

The Honorable Harry Reid
S-221
U.S. Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
S-230
U.S. Senate
Washington, D.C. 20510

June 10, 2014

Dear Senator:

The undersigned organizations, representing businesses of all sizes that invest in our nation's economy and create jobs, strongly urge you to oppose the anti-growth, anti-job "Buffett tax" when it comes up for a vote on the Senate floor this week.

Included in S. 2432, the *Bank on Students Emergency Loan Refinancing Act*, the Buffett tax is a permanent \$73 billion tax increase on taxpayers and business owners to pay for new federal spending. This new tax would be imposed on top of the other taxes business owners must currently pay, resulting in an increase in both the amount they pay and the complexity involved in calculating how much they owe.

As outlined in the bill, the Buffett tax requires those making over \$2 million per year to pay a minimum 30 percent effective tax rate on all adjusted gross income. For taxpayers making between \$1 million and \$2 million, the bill includes a phase-in period that results in marginal tax rates well in excess of existing tax rates. While the Buffett tax does make some allowance for charitable contributions, the value of all other deductions and credits, including Section 179 small business expensing and other business deductions, would be reduced or eliminated under this tax.

America's small business employers have already seen their tax burden rise significantly in recent years. The combination of the *American Taxpayer Relief Act of 2012* and the imposition of the new 3.8 percent investment tax enacted to fund health care reform means that marginal rates for many successful small and closely-held businesses now top forty percent – fifty percent when you include state income taxes.

The Buffett tax would add to this burden. It purportedly targets wealthy taxpayers whose tax burden falls below a threshold, but much of this tax would fall on America's small and mid-sized businesses. These pass through businesses currently must pay tax at individual rates and so their business income would be subject to the higher rates under the Buffett tax.

Finally, the Buffett tax is to be imposed on top of the regular income tax, the Alternative Minimum Tax, and the new Affordable Care Act tax on investment income. Business owners subject to the Buffett tax would need to make three separate calculations for each of these existing taxes and then they would need to make the Buffett Tax calculation. This moves the tax code in the wrong direction and away from any reasonable concept of tax reform. Congress should seek to reduce the layers of tax imposed on business income, not increase them.

Thank you in advance for opposing this punitive tax on job creation and economic growth.

Sincerely,

Agricultural Retailers Association
American Business Conference
American Supply Association
American Rental Association
Americans for Tax Reform
Associated Builders and Contractors
Associated General Contractors of America
Auto Care Association
Construction Industry Round Table
Council for Citizens Against Government Waste
Heating, Air-Conditioning & Refrigeration Distributors International
Independent Community Bankers of America
Independent Electrical Contractors
International Council of Shopping Centers
International Franchise Association
International Foodservice Distributors Association
Metals Service Center Institute
National Association of Chemical Distributors
National Association of Electrical Distributors
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Federation of Independent Business
National Lumber and Building Material Dealers Association
National Precast Concrete Association
National Restaurant Association
National Roofing Contractors Association
Printing Industries of America
S Corporation Association
Small Business & Entrepreneurship Council
Truck Renting and Leasing Association
U.S. Chamber of Commerce