



*John Engler*

*President and CEO*

February 12, 2009

Dear Representative:

The economic situation that our country faces is unprecedented. Nearly 600,000 jobs have been lost since the beginning of this year. Almost four million jobs have been lost in the past year. Day after day, more companies are forced to reduce their workforce to stay financially stable.

Our member companies from around the country are telling us they agree with Congress and the Administration that decisive and immediate action is critically necessary to spur economic revitalization. They understand that the conference version of the American Recovery and Reinvestment Act (H.R. 1) is not perfect, and that if we were writing the bill ourselves it would look different. But they believe the overall plan is an acceptable balance of tax cuts and investment designed to help job providers and the people who depend on them.

Therefore, the National Association of Manufacturers (NAM) urges you to vote for the American Recovery and Reinvestment Act (H.R. 1) conference report.

Our endorsement for the bill centers on the investment and tax relief provisions that, we believe, will help create and retain jobs, promote investment and jumpstart our economic recovery. In particular, we support:

- **Investment Incentives:** Extensions of the 2008 “enhanced” expensing and “bonus depreciation” investment incentives and provisions on unused AMT and R&D credits in lieu of bonus depreciation;
- **Infrastructure:** Funding for highway, transit, aviation and waterways infrastructure and the Build America Bonds tax credit financing program as well as funding to update and modernize our nation’s drinking and wastewater infrastructure;
- **Energy:** New incentives, extensions and enhancements of existing provisions, to reduce energy costs, increase supply and encourage energy efficiency;
- **Cancellation of Indebtedness:** Temporary tax relief for companies that purchase their own or related party debt at discount;
- **Innovation & Competitiveness:** Federal funding for basic R&D and increased funding for the Manufacturing Extension Partnership;

*Manufacturing Makes America Strong*

- **Broadband Deployment:** Providing funding to promote the deployment of high-speed broadband infrastructure in unserved and underserved areas;
- **Trade Adjustment Assistance:** Expansion of existing programs to trade-affected services sector workers and communities, and generous and more affordable training, healthcare and reemployment benefits;
- **Health care:** Federal funding for health information technology (HIT) to promote the widespread adoption of a uniform, interoperable system of HIT; and
- **Workforce Development:** Federal funding for workforce development to prepare unemployed workers to fill existing jobs and ones created by the stimulus package.

In addition, the NAM consistently has expressed concern that “Buy American” provisions could trigger retaliation against U.S. exports and cost large numbers of jobs. Although H.R. 1 does not address all concerns, we believe that the final legislation, which contains language stating that these provisions must be applied in a manner consistent with U.S. obligations under international agreements, addresses that concern.

While we support quick legislative action on H.R. 1, we view this bill as a first step – albeit a very positive first step – in promoting our nation’s economic revitalization. It is clear to NAM members that more needs to be done to revive our economy and ensure durable economic growth in the future, particularly in light of the current credit crunch and liquidity problems faced by manufacturers. It is critical that Congress and Administration further expand tax relief for struggling companies of all sizes, lower tax rates on overseas income reinvested in the United States, provide temporary funding relief for companies that sponsor traditional pension plans and provide additional incentives to jumpstart the housing market.

While the net operating loss (NOL) relief included in the bill is a positive development, it only will provide limited relief to a small group of companies. The NAM strongly supports a full NOL, five-year carry-back for all companies for losses incurred in 2008 and 2009, and looks forward to working with Congress to enhance this relief in future legislation. At a time when more and more manufacturers are reporting losses, a full NOL carry-back extension will provide an infusion of cash needed to help companies retain jobs, make critical investments and, in some cases, simply keep their doors open.

Similarly, in future legislation, we urge Congress to reduce the “toll charge” for U.S. companies to bring back overseas earnings. This will allow many manufacturers to bring back money from overseas to reinvest in the U.S. economy and help address liquidity problems and job retention and creation. In general, U.S. companies pay a 35 percent tax when they bring foreign earnings back to the United States. According to the IRS, under the temporary “tax holiday” in 2004, more than 800 U.S. companies repatriated \$362 billion from foreign operations. A recent study suggests that a second tax holiday provision could bring back some \$545.5 billion, providing 93,000 new jobs in 2009.

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The NAM also believes it is critical that Congress acts as soon as possible to address the pension funding crisis. The market losses at the end of 2008 and the additional drop in the credit bond rate have resulted in massive funding obligations for companies that sponsor pension plans. Funds that companies will be obligated to put into pension plans will divert money from jobs and business operations at a time when they desperately need liquidity to survive.

Finally, the housing market collapse remains at the core of our nation's economic crisis and an economic recovery plan must include proposals to stabilize and revitalize the housing industry. While the extension and enhancement of the existing homebuyer tax credit in H.R. 1 is a positive development, more needs to be done to encourage people to reenter the housing market. NAM strongly supports increasing the home buyer tax credit and extending it to all home buyers and provisions that would give qualified borrowers the opportunity to obtain low, fixed rate 30-year mortgages.

Manufacturers recognize that immediate action is needed to address the unprecedented challenges faced by all sectors of the economy and support the American Recovery and Reinvestment Act. But our job is not yet done. We are committed to working with you in the near term to advance follow-on legislation that will help all manufacturers and our nation's entire economy get back on track and ensure job creation and sustainable economic growth.

Sincerely,

A handwritten signature in black ink that reads "John Engler". The signature is written in a cursive style with a large, stylized initial "J".

John Engler

JE/dc

cc: All Members, U.S. House of Representatives  
All Members, United States Senate