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Dear Senator,

On behalf of hundreds of thousands of FreedomWorks members nationwide, I urge you to carefully consider all aspects of H.R. 4213, the “American Jobs and Closing Tax Loopholes Act of 2010,” and do what you can to remove the job killing tax hikes it includes before it comes to a vote. While FreedomWorks does support some portions of the current bill, we vehemently oppose others. The legislation’s attempt to advance temporary extensions of tax provisions which reduce the burden placed upon American families and businesses is admirable. Its several new tax hikes, however, impose significant costs on businesses, threaten job creation, and in our opinion outweigh the benefits.

One undesirable tax increase included in the bill is the elimination of the punitive damages tax deduction. The Senate recently voted in favor of Majority Leader Harry Reid's (D-Nev.) amendment to deny businesses the previously available tax deduction for punitive damages resulting from a lawsuit. By denying the deductibility of punitive damages, Leader Reid’s amendment imposes increased costs on businesses, forcing them to spend more on litigating claims even if the lawsuit is frivolous. Spending more money on litigation will leave businesses with less money to stimulate job creation and economic growth.

Another added tax increase proposed by the legislation is a new tax on carried interest. If such a tax is imposed, then investment managers will no longer be allowed to pay capital gains tax rates on services income received as carried interest. This serves as a burden on a sector that is critical to economic growth.

In addition, the current draft of H.R. 4213 contains a \$9 billion tax on professional services firms organized as “S Corporations.” This tax has the potential to add countless unintended burdens upon those who receive this form of small business income. And the legislation includes \$14 billion in international tax increases. With American global companies already facing one of the highest corporate tax rates in the world, this tax increase will make it even more difficult for American businesses to compete on a global level.

While FreedomWorks certainly welcomes tax reductions that promote economic growth and job creation, we fear that pairing such positives with more than \$50 billion in business tax increases will inadvertently cause more harm than good. We ask that you take the time to carefully consider the damage the tax increases in the “American Jobs and Closing Tax Loopholes Act of 2010” will do to the economy and the job prospects of the many Americans currently unemployed. If the bill comes to a vote as currently formulated, we encourage you to vote NO, and will track the vote on our Economic Scorecard. If you support damaging tax hikes that hurt American businesses and families, then we will see to it that your constituents know.

Sincerely,

Matt Kibbe  
President and CEO  
FreedomWorks