July 25, 2012

United States Senate
Washington, D.C. 20510

Dear Senator:

On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing 22,000 merit shop construction and construction–related firms, I am writing to express strong support for the Hatch-McConnell alternative to S. 3412, an amendment that would forestall a massive tax increase on America’s job creators while providing a path to needed reform. **ABC urges Senators to support the Hatch-McConnell Amendment and will consider this vote a “KEY VOTE” for our 112th Congressional Scorecard.**

Per the National Federation of Independent Businesses, 14 percent of small business employers will see a double digit rate increase under S. 3412, foisting a large tax hike on nearly one million job creators at the worst possible time. According to a new study by Ernst & Young, these tax increases would cost more than 700,000 American jobs and reduce the economy by 1.3 percent while diminishing capital investment and lowering wages on the very middle class the bill is meant to support. With roughly 80 percent of commercial contractors paying business income taxes at the individual level, this scenario would disproportionately harm the construction industry.

Worse yet, the resurgent estate tax burden is to poised harm family businesses across the spectrum. Uncertain business owners would be faced with an escalated 55 percent rate with a severely diminished $1 million exemption. According to the National Small Business Association, one-third of all small business owners would be forced to sell outright or liquidate a significant portion of their company to pay this punitive tax. In a capital-intensive industry such as construction, with a large proportion of closely-held and family-owned businesses, a reversion to pre-2001 estate tax levels would be nothing short of disastrous.

Rather than exposing American taxpayers and job creators to a perilous fiscal cliff, Congress must act swiftly to extend current policies as a bridge to comprehensive tax reform. The Hatch-McConnell alternative plan would do just that, continuing the 2001 and 2003 rates while abiding by the bipartisan estate tax compromise reached in 2010 and providing for a path to reform the code. Absent these changes, the underlying bill would amount to a massive tax hike on business income, capital investment, and family succession.

**ABC urges Senators to support the Hatch-McConnell Amendment to S. 3412 and will consider this vote a “KEY VOTE” for our 112th Congressional Scorecard.**

Sincerely,

Geoffrey Burr
Vice President, Federal Affairs

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