



January 23, 2008

## **Don't Just Stimulate the Economy, Grow It!**

Dear Colleague:

In light of these economically uncertain times, with international market plunges and unusually large interest rate cuts, we are introducing the Economic Growth Act of 2008—to provide some much-needed, incentive-based relief to job-creators. We believe that new jobs and increased private-sector investment emerge when businesses and individuals are allowed to do more of what they want with more of their own resources, while government steps out of the way. Therefore, the Economic Growth Act is designed to provide broad, growth-oriented, permanent incentives for economic activity across all sectors and industries, with immediate application and sustained, long-term implications.

The Economic Growth Act contains four main provisions, as follows:

- 1) Full, Immediate Expensing. The bill would allow all businesses to immediately expense—or fully deduct on their tax returns—the costs of assets (including buildings) they purchase for their business in the year that they buy such assets (“Section 179” expensing). Under current law, businesses can only take limited deductions in pieces, over several years. By uncapping and accelerating the expensing, this provision would encourage the purchase of assets with which to grow a business.
- 2) Significant Reduction in the Top Corporate Tax Rate. The bill would immediately cut the top corporate income tax rate from 35% to 25%, aligning it with the average rate in the European Union.
- 3) End the Capital Gains Tax on Inflation. The bill would index for inflation the cost basis used when calculating the capital gains tax on assets acquired before the end of 2008. Under current law, the capital gains tax is based on the difference in the original purchase price of the asset and the sale price of the asset. However, some of this difference, or “gain,” can be attributed merely to inflation.
- 4) Simplify the Capital Gains Rate Structure. The bill would allow corporations to benefit from the 15% capital gains rate. Under current law, individuals pay a top capital gains rate of 15%, but corporations are subject to a 35% top rate.

If you believe an economic stimulus package should actually grow the economy, then join us by co-sponsoring the Economic Growth Act. For more information or to co-sponsor, please contact Paul Teller at: [paul.teller@mail.house.gov](mailto:paul.teller@mail.house.gov).

Sincerely,

Rep. Scott Garrett

Rep. Jim Jordan

Rep. Jeb Hensarling

Rep. John Campbell