January 13, 2017

The Honorable Tom Emmer
United States House of Representatives
315 Cannon House Office Building
Washington, D.C. 20003

Dear Congressman Emmer,

I write in support of H.R. 533 Corporate Rate Equality and Trade Empowerment (CREATE) Jobs Act. This innovative legislation will reform the corporate tax rate and allow the U.S. to better compete in the global economy. ATR urges all members of Congress to support and co-sponsor Rep. Emmer’s bill.

Currently, the U.S. corporate rate is the highest amongst the 34 country Organization for Economic Development (OECD). At 39 percent, it far exceeds the OECD average rate of 25 percent, and is even further behind developed countries like Ireland, Canada, and the U.K. which have rates of 20 percent or less.

The CREATE Jobs act would fix this by reducing the U.S. corporate rate to five points below the OECD average and creating a process by which the U.S. rate is regularly reviewed to ensure economic competitiveness.

The legislation does this by creating a mechanism that ties the corporate rate to five points below the OECD average. Every five years, the corporate rate is reviewed, and in the event that other developed countries have further reduced their corporate rate, the U.S. rate is automatically reduced to five points below the new average. However, in order to protect American workers and businesses, this mechanism requires a vote of Congress if an increase in the OECD average would increase the U.S. rate.

The current high U.S. rate not only hurts American competitiveness, it has real world implications for the economy. For one, this high rate, when combined with the outdated worldwide system employed by the U.S. is the key reason corporate inversions occur.

In addition, as much as 75 percent of the cost of the corporate tax rate is passed on to labor. As a result, bringing the rate below the OECD average would have strong and immediate effects. A 20 percent U.S. corporate rate could create more than 600,000 jobs, increase GDP by 3.3 percent, and increase wages by 2.8 percent over the long-term, according to the Tax Foundation.

By creating a system that creates a competitive corporate tax rate, Rep. Emmer’s CREATE Jobs Act ensures that the U.S. again becomes a leader in the global economy and it stays there. Members of Congress should support and pass H.R. 533 to help provide a much needed booster shot to the economy.

Onward,

Grover G. Norquist
President, Americans for Tax Reform