

Congress of the United States

Washington, DC 20515

Support Small Businesses by Extending the 2001 and 2003 Tax Cuts Deadline for Signing is 12:00 PM on Monday, January 25th

Dear Colleague,

With millions of Americans out of work and the unemployment rate stuck above 10%, we need to do everything possible to get our economy moving and create jobs. As you know, the tax policies established in the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (2001 and 2003 tax cuts) are set to expire at the end of this year. As President Obama and Congress begin drafting the budget for Fiscal Year 2011, we believe the 2001 and 2003 tax rates should be extended for at least two years in order to provide additional stability for individuals and small business owners as they continue to strengthen and grow our economy. Allowing these tax rates to expire during this recession runs the risk of curtailing economic expansion just when it begins to pick up and could lead to a "double dip" recession that would result in even more hardship for the American people.

We are all concerned about ways to reduce the size of the federal deficit and strongly support returning our nation to a path of fiscal stability. However, allowing the 2001 and 2003 tax rates to expire at the end of 2010 before our economy fully recovers may significantly hinder job growth. Returning to the pre-2001 tax policies could also reduce our ability to bring our deficit under control over the long term by limiting economic expansion during this crucial period.

The 2001 and 2003 tax cuts lowered tax rates on ordinary income, dividends, and capital gains. These tax rates are crucial to the engines of growth in our economy: our small businesses. The vast majority of small business owners pay their taxes at the individual level, and allowing the 2001 and 2003 tax rates to remain in place will directly extend the benefit to their businesses. It will also give small businesses some financial security as they make critical decisions about their operations.

In order to provide continued assistance to small businesses and further stimulate the economy, please join with us in requesting that President Obama and Congress extend the 2001 and 2003 tax rates for at least two more years. This will give American workers and businesses the ability to ensure that our economy fully recovers. In the long term, any effort to enact comprehensive tax reform legislation must ensure growth and development and incentivize business expansion, and provide stability to the economy. Allowing the 2001 and 2003 tax rates to expire could further hinder any progress our economy has recently made.

For more information or to sign this letter, please contact Bess Ginty in Congressman Bobby Bright's Office at x5-2901 or bess.ginty@mail.house.gov or Jeffrey Siegel in Congressman Michael McMahon's office at x5-3371 or jeffrey.siegel@mail.house.gov.

Sincerely,

Handwritten signatures of Bobby Bright and Michael E. McMahon. Bobby Bright's signature is on the left, and Michael E. McMahon's signature is on the right. Both signatures are written in black ink and are positioned above their respective printed names.

Bobby Bright
Member of Congress

Michael E. McMahon
Member of Congress

Congress of the United States

Washington, DC 20515

January 21, 2010

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama:

We write to urge you to extend the tax rates established in the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (2001 and 2003 tax cuts) for at least two years or until our economy fully recovers from this devastating recession. The federal government has pursued many avenues to ensure our economy recovers from this recession, but allowing the 2001 and 2003 tax rates to expire could undermine any progress that has been made. As you draft the budget for Fiscal Year 2011, we believe the 2001 and 2003 tax rates should be extended in order to provide additional stability for individuals and small businesses as they continue to strengthen and grow our economy. Allowing these tax rates to expire during this recession runs the risk of curtailing economic expansion just when it begins to pick up and could lead to a "double dip" recession that would result in even more hardship for the American people.

We are all concerned about ways to reduce the size of the federal deficit and strongly support returning our nation to a path of fiscal stability. However, allowing the 2001 and 2003 tax rates to expire at the end of 2010 before our economy fully recovers may significantly hinder job growth. Returning to the pre-2001 tax policies could also reduce our ability to bring our deficit under control over the long term by limiting economic expansion during this crucial period.

As you know, the 2001 and 2003 tax cuts lowered rates on ordinary income, dividends, and capital gains. These taxes are crucial to the engines of growth in our economy: our small businesses. Because the vast majority of small business owners pay their taxes at the individual level, allowing the current tax rates to remain in place will directly extend the benefit to their businesses. It will also give small businesses some financial security as they make critical decisions about their businesses.

According to a study conducted by the U.S. Department of Treasury in 2006, the tax relief enacted in these provisions, together with reductions in short-term interest rates by the Federal Reserve, helped stimulate economic growth and recovery after the 2001 recession. Additional studies showed that without the tax relief passed in 2001, 2002, and 2003, as many as 3 million fewer jobs would have been created by the end of 2004 and real GDP would have been as much as 3.5 to 4.0 percent lower.

As small business owners nationwide struggle to keep their doors open, it is critical that we maintain policies that foster job creation. In order to provide continued assistance to small businesses and further stimulate the economy, we believe your budget should extend the 2001 and 2003 tax rates rather than overhaul the current tax code. We look forward to working with you to enact policies that spur job growth, incentivize business expansion, and reduce the deficit in a way that allows our economy to fully recover from this difficult economic period.

Sincerely,

CC: The Honorable John M. Spratt, Jr., Chairman, House Committee on the Budget
The Honorable Paul Ryan, Ranking Member, House Committee on the Budget