



THE TEXAS STATE CHAMBER

Pro-Business • Pro-Texas

October 11, 2021

Congressmen,

As communities across Texas look toward economic recovery, we are writing to express both our gratitude for your leadership and to encourage a continuation of that leadership as certain problematic tax policy proposals are considered in the days and months ahead.

While we wholeheartedly encourage the exploration of policies that build up our communities, workforce, and economy, we are concerned that current proposals in the \$3.5 trillion reconciliation plan would give us the highest corporate tax rate in the industrialized world. This would hurt our global competitiveness, reduce wages, deter companies from headquartering in the U.S., and increase costs for taxpayers.

The plan would also undo the reforms included in the Tax Cuts and Jobs Act of 2017, which was rocket fuel for manufacturers in particular. A recent [study](#) released by the National Association of Manufacturers revealed this could cost the U.S. one million jobs and \$117 billion in lost GDP over the first two years.

In regards to the Global Intangible Low-Taxed Income (GILTI), the White House proposed raising the GILTI rate from 10.5% to 21%, an increase that would have major implications for multinational (MNC) Texas businesses' ability to compete on the global stage. This preliminary [report](#) found that the proposed changes could cause our state to lose up to 107,000 direct and indirect jobs when combining impacted U.S. MNCs and related economic activity.

There are also provisions that would require financial institutions to automatically report customer account inflows and outflows to the Internal Revenue Service. Broad financial account reporting could discourage the un- and under-banked from establishing account relationships and would likely further increase privacy concerns.

Finally, the newly proposed small business investment tax targets "carried interest," a form of capital earned through sweat equity. It would raise taxes on the very investments that our small businesses rely on to create high-quality jobs for individuals and families in communities just like ours.

On behalf of over 1,500 members and nearly 200 local chambers, the Texas Association of Business respectfully urges you to vote against any legislation or provision that hurts our economic recovery. Tax hikes hurt workers, small businesses, and our communities as a whole.

Sincerely,

Glenn Hamer
President and CEO

Allen Fairview Chamber of Commerce
 Cedar Park Chamber of Commerce
 Grapevine Chamber of Commerce
 Kilgore Area Chamber of Commerce
 Longview Chamber of Commerce
 Lubbock Chamber of Commerce
 North San Antonio Chamber
 Portland Chamber of Commerce
 Round Rock Chamber of Commerce
 Rowlett Area Chamber of Commerce
 South Padre Island Chamber of Commerce
 Texarkana Chamber of Commerce

