

Congress of the United States

Washington, DC 20515

September 17, 2004

The Honorable William Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Thomas,

Thank you for your tireless work to craft H.R. 4520, the American Jobs Creation Act of 2004. We appreciate your efforts to protect American manufacturing jobs while keeping American companies competitive abroad. We also appreciate your strong stand against retroactive tax increases. The exclusion of any retroactive tax increases was integral to our support for the bill. We are writing to ask that you continue to hold the line against retroactive taxes as the bill moves toward a conference with the Senate.

As you no doubt are aware, the Senate bill includes a number of provisions that raise taxes on legitimate business transactions that took place in the past. For example, Section 441 of S. 1637, the JOBS Act, modifies the tax code's allowance of a deduction of interest for U.S.-based subsidiaries with foreign parents. Specifically, the bill amends section 163(j) of the Internal Revenue Code in a way that would limit the deduction (and thereby increase taxes) for companies that moved their corporate headquarters overseas as far back as 1996. This new tax burden would be imposed no matter how compelling the reason for the company's move, regardless of the fact that the transaction was entirely legal at the time, and despite the fact that it might have taken place up to 8 years ago.

We know you share our strong opposition to retroactive tax increases and have applauded your many statements in the past to that effect. In our view, changing the tax laws in a way that increases the burden for a taxpayer solely because of that taxpayer's involvement in a legitimate business transaction conducted in the past is a retroactive tax increase.

Retroactive taxation has no place in the American tax code. In an effort to raise revenues and "offset" the overall cost of the bill, we recognize that you and your fellow conferees will face significant pressure to include some Senate provisions that raise taxes retroactively. We strongly urge you to continue to hold the line against these punitive and unfair tax increases.

Thank you in advance for consideration of this request.

Sincerely,

Ane Myrick

Pete Sessions

Ernest Strick

Plant Stranks

Paula

Marilyn Musgrave

John T. Doolittle

Sam Johnson

John M. McHugh

Barbara Cullen

Jack King

Randy Neugeba

John Pinder

J. DeMint

~~W. B. Ott~~

Earl Vitter

Scott Sarnett

Marsha Sabin

1 ML AA

Bob Miller

~~John~~ Joseph Pitts
Ann Ann

v. Todd Allen

Joe Wilson