



July X, 2012

The Honorable John Boehner
Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

The Honorable Eric Cantor
Majority Leader
United States Capitol
Washington, DC 20515

Dear Speaker Boehner and Majority Leader Cantor,

Despite the fact that the unemployment rate has been stuck above 8 percent for 41 consecutive months, President Obama and the Democrats who control Washington have recently threatened that, unless Republicans agree to raise taxes on small businesses and investors, they will force every American taxpayer to pay higher taxes starting on January 1, 2013. Higher taxes will not create the jobs the families in our districts need, nor will they create the economic growth and revenue necessary to bring down our skyrocketing debt.

As Republican Members of the Freshman Class, we believe comprehensive tax reform is necessary to get America back on track. That is why we support a simple three-point plan: (1) stop the tax hikes Democrats are demanding at the end of the year, (2) make clear to families and job creators our principles for pro-growth tax reform, and (3) enact expedited procedures to ensure that Congress, working through the regular committees of jurisdiction, finishes its work to pass and enact tax reform next year.

If we don't stop the tax hike, a typical family of four earning \$50,000 could be hit with a tax increase of nearly \$2,200, married senior citizens earning \$40,000 could pay nearly \$1,700 in higher taxes, and a single mom earning \$36,000 could see her tax liability nearly double. Americans and the American economy simply cannot afford to allow these tax increases to hit. Even the Congressional Budget Office has made it clear that these increases would devastate an already fragile economy and almost certainly send us reeling back into a recession.

But stopping the tax hike is not enough. We must also take action to fix our broken tax code – the code that is on the books today. Independent economists estimate that, when

coupled with reduced federal spending, comprehensive tax reform could lead to the creation of 1 million jobs in the first year alone.

Today's code is littered with special-interest loopholes that pick winners and losers. It leaves American companies stuck with an outdated tax system that makes them less competitive in the global marketplace. And it creates massive complexity. The tax code should be simpler, flatter and fairer. Lowering rates, cleaning out the code and reducing complexity through comprehensive tax reform can create a healthier, stronger economy with more jobs.

The last two House-passed budgets have included critical components of tax reform that have been developed by the Ways and Means Committee. Those components would lower taxes for families and job creators to a top rate of 25 percent, eliminate the alternative minimum tax, and transition America to a more competitive territorial tax system – all while keeping revenue levels within the historic norm of 18-19 percent of gross domestic product. That vision for tax reform also moves us from six tax brackets today for individuals, to just two: one at 10 percent and a second one at 25 percent.

Stopping the tax hike and taking action to pass and enact meaningful tax reform is critical to moving beyond today's broken code and the stagnation of the status quo. Taking this action now is critical for two reasons. First, it provides families and employers the certainty they need to make planning, investment and hiring decisions. Second, this three-prong strategy assures that tax policy decisions are made in an open and transparent setting, rather than in the dead of night and late in December during a lame duck session.

We applaud the announcement by you and Ways and Means Chairman Dave Camp that, before the August District Work Period, House Republicans will act to stop the tax hike and build the bridge America needs to comprehensive tax reform.

Sincerely,