

Jay Timmons

Executive Vice President

March 24, 2010

U.S. Senate  
Washington, DC 20510

Dear Senator:

The National Association of Manufacturers (NAM), the nation's largest industrial trade association representing small and large manufacturers in every industrial sector and in all 50 states, urges you to oppose the budget reconciliation bill, H.R. 4872.

The vast majority of American manufacturers, including 97 percent of NAM member companies, voluntarily offer health benefits not only to attract a skilled workforce, but because we believe it is the right thing to do for our employees. Our members support proposals that reduce soaring health costs, improve the efficiency of the current system and enhance the quality of care. Conversely, we oppose proposals that make it more expensive or more difficult for employers to offer health benefits.

Manufacturers appreciate provisions in H.R. 4872 that would push back the implementation date for ill-advised excise taxes, limits on Flexible Spending Account (FSA) contributions and a tax on Medicare Part D prescription drug subsidies. The delayed deadlines would give companies additional time to restructure their benefits plans.

Nevertheless, new taxes and mandates in H.R. 4872 would heap even more burdens on the nation's manufacturers, including:

- **Medicare Hospital Insurance (HI) Tax.** This new 3.8 percent tax would be placed on income derived from interest, dividends, capital gains, rents and royalties for individuals with incomes in excess of \$200,000 (single) and \$250,000 (married). The NAM strongly opposes increased taxes on investment income. Without congressional action, capital gains and dividends are already set to rise in 2011. If this new tax goes into effect, the dividend rate would be nearly 44 percent. These new taxes represent increased costs for shareholders and will stifle economic growth.
- **ERISA Mandates.** H.R. 4872 contains mandates on grandfathered plans, such as prohibiting lifetime limits, and coverage for young adults up to age 26, effective within 6 months after the bill's enactment. The NAM opposes any mandates that increase costs to manufacturers by eliminating the flexibility needed to manage health care expenses.
- **Employer Mandate.** For companies not offering coverage and that have more than 50 employees whose employees trigger the fine, H.R. 4872 would raise the fine from \$750 to \$2,000 per employee. The NAM opposes this employer

mandate, which discourages manufacturers from employing more people by imposing a significant cost burden.

With unemployment in America close to 10 percent and the loss of 2.2 million manufacturing jobs, this is not the right time to place more burdens on America's job creators. The NAM opposes the budget reconciliation bill and urges you to do the same, as it raises costs and ultimately will destroy jobs.

The NAM's Key Vote Advisory Committee has indicated that all votes related to the budget reconciliation bill, including procedural motions, may be considered for designation as Key Manufacturing Votes in the 111<sup>th</sup> Congress.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmons". The signature is written in a cursive style with a large, looping initial "J" and a long, sweeping tail that extends to the right.