U.S. Chamber of Commerce Suggestions for Stimulus

The U.S. Chamber of Commerce recommends $500 to $700 billion (approximately 3-5 percent of GDP) in stimulus legislation, combining spending increases and tax cuts.

SHORT TERM RECOMMENDATIONS

- Issuing rebate checks would infuse cash into the economy, putting money in workers' pockets and stimulating consumption.
- Extending the carry back period from two years to five years would enhance the liquidity of businesses with current losses.
- By temporarily allowing foreign subsidiary earnings of U.S. companies to be repatriated at a reduced tax rate, those earnings could be used to ameliorate some of the liquidity challenges confronting companies, relieve some stress on the commercial paper market, and generally increase funds available to businesses. All of these outcomes could be achieved while producing a positive revenue effect for the U.S. Treasury.
- By temporarily suspending the requirement to recognize income associated with debt repurchase, companies will have an incentive to repurchase debt, easing liquidity concerns, and will be better able to withstand the economic downturn without instituting layoffs, pay cuts, or reductions in employee benefits.
- Extending bonus depreciation and increased Section 179 expensing provisions, and adopting a temporary investment tax credit would promote investment during the current economic downturn and stretch scarce capital by lowering the cost of undertaking new investment.
- Reducing the corporate capital gains rate to 15% would unlock appreciated assets held by companies, generating substantial tax revenues and at the same time providing much needed capital that could be redeployed more efficiently into the economy.
- Extending the reduced tax rate on dividends and capital gains will give taxpayers greater incentives to save and invest, which will add to our capital stock and increase productivity.
- By temporarily reducing borrower and lending fees for Small Business Administration 7(a) and 504 lending programs, Congress would incentivize banks to lend and make it more affordable for small businesses to borrow these funds for their enterprises. Additionally, increasing the government guaranteed percentage for the 7(a) loans and making changes to the program would provide more liquidity for these loans on the secondary market.

INDUSTRY AND SECTOR SPECIFIC RECOMMENDATIONS

- **Transportation Infrastructure Spending** - Including transportation infrastructure investment for near-term projects ("shovel-ready") in stimulus legislation can stimulate job creation and economic growth while creating a stronger foundation for the economy in recovery.
- **Repeal of the 3% Withholding Tax** – Repealing the 3% tax withholding law enacted by P.L. 109-222 would prevent companies from incurring needless preparation expenses, during rough economic times, for a requirement that never should have been enacted.
- **Automakers** –Including provisions in stimulus legislation to restore liquidity to the crucial financing sectors of the U.S. automobile industry would allow the industry to continue to operate and satisfy consumer demand and develop new energy saving technologies.
- **Housing Industry** – Including a housing tax credit in any stimulus legislation would encourage home sales and would be even more effective when coupled with a mortgage rate buy-down provision. Together, this approach would not only help dislodge the current logjam in the housing market but would also provide direct support to America's homeowners.
- **Travel Industry** - Including H.R. 3232, the "Travel Promotion Act of 2007," which passed the House in September, as part of stimulus legislation would encourage an increase in travel from

visitors overseas, who spend money at our nation's retailers, hotels, restaurants, and many other businesses, stimulating these vital service industries that are currently struggling in this economy.

- **Commercial Real Estate** - The Treasury should allocate a portion of the remaining funds under TARP as equity to capitalize a Federal Reserve liquidity facility for new commercial mortgages and unsecured commercial real estate loans, permitting commercial real estate credit markets to restart and clear in an orderly fashion. In addition, amending the FIRPTA rules would remove barriers preventing foreign investors from injecting equity capital into commercial real estate, and amending the REMIC rules would reduce limitations on the restructuring of commercial mortgage-backed securities.