ORANGE COUNTY
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September 23, 2021

To: Orange County Congressional Delegation

RE: House Reconciliation Bill – OPPOSE TAX INCREASES ON BUSINESS

Orange County Business Council (OCBC), the leading voice of business in Orange County, must respectfully oppose the proposed massive tax increases on business to pay for the $3.5 trillion reconciliation spending package. The reconciliation bill currently includes the largest tax increases in decades, raising the corporate tax rate from 21 percent to 26.5 percent and the Global Intangible Low Tax Income (GILTI) rate from 10.5 percent to 21 percent. These tax increases threaten jobs and economic growth nationwide and in Orange County.

Within a large spending package like this, there are certainly components that would benefit Orange County. From investments in broadband, health, child care, education and workforce development, there are certainly numerous components that OCBC recognizes as beneficial for the region's residents and businesses. However, the unprecedented tax increases proposed are overall detrimental to Orange County businesses and jeopardizes our economic competitiveness and innovation. It would raise taxes on American employers by nearly $1 trillion, nearly three times the next tax cut businesses received from the 2017 Tax Cuts and Jobs Act.

While OCBC has generally been supportive of emergency relief spending at the height of the COVID-19 pandemic in order to uplift the economy and workers, this enormous budget resolution following that spending risks causing dramatic inflation and imposes a substantial debt burden. The Tax Foundation determined that higher tax increases could reduce the size of the economy by 1.3% over time, lower wages by 1% and eliminate 233,000 jobs. The Penn Wharton Budget Model expects similar results, estimating that the economy would be 1.1% smaller in 2051 as higher taxes directly discourage savings and investment. The National Association of Manufacturers estimates that the U.S. could lose up to one million jobs in the next two years should the corporate rate increase to even 25%; conversely, when the corporate tax rate was lowered to 21% in 2018, 263,000 new manufacturing jobs were added.

Furthermore, proposed pharmaceutical price controls are estimated by the Congressional Budget Office to result in eight fewer drugs being introduced to the U.S. market over the next 10 years and 30 fewer drugs over the subsequent decade. Orange County's life sciences industry would be heavily impacted by this policy, and it could limit important innovations and R&D.

Congress should work towards making the economy more resilient, not less. **OCBC strongly urges you to oppose the reconciliation spending package as currently proposed and instead develop a bipartisan package with more focused spending priorities and a responsible means of financing those priorities.**

Sincerely,

Jennifer Ward

Jennifer Ward
Sr. Vice President of Government Affairs