

October 5, 2001

Republican Members
U.S. House of Representatives
Washington, DC 20515

Criteria for Economic Stimulus Package

Dear Republican Colleague,

Yesterday, members of the House Republican Study Committee (RSC), a caucus of over 70 House members, proposed criteria for an economic stimulus package. **We emphasized that the nation needs an economic stimulus package that has one focus: job creation and job retention through economic growth. Our stimulus proposal should help create jobs or help ensure that workers retain their current job.**

Unemployed Americans want to go back to work, not sit at home and collect a government check.

Consider the example of the employee at Reagan National Airport recently featured in the news who was laid off in the wake of the September 11th attacks. She receives \$115 a week in unemployment benefits from the government, but her monthly rent is \$1000. Unemployment, no matter how long it is extended, and even if coupled with health care assistance, will not solve her problem. She needs her job back. We need to foster an economic environment in which she can get her job back.

Attached are the specific proposals for the economic stimulus package. We encourage you to review the proposals and join in supporting a stimulus package aimed at real economic recovery. For more information, contact RSC Executive Director, Neil Bradley, at x6-9717.

Sincerely,

Rep. John Shadegg, RSC Chairman
Rep. Pat Toomey
Rep. Pete Hoekstra
Rep. Paul Ryan
Rep. Jeff Flake
Rep. Mike Pence

Job Creation and Job Retention Through Economic Growth

Specific Proposals for the Economic Stimulus Package

PROPOSAL:	IMPACT ON JOB CREATION AND RETENTION:
Accelerate Individual Rate Reductions Enacted Earlier This Year	The tax rate reductions enacted earlier this year contained numerous incentives for work, savings, and investment: including a tax rate reduction for individuals and small businesses, IRA expansion, and death tax repeal. Unfortunately, many provisions do not take effect until 2004, 2006, and 2010. This means that the economic growth that will lead to job creation and retention will not be realized until that time. Accelerating the implementation of these provisions will create new jobs and help retain current jobs now.
Capital Gains Tax Reduction	The current capital gains tax deters individuals from investing in businesses, which in turn deprives employers of much needed capital that is necessary for businesses to grow and expand. A reduction in the capital gains tax will stimulate new investment and a more productive use of capital leading to economic growth and job creation and job retention.
Expanded Business Expensing & Depreciation	Current tax laws provide a weak incentive for businesses to buy new technology and equipment. Expanding and accelerating business expensing and depreciation will provide a greater incentive for businesses to invest and improve their financial situation thereby increasing economic growth and leading to better job creation and job retention.
Repeal the Corporate AMT	Because of the way the Corporate Alternative Minimum Tax (AMT) is structured, the government currently imposes a higher effective tax rate on businesses during an economic downturn. The Corporate AMT makes it harder for businesses to remain profitable and retain current employees or expand to create new jobs. Repealing the Corporate AMT would increase economic growth making it easier for businesses to retain workers and to create new jobs.