

August 10, 2017

The Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Mnuchin:

Pro-growth tax reform is a high priority for the undersigned organizations, which collectively represent businesses and taxpayers from every sector of the economy. We appreciate the focus and determination from the Administration as you work with leaders in the House and Senate to advance permanent, comprehensive tax reform. We stand ready to work with your team to ensure its passage.

We write today to highlight an important issue to all of our organizations—the tax treatment of offshore earnings in moving to a territorial tax system. Specifically, we ask that the transition to a territorial system include a two-rate approach in taxing foreign earnings that distinguishes between short-term cash reserves and income reinvested in other assets.

Many U.S. multinationals have operated and competed overseas for decades and have reinvested significant capital or have made acquisitions of foreign businesses or other investments. Imposing a significant tax on their overseas assets will reduce the ability of these U.S. global companies to remain competitive.

Consequently, we support a bifurcated approach that would apply one tax rate to accumulated foreign earnings held passively in cash and cash equivalents and a separate tax rate to accumulated foreign earnings invested in other assets, recognizing that we represent a broad range of industries and the bifurcated rate should be applied fairly to all.

We also support efforts to allow companies to pay this tax liability over a period of at least eight years with no interest charge.

Thank you in advance for considering our request. Our organizations look forward to continue working with you and your staff on historic, pro-growth, pro-competitiveness tax reform.

Sincerely,

Aerospace Industries Association
American Chemistry Council
American Coatings Association
American Fiber Manufacturers Association
American Forest & Paper Association
American Fuel & Petrochemical Manufacturers
AMT - The Association For Manufacturing
Technology
Associated Industries of Florida
Associated Industries of Massachusetts
Association of Equipment Manufacturers (AEM)

Business & Industry Association of New
Hampshire
Business Roundtable
California Manufacturers & Technology
Association
CompTIA
Consumer Specialty Products Association
Edison Electric Institute
Electronic Components Industry Association
Financial Executives International
General Aviation Manufacturers Association

Georgia Association of Manufacturers
Greater Pittsburgh Chamber of Commerce
Illinois Manufacturers' Association
INDA, The Association of the Nonwoven
Fabrics Industry
Information Technology Industry Council
International Housewares Association
Iowa Association of Business and Industry
Metal Powder Industries Federation
Motor & Equipment Manufacturers Association
NAHAD - The Association for Hose &
Accessories Distribution
National Association of Manufacturers
National Association of Printing Ink
Manufacturers
National Foreign Trade Council
National Taxpayers Union
Nebraska Chamber of Commerce & Industry
New Mexico Business Coalition
Northeast PA Manufacturers &
Employers Association.

Ohio Chamber of Commerce
Pennsylvania Chamber of Business and Industry
Plastics Industry Association
Plumbing Manufacturers International
Rhode Island Manufacturing Association
Semiconductor Industry Association
Silicon Valley Leadership Group
Society of Chemical Manufacturers &
Affiliates (SOCMA)
TAPPI
Technology CEO Council
Tennessee Chamber of Commerce / Tennessee
Manufacturers Association
Texas Assn of Manufacturers
Texas Association of Business
The Business Council of New York State, Inc.
The New England Council
U.S. Chamber of Commerce
Valley Industrial Association
Wisconsin Manufacturers & Commerce

cc:

The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Paul Ryan, Speaker of the House
The Honorable Orrin Hatch, Chairman, Senate Finance Committee
The Honorable Kevin Brady, Chairman, House Ways & Means Committee
Mr. Gary Cohn - Director, National Economic Council