



Jay Timmons

Executive Vice President

December 16, 2010

U.S. House of Representatives
Washington, DC 20515

Dear Representatives:

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 support the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, as passed by the Senate on December 15, 2010 without changes. By the same measure, we urge you to oppose the amendment sponsored by Representative Pomeroy (D-ND), and now included in the House amendment to the Senate-passed bill, that calls for higher estate tax rates.

Manufacturers strongly support extending the 2001/03 tax relief to all Americans. Over 70 percent of U.S. manufacturers file as S-corporations or other pass-through entities; most would be significantly and adversely impacted by the higher tax rates that will take effect without congressional action. The non-partisan Congressional Budget Office estimates that fully extending the 2001/03 rates would add between 600,000 and 1.4 million jobs in 2011 and between 900,000 and 2.7 million jobs in 2012. Moreover, lower tax rates on capital gains and dividends will boost capital investment and economic growth.

Renewal of the R&D credit and other business extenders is critical to manufacturing competitiveness and should be extended. Manufacturers claim nearly 70 percent of the R&D credit, and R&D fuels innovation that translates into new products, increased productivity and jobs. Other extenders promote energy efficiency and make permanent important employer-provided education assistance. Moreover, the 100-percent expensing provision will create a positive ripple effect in the economy by encouraging investment and creating demand for machinery and equipment.

Similarly, NAM members have consistently called for repeal or significant reform of the estate tax. We believe that the estate tax language passed by the Senate yesterday, which calls for a 35-percent tax rate and a \$5-million exemption, represents significant reform. However, the estate tax provisions included in the amendment offered by Representative Pomeroy do not provide the reform needed to relieve manufacturers from the estate tax burden.

For small and medium-sized manufacturers (SMMs), business owners and families, the estate tax is more than a one-time tax. In a 2009 survey of our SMM members, respondents said they spent, on average, \$94,000 annually on fees and estate-planning costs in preparation for their estate tax bill. This is money that could have been used to grow businesses and add jobs. Many small manufacturers and small

Key Manufacturing Vote

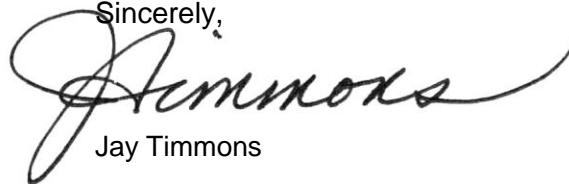
U.S. House of Representatives
December 16, 2010
Page 2

businesses are seriously and adversely impacted by the estate tax. Higher rates lead to job loss.

The NAM's Key Vote Advisory Committee has indicated that votes in support of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, as passed by the Senate on December 15, 2010 and votes opposing the inclusion of the Pomeroy estate tax rate increase, including procedural motions, merit consideration for designation as Key Manufacturing Votes in the 111th Congress.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "J Timmons", written in a cursive style. The signature is positioned above the printed name "Jay Timmons".

Jay Timmons