

February 26, 2014

The Honorable Dave Camp
Chairman, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Camp:

The undersigned organizations and institutions represent the economic and commercial interests of hundreds of thousands of businesses, small and large, from all sectors of the economy, employing tens of millions of American workers. We strongly support your goal to achieve comprehensive tax reform and thank you for your efforts to date. However, in keeping with our support for pro-growth tax reform, we write to strongly oppose the imposition of any arbitrary new tax on financial institutions. A targeted tax on financial institutions, regardless of form or motivation, is misguided and utterly at odds with the fundamental objective of comprehensive tax reform. The assessment will penalize customers, employees, and investors, increase the cost of capital for American businesses, and undermine the competitiveness of America's financial sector -- all of which will adversely impact economic growth and job creation.

A specific tax imposed on a single industry sector is wholly inconsistent with the fundamental purpose of tax reform -- to broaden the tax base, lower rates, simplify the code, and reduce economic distortions that impede growth. As a glaring diversion from that broad objective, a financial institution tax undermines the compelling logic of, and argument for, tax reform, jeopardizing the broad consensus necessary to achieve that important goal. It is no better to drive capital away from certain industries or sectors than it is to divert capital to favored industries through special tax breaks.

Moreover, a tax on financial institutions would amount to a levy on lending, retirement savings, credit allocation, and financial services to businesses, households, municipalities, and investors with the effect of reducing availability and increasing costs. In a letter to Senator Charles Grassley dated March 4, 2010 regarding a previous financial tax proposal, Congressional Budget Office Director Doug Elmendorf underscored these very real concerns. The tax would undermine economic growth and job creation at a time when growth remains subpar and more than 20 million Americans remain either out of work or underemployed.

CBO Director Elmendorf also noted that: “[T]he cost of the proposed fee would ultimately be borne to varying degrees by an institution’s customers, employees, and investors.” In other words, the assessment would really be a tax on average Americans.

Finally, in an increasingly competitive global economy, it is vital that U.S. financial markets and their participants remain competitive at home and abroad. A tax on financial institutions risks driving capital formation and allocation overseas, to the detriment of American businesses, workers, and households. The proposal undermines the global competitiveness of a significant sector of the U.S. economy while a comprehensive tax reform bill should do the exact opposite.

Authentic, pro-growth tax reform cannot entail unintended consequences that would undermine economic growth, job creation, and America's international competitiveness. For these reasons, we respectfully request that any new targeted tax on financial institutions be rejected.

Sincerely,

American Bankers Association
Consumer Bankers Association
Financial Services Forum
Financial Services Roundtable
Independent Community Bankers of America
Institute of International Finance
Mortgage Bankers Association
Property Casualty Insurers Association of America
Securities Industry and Financial Markets Association
The Clearing House Association
U.S. Chamber of Commerce Center for Capital Markets Competitiveness

Cc: Representative John Boehner, Speaker of the House
Representative Eric Cantor, House Majority Leader
Representative Kevin McCarthy, Majority Whip
Representative Cathy McMorris Rodgers, House Conference Chairman
Representative Frank Lankford, Republican Policy Committee Chairman
Representative Sam Johnson, Committee on Ways and Means
Representative Kevin Brady, Committee on Ways and Means
Representative Paul Ryan, Committee on Ways and Means
Representative Devin Nunes, Committee on Ways and Means
Representative Pat Tiberi, Committee on Ways and Means
Representative Dave Reichert, Committee on Ways and Means
Representative Charles Boustany, Jr, Committee on Ways and Means
Representative Peter Roskam, Committee on Ways and Means
Representative Jim Gerlach, Committee on Ways and Means
Representative Tom Price, Committee on Ways and Means
Representative Vern Buchanan, Committee on Ways and Means
Representative Adrian Smith, Committee on Ways and Means
Representative Aaron Schock, Committee on Ways and Means
Representative Lynn Jenkins, Committee on Ways and Means
Representative Erik Paulsen, Committee on Ways and Means
Representative Kenny Marchant, Committee on Ways and Means
Representative Diane Black, Committee on Ways and Means
Representative Tom Reed, Committee on Ways and Means
Representative Todd Young, Committee on Ways and Means
Representative Mike Kelly, Committee on Ways and Means
Representative Tim Griffin, Committee on Ways and Means
Representative Jim Renacci, Committee on Ways and Means