

Jay Timmons

Executive Vice President

December 3, 2010

U.S. Senate
Washington, DC 20510

Dear Senators:

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 Senate Amendment (SA) 4727, offered by Senator Max Baucus (D-MT) to H.R. 4853, the Middle Class Tax Relief Act of 2010.

Tax relief enacted in 2001 and 2003, which repealed the estate tax and lowered both individual tax rates and tax rates on investment income, helped spur economic growth. Now, however, absent immediate congressional action, these lower rates will expire, resulting in a top income tax rate of nearly 40 percent.

Manufacturers strongly support extending the 2001 and 2003 tax relief to all taxpayers. Over 70 percent of American manufacturers file as S-corporations or some other pass-through entity and will be significantly impacted by these higher rates. According to the non-partisan Congressional Budget Office, fully extending the 2001 and 2003 tax rates would add between 600,000 and 1.4 million jobs in 2011 and between 900,000 and 2.7 million jobs in 2012.

Manufacturers do support some provisions in SA 4727, including renewal of business "extenders," such as the R&D credit, "look-through" rules and deferral for active financing as well as incentives to encourage energy efficiency and alternative sources of energy. We also support repeal of the health care law's 1099 reporting provision.

Nevertheless, tying these important proposals to legislation that would assuredly result in a major tax increase on the vast majority of America's small and medium manufacturers is not acceptable and should be opposed. We urge Congress to reject this legislation – which fails to provide much-needed tax relief to thousands of America's job creators – and move toward extending all of the current tax rates.

The NAM's Key Vote Advisory Committee has indicated that votes on SA 4727 and H.R. 4853, including procedural motions, merit consideration for designation as Key Manufacturing Votes in the 111th Congress. Thank you for your consideration.

Sincerely,



Jay Timmons