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COMMITTEE ON FOREIGN AFFAIRS

SENIOR RANKING REPUBLICAN,
SUBCOMMITTEE ON
ASIA, THE PACIFIC,
AND THE GLOBAL ENVIRONMENT

SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION, AND TRADE

Congress of the United States

House of Representatives

Washington, DC 20515-1316

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS,
INSURANCE, AND GOVERNMENT
SPONSORED ENTERPRISES

SUBCOMMITTEE ON DOMESTIC AND
INTERNATIONAL MONETARY POLICY,
TRADE, AND TECHNOLOGY

REPUBLICAN POLICY COMMITTEE
CHAIRMAN, TASK FORCE ON
MANUFACTURING

January 18, 2008

KEEP JOBS AND PRODUCTION IN AMERICA WHILE PROVIDING AN ECONOMIC STIMULUS!

BECOME AN ORIGINAL CO-SPONSOR OF *THE AMERICAN JOBS CREATION AND ECONOMIC STIMULUS ACT OF 2008*

DEADLINE: NOON WEDNESDAY, JANUARY 23RD

Dear Colleague:

Do you want a simple power boost to the economy that doesn't cost too much and rewards companies for keeping and adding jobs in America? Then, I urge you to support the *American Jobs Creation and Economic Stimulus Act of 2008* to accelerate the phase-in of the domestic manufacturing tax benefit by two years.

The domestic manufacturing tax deduction (Section 199) started in 2005 at 3 percent as part of the 2004 law (Section 102 of Public Law 108-357) that replaced the Foreign Sales Corporation/ Extraterritorial Income (FSC/ETI) tax structure, which was ruled as an illegal export subsidy by the World Trade Organization (WTO). Last year, the domestic manufacturing tax deduction increased to 6 percent. The final phase – raising the domestic manufacturing deduction to 9 percent – is scheduled to start in 2010. The *American Jobs Creations and Economic Stimulus Act of 2008* simply changes the start date of the 9 percent domestic manufacturing tax deduction from January 1, 2010 to January 1, 2008, thus providing an additional 3 percent tax incentive for all domestic manufacturers right now.

According to the Internal Revenue Service (IRS), 378,627 small and large manufacturers, as broadly defined by the U.S. Treasury, were helped by this benefit in 2005. One year later, that number grew to over 400,000.

This tax deduction is ideal because it only applies to revenue generated by operations based in the United States and discourages the “off-shoring” of American production. No other economic stimulus idea ties tax relief to requiring companies to keep production and jobs in the United States. The *American Jobs Creation and Economic Stimulus Act of 2008* is a simple low-cost idea that both Democrats and Republicans can agree on. It also fits within the parameters, as outlined by the President today, of what could be included in an economic stimulus package.

If you have any further questions or wish to be an original co-sponsor, please contact me or my Legislative Director, Phil Eskeland at X5-5676 by noon Wednesday, January 23rd.

Sincerely yours,



Donald A. Manzullo
Member of Congress

(Original Signature of Member)

110TH CONGRESS
2^D SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to accelerate the phasein of the deduction for domestic production activities.

IN THE HOUSE OF REPRESENTATIVES

Mr. MANZULLO introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to accelerate the phasein of the deduction for domestic production activities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ACCELERATING THE PHASEIN OF DOMESTIC**
4 **PRODUCTION ACTIVITIES DEDUCTION.**

5 (a) IN GENERAL.—Subsection (a) of section 199 of
6 the Internal Revenue Code of 1986 (relating to allowance
7 of deduction) is amended to read as follows:

1 “(a) ALLOWANCE OF DEDUCTION.—There shall be
2 allowed as a deduction an amount equal to 9 percent of
3 the lesser of—

4 “(1) the qualified production activities income
5 of the taxpayer for the taxable year, or

6 “(2) taxable income (determined without regard
7 to this section) for the taxable year.”

8 (b) CONFORMING AMENDMENT.—Paragraph (2) of
9 section 199(d) of such Code is amended by striking “sub-
10 section (a)(1)(B)” and inserting “subsection (a)(2)”

11 (c) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 December 31, 2007.