

## **TOPICS FOR DISCUSSION – CONGRESSIONAL LEADERS** **Presented in Coordination with the U.S. Chamber of Commerce**

### **Capital Markets**

We support capital markets that are fair, efficient, and innovative.

- Whether it is borrowing from a relative, getting a line of credit at a bank, attracting venture capital, or taking a company public, businesses depend on transparent and efficient credit markets to raise the capital necessary to grow the economy and create jobs.
- The global financial crisis revealed weaknesses in our outdated, broken financial regulatory system. Unfortunately, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) does not address the core causes of the financial crisis. Instead, it adds new regulatory agencies to the already antiquated system and grows a bloated, ineffective bureaucracy while leaving critical areas unaddressed.
- The real impact of Dodd-Frank will depend on its implementation. The legislation requires regulators to issue nearly 400 new rules and conduct 47 studies and 74 reports that could lead to additional rules.
- Further fundamental reform is necessary to ensure the competitiveness of our capital markets.

#### **We urge the federal government to:**

- Engage regulators to ensure sensible rules and proposals for Dodd-Frank implementation:
  - Aggressively shape the Consumer Financial Protection Bureau (CFPB) to limit overreaches and consequences, fight efforts that reduce consumer choice, and oppose efforts that federalize either the allocation of credit or the pricing of financial products.
  - Engage regulators to ensure that rules and proposals facilitate capital formation and market efficiency. Top priorities include derivatives, consumer protection, executive compensation, and corporate governance.
- Promote the long-term interests of all investors
  - Support and advocate for proposals that serve the long-term goals of a company and its investors.
  - Oppose shareholder proxy resolutions, an increasingly popular tool that activist unions are leveraging for their organizing objectives.
- Engage financial reporting policymakers to develop systems that effectively report economic activity
  - Engage standard setters and regulators to ensure that convergence and other projects proceed in a deliberative open process and that the right standards are implemented.
- Lead the offensive charge to address critical areas within the regulatory structure
  - Address and propose solutions to fundamental issues that still exist within our financial regulatory structure; restructure the layered, overlapping, and complex regulatory system; reform individual regulators; bring transparency to self-regulatory organizations; bring attention to and work

to mitigate regulation through enforcement; ensure that regulators are mindful to keep our competitive edge while implementing Dodd-Frank and additional reforms.

### **Economy and Taxes**

Small business owners—including taxpayers earning more than \$250,000 (married) and \$200,000 (single)—would see their taxes increase by more than \$1 trillion over 10 years under President Obama's FY12 budget proposal. The administration's plan would:

- Reinstating the 36% and 39.6% individual income tax rates.
- Reinstating the personal exemption phase out and limitations on itemized deductions.
- Imposing a 20% rate on capital gains and dividends.
- Limiting the tax rate at which itemized deductions reduce tax liability.
- Extending the estate, gift and generation-skipping transfer taxes at their 2009 levels (i.e., \$3.5 million exemption and top rate of 45%).

In addition to tax increases on small business, the Obama budget proposes almost another half trillion over 10 years of new taxes on American businesses.

- This includes \$129 billion over 10 years on American companies operating globally by changing the deferral regime and the foreign tax credit rules, both of which currently keep American companies competitive in the face of double taxation.
- Businesses would face tax increases from, for example, the repeal of the last-in, first-out (LIFO) accounting method and punitive taxes on the oil and gas and coal industries.

#### **We urge you to support pro-growth tax policies that preserve America's global competitiveness.**

**We ask you to oppose tax increases that reduce businesses' ability to grow, invest, and create jobs. In these fragile economic times, it would be dangerous to target businesses—or any group of Americans—for a major tax increase.**

#### **Specifically, we ask that you enact an agenda that brings rates in line with global competitors and makes compliance simpler:**

- Permanently extend all of the 2001 and 2003 tax cuts.
- Eliminate—or substantially reform—the alternative minimum tax (AMT) to protect a growing number of individuals and businesses, including many middle class Americans.
- Enact comprehensive tax reform that fosters job growth, competitiveness, and innovation.
- Reduce the budget deficit through higher economic growth, spending restraint, and entitlement reform—not higher taxes.

### **Education and Workforce Training**

To compete and win in a global economy, American companies need well-educated and well-trained workers and an efficient immigration system. We need to create stronger national educational standards, effective workforce training programs, and practical immigration reform.

#### **Specifically, we need our congressional leaders to support reforms that:**

- Require a quality, rigorous, and well-rounded K–12 educational system
- Increase postsecondary completion rates among all students
  - Improve public accountability by requiring postsecondary institutions to provide clear and accurate information on the true costs of their programs.
  - Encourage continued private sector investment and innovation in higher education.
- Train workers for jobs that meet the actual needs of employers:
  - Collect accurate, timely information on industry and labor market trends to ensure that job recruitment and training systems meet the needs of employers.
  - Eliminate redundant and overlapping federal job training programs and give state and local policymakers flexibility in using funds.

### **Infrastructure**

Proper investment and attention to our infrastructure systems, the nation's economic stability, potential for job growth, and global competitiveness are at risk. It is critical that we modernize and expand our nation's transportation, telecommunications, energy, and water networks.

- **Roads:** One-third of major roads are in poor or mediocre condition, 25% of bridges are structurally deficient or functionally obsolete, and the air traffic control system faces a multiyear overhaul. If transportation networks continue to deteriorate, the U.S. Chamber's Transportation Performance Index projects that over the next five years, the economy could forgo as much as \$336 billion in lost growth.
- **Energy:** Successful construction of the 351 energy projects identified in the Project No Project inventory could produce a \$1.1 trillion short-term boost to the economy and create 1.9 million annual jobs.
- **Telecommunications:** Making broadband available everywhere in America will take up to \$350 billion.
- **Water:** 1.7 trillion gallons are lost annually via water distribution systems, costing \$2.6 billion annually.

*(Continued on Back)*

## TOPICS FOR DISCUSSION – CONGRESSIONAL LEADERS (Continued)

### Specifically, we urge you to support the following:

- Spur private investment and remove red tape
  - Remove the legal, regulatory, and legislative impediments to unlock upward of \$180 billion in private capital waiting to be invested.
- Invest in the ailing transportation and water infrastructure
  - Pass pending legislation to improve and invest in highway and transit, water, and aviation systems.
- Modernize and protect energy infrastructure
  - Streamline regulatory and licensing processes to enable industry to make investments with surety.
  - Increase power transmission capacity across state lines by establishing federal siting authority.
  - Make timely decisions on energy projects to avoid costly delays.
  - Provide incentives and loan guarantees to encourage the use of all energy technologies.
- Update telecommunications infrastructure
  - Pursue federal policies that spur private sector investment, foster public-private partnerships, recognize the competitive nature of today's telecommunications market, and avoid overregulation

### Trade

- Outside our borders are markets that represent 73% of the world's purchasing power, 87% of its economic growth, and 95% of its consumers. Developing countries purchased 53% of U.S. goods exports in 2010, led by a boom in sales to East Asia and the Americas. Combining sales of manufactured goods, farm products, services, and natural resources, the United States tops both Germany and China by about \$200 billion as the world's top exporter.
- More than 50 million Americans work for companies that engage in international trade, according to the U.S. Department of the Treasury. One in three manufacturing jobs depends on exports, and one in three acres on American farms is planted for hungry consumers overseas.
- Many foreign countries still maintain steep tariffs and other barriers against U.S. exports, while the U.S. market is largely wide open. American workers and farmers deserve the opportunity to compete—and succeed—on a level playing field.

### We urge congressional leaders to support the following positions and efforts:

- Enact pending trade agreements with Colombia, Panama, and South Korea to open markets and create American export jobs without adding to the deficit.
- To create the 20 million jobs we need by 2020, we must leverage the opportunities presented by trade. A U.S. Chamber study determined that failure to enact these trade agreements will cost more than 380,000 American jobs.
  - Clinch additional market-opening accords:
  - Properly negotiated, the Trans-Pacific Partnership will level the playing field for American workers in the booming Asia-Pacific region. Eliminating all tariffs on transatlantic commerce could boost U.S. trade with the EU by more than \$120 billion within five years
- Modernize export controls:
  - Outdated limits on foreign technology sales cost U.S. businesses billions. Sensitive products with military applications must be protected; but when technologies are already widely available from America's trade competitors, controls make no sense.
  - A study by the Milken Institute found that modernizing U.S. export controls could boost America's GDP by \$64 billion and create 340,000 jobs.
- Help small and medium-size companies export:
  - The U.S. Chamber is partnering with the Export-Import Bank of the United States on its Global Access for Small Business initiative to help more than 5,000 small companies export goods and services produced by U.S. workers.

### Health Care

We are working to reduce the burden of the new government health care law. We are promoting strategies and solutions to help businesses get health care costs under control, improve the quality of health care coverage and services, and expand meaningful coverage to the uninsured.

- The United States spends \$2.6 trillion a year on health care.
- More than 168 million Americans receive health insurance through voluntary, employer-sponsored plans. Unless we address rising health care costs, back-of-the-envelope calculations will incent companies and families to drop coverage, increasing the number of Americans without health insurance.
- The new health care law expands health care coverage but fails to address skyrocketing health care costs. In 2009, the federal government was on the hook for \$36.8 trillion in unfunded liabilities for Medicare; now, a new trillion dollar entitlement has been created.

### We urge you to support the following:

- Repeal the most onerous provisions of PPACA: The new health care law creates new mandates and taxes on businesses and individuals. While we support the repeal of the Patient Protection Act (PPACA), we recognize that total repeal in the 112th Congress is unlikely. Therefore, we stand ready to work with Congress to repeal the most egregious provisions, including the employer mandate and the many new taxes that will be passed on to employers and employees in the form of higher premiums.
- Push back through written comments on regulations implementing PPACA: The Chamber has filed 28 comments to highlight the operational problems and unintended consequences of the rapidly drafted, flawed regulations issued to instruct how to comply with the new mandates and requirements of health reform.
- Enact meaningful medical liability reform: We support health courts, caps on punitive damages, and other medical liability reforms that ensure fair damage awards, eliminate frivolous lawsuits, and lower costs.
- Expand access to care: We support strengthening employer-sponsored health insurance by expanding its availability—and affordability—to every worker. We also believe that the playing field must be leveled to allow individual consumers, families, and small businesses to purchase coverage on a tax-preferred basis while protecting the benefits of a uniform federal regulatory system.
- Support consumer-focused health care: Congress should make account-based plans more attractive to small businesses by increasing flexibility and improving the transparency of cost and quality data to permit Americans to shop smart for the best care. We support repealing the ban on using FSAs and HSAs to purchase over-the-counter products without a prescription and repealing the limitation on FSA contribution levels to \$2,500.
- Realign reimbursement mechanisms to reward quality, not quantity: We urge Congress to make it easier for employers and insurers to develop insurance plans that pay for quality, not quantity, and reward doctors for keeping patients healthy.
- Rein in Medicare and Medicaid fraud and abuse: Medicare and Medicaid fraud runs rampant and costs taxpayers tens of billions of dollars every year. A broad array of countermeasures should be enacted immediately.
- Advocate for workplace wellness and disease management: We support favorable tax treatment for companies that offer workplace wellness programs and incent participation.