ✓ In addition to the \$787 billion "stimulus" bill, Congressional Democrats are pushing through appropriations bills that will increase domestic discretionary spending by 12% in one year.
- ✓ A freeze in domestic discretionary spending would immediately save \$53 billion and more importantly demonstrate an immediate commitment to fiscal restraint.

Assist Community Banks and Small Businesses:

The downturn in the commercial real estate market is impacting not just businesses that must roll over their loans, but also community and regional banks that have a significant exposure in commercial real estate. Because commercial real estate loans are generally written for a five year term and many are coming to term over the next several years, approximately \$400 billion in loans must be refinanced each year for the next several years. Many economists have cited the problems in the commercial real estate market as major hindrance to economic recovery.

Therefore Congress and the Administration should:

- ***Assist Community Banks and Small Businesses with the Downturn in the Commercial Real Estate Market:***

- ✓ The after-tax costs of properties could be lowered by reducing the depreciation schedule for property from 39½ years to 20 years or less.
- ✓ Bank regulators should act to improve transparency and ensure flexibility in underwriting and appraisal standards so as to ensure that financing is available for those properties with the promise of generating revenue. At a minimum this should include requiring standardized reporting on the number of performing loans per institution that are not renewed. This would ensure that regulators on the ground are living up to the commitments of regulators in Washington not to deny renewal of loans simply because of a fall in the value of the collateral.

Reform the Unemployment System to Help the Jobless and Small Businesses Alike:

The current Federal-State unemployment insurance program is ill-equipped to assist individuals in the current economic downturn, especially those who may not be able to find employment in their former field. Furthermore, as a result of declining / negative balances in unemployment trust funds, most states will increase unemployment payroll taxes on employers, averaging almost \$250 per worker per year through 2012. This will directly increase costs of employment for businesses of all sizes.

Therefore Congress and the Administration should:

- ***Reform the Unemployment System to Help Those Out of Work Find Jobs and Lower Federal Payroll Taxes to Assist in Hiring:***
 - ✓ Federal unemployment insurance recipients who are most likely to exhaust benefits should be expected to engage in education, training, or enhanced job search as a condition of eligibility. This proposal would expand on the current successful Reemployment and Eligibility Assessment program operated by some States.
 - ✓ The government should require states to adopt a program like “Georgia Works” as a condition of accessing Unemployment Insurance Modernization funds. Under this successful program unemployment insurance recipients are placed in real part time jobs with real employers, with the employer deciding whether to hire them at the end of a 6-week trial period. Their pay during the period is their unemployment benefit, along with a State-provided stipend for job-related transportation and child care expenses. This has resulted in faster returns to work,

less unemployment payments, and thus lower State unemployment taxes.

- ✓ The Federal government could help offset part of the cost of state payroll tax increases by immediately suspending the Federal unemployment tax, saving employers \$56 per worker per year. The “cost” of this tax suspension is \$7 billion a year and could be offset through reduction in improper government payments, which according to the Administration totaled \$98 billion last year – an increase of \$26 billion over the previous year.

Reduce Regulatory and Tax Barriers to Domestic Job Creation:

Federal regulations and tax law often make it easier for large companies to create jobs overseas than to create jobs here at home. Efforts should be taken to ensure the most favorable environment possible for domestic job creation.

Therefore Congress and the Administration should:

- ***Remove Unnecessary Barriers to Domestic Energy Production:***

- ✓ Increased domestic energy production from all sources (including oil, natural gas, oil shale, nuclear, and renewable) has the potential to lower energy costs, reduce our reliance on foreign oil, and create new jobs. Yet regulatory barriers often prevent or unnecessarily delay environmentally sound domestic energy production.
- ✓ The Administration and Congress should act to remove the regulatory barriers to energy production and streamline the existing permitting process.

- ***Provide an Incentive for Companies to Repatriate Earnings Back to the United States:***

- ✓ Currently any profits a U.S. based company earns abroad are taxed at the 35% U.S. corporate tax rate when those earnings are brought into the U.S. As a result companies often choose to reinvest their earnings in subsidiaries overseas rather than at home.
- ✓ In 2004, Congress allowed companies a limited time to repatriate foreign profits and pay a reduced tax rate of 5.25%. The policy resulted in more than \$350 billion dollars of profits being returned to the U.S. and a windfall to the Treasury of about \$18 billion in tax revenue.
- ✓ Providing another limited window for repatriation of foreign earnings would help U.S. companies retain domestic workers and weather the current economic

downturn. This would actually increase revenues in the short-term and any estimated long-term losses can be offset through reductions in improper payments.

Expand U.S. Export Jobs:

Recently President Obama said that increasing U.S. exports by just 1% would create over 250,000 jobs. The independent International Trade Commission has estimated that implementation of the three pending free trade agreements would increase U.S. exports by more than 1%. By failing to act on just the three pending agreements the Congress and the President are preventing the creation of hundreds of thousands of good-paying jobs.

Therefore:

- ***President Obama should submit – and the Congress should quickly approve – these job-creating trade agreements.”***