

# TAX RELIEF COALITION

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January 13, 2009

## *To All Members of the U.S. Senate and House of Representatives*

We are writing on behalf of the Tax Relief Coalition (TRC), a coalition of more than 1,000 business organizations, corporations, and trade associations, representing more than 1.8 million businesses, committed to active support for tax policies which encourage economic growth, job creation and consumer confidence and spending.

We face the greatest economic crisis in the lifetimes of most of us, and we believe that a concerted and coordinated effort will be necessary to reverse the downward spiral and return us to economic health and growth. That return to economic health will only come about when the private sector in our economy is once again creating rather than losing jobs.

President-elect Obama said in his weekly radio address this week that “[o]ur first job is to put people back to work and get our economy working again,” and that “[t]he jobs we create will be in businesses large and small across a wide range of industries. And they’ll be the kind of jobs that don’t just put people to work in the short term, but position our economy to lead the world in the long-term.”

TRC fully supports those objectives. As representatives of businesses, large and small, from all sectors of the U.S. economy, we believe that the objective of government action at this point should be to help create the conditions for economic growth and job creation, and those conditions are best created by a increasing the amount of money consumers and businesses have to spend and invest through reduced taxes.

A recent study by Christina D. Romer, President-elect Obama’s nominee to chair the President’s Council of Economic Advisors, and her husband David Romer, found that a dollar of tax cuts raises the GDP by nearly \$3, providing the kind of multiplier effect the Nation’s economy needs to move forward. The Romer’s analysis (“THE MACROECONOMIC EFFECTS OF TAX CHANGES”)

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conversely estimates that a tax increase of 1% of GDP reduces output over the next three years by nearly 3%. Finally, the Romers' analysis states, "in short, tax increases appear to have a very large, sustained, and highly significant negative impact on output. Since most of our exogenous tax changes are in fact reductions, the more intuitive way to express this result is that tax cuts have very large and persistent positive output effects." Importantly, the Romers also found "that investment falls sharply in response to exogenous tax increases".

In summary, we believe that low taxes best serve our country and economy. History shows that economic growth and job creation are tied to taxation, and that low tax rates on both businesses and consumers will provide the conditions under which our economy will recover and prosper. We appreciate that Congress and the incoming Administration are considering significant business and consumer tax reductions as part of the proposed stimulus plan. TRC members support that effort, and believe that the likelihood of success of any stimulus legislation will depend on the size and scope of the tax component to ensure that the remedies we enact, as President-elect Obama put it, "don't just put people to work in the short term, but position our economy to lead the world in the long-term."

We stand ready to work with Congress to advance policies that lower taxes, which have proven to stimulate economic growth and create jobs.

Respectfully,

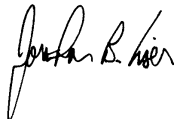
**TRC Management Committee:**



Stephen E. Sandherr, Chief Executive Officer, Associated General Contractors



John J. Castellani, President, Business Roundtable



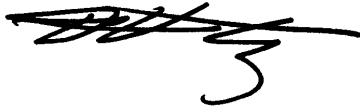
Jon Eisen, Senior Vice President-Government Relations, International Foodservice Distributors Assn.

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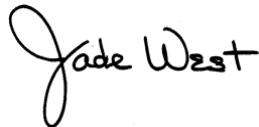
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Jay Timmons, Executive Vice President, National Association of Manufacturers



Dirk Van Dongen, President, National Association of Wholesaler-Distributors



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John Gay, Senior Vice President-Government Affairs, National Restaurant Association



R. Bruce Josten, Executive Vice President-Government Affairs, U.S. Chamber of Commerce