



Congress of the United States
House of Representatives

August 1, 2012

The Honorable Harry Reid
Senate Majority Leader
522 Hart Senate Office Bldg
Washington, DC 20510

Dear Senator Reid,

The House passed legislation in May to eliminate the threat to our nation's security by replacing the defense sequester cuts with common-sense spending cuts and reforms. This week the House will pass legislation to eliminate the threat to our economy posed by the approaching small business tax hike that Ernst & Young estimates will cost our economy more than 700,000 jobs. We write to notify you of our readiness to bring the House back into session in August for the purpose of sending legislation to the president in the event the Senate should follow the House in passing such bills to eliminate these looming threats.

The defense sequester is, as you know, the result of President Obama's desire to avoid an additional vote on raising the nation's debt limit before the presidential election. We passed it reluctantly, at your urging, after receiving a commitment that the president and the Democratic leadership in the Senate would work with Republicans to avert the sequester by enacting a deficit reduction package built on pro-growth tax reform and much-needed changes to strengthen and stabilize our entitlement programs.

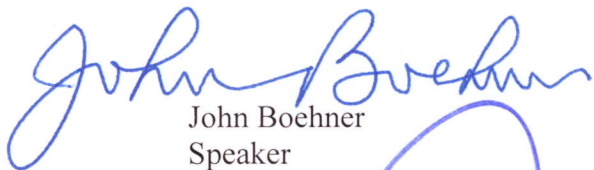
The president and Senate Democrats failed to make good on this commitment, and it is now essential that the defense sequester be replaced with common-sense spending cuts and reforms. Replacement is necessary to avoid harmful cuts to our military at the beginning of 2013 that President Obama's own Defense Secretary has warned will be "devastating" to national security. House Republicans remain committed to the full savings required by the Budget Control Act, and we passed a plan to replace the arbitrary cuts to our defenses with responsible spending cuts and reforms. If the Senate passes its own package of alternative cuts and reforms to replace the defense sequester, it is our commitment that the House will reconvene to either consider it or to go to conference to produce a consensus package that can be sent to the president for his signature. However, in order to avert the threat to our nation's security that is

posed by the defense sequester, the Senate must act. A Senate vote to simply postpone the sequester, rather than replace it with common-sense cuts and reforms, is unworkable and unacceptable.

On the tax front, the House this week will act to stop the tax increase on small businesses favored by President Obama and lay the groundwork for fundamental reform of the tax code. It is in the interest of our economy to quickly remove the threat of the entire tax hike. As you are aware, the measure passed by the Senate last week does not stop the small business tax hike. If the Senate follows the House in passing legislation to stop the entire tax hike -- including the small business tax hike -- in a manner that requires House approval before it can be sent to the president, it is our commitment that the House will reconvene immediately to ensure the measure is enacted at the earliest opportunity. But in order to avert the threat to our economy, the Senate must join the House in acting to stop the entire tax increase.

Congress must take action to eliminate both the threat to our economy posed by the looming small business tax hike and the threat to our security posed by the defense sequester. By the end of this week, the Republican-led House will have acted to eliminate both threats. The Democratic-controlled Senate must follow suit. In the event the Senate takes action, we stand ready to bring the House back into session for the purpose of enacting solutions.

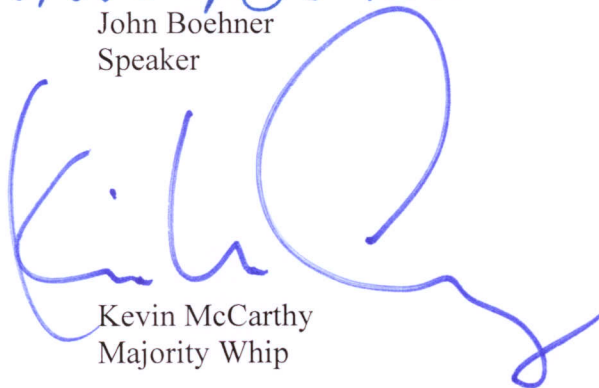
Sincerely,



John Boehner
Speaker



Eric Cantor
Majority Leader



Kevin McCarthy
Majority Whip



Jeb Hensarling
Conference Chairman