

MEMORANDUM

TO: House Republicans

FR: Eric Cantor

DT: Monday, August 29, 2011

RE: Upcoming Jobs Agenda

As you know, we released *The House Republican Plan for America's Job Creators* earlier this year. While the debt crisis has demanded much of our attention, our new majority has passed over a dozen pro-growth measures to address the equally troubling jobs crisis, such as the Energy Tax Prevention Act and the Putting the Gulf of Mexico Back to Work Act. Aside from repeal of the 1099 reporting requirement in ObamaCare, however, each House Republican jobs bill now sits dormant in the Democrat-controlled Senate. You can view the progress of our jobs bills at MajorityLeader.gov/JobTracker.

When we return next week, the Joint Select Committee on Deficit Reduction will begin meeting to take an additional incremental step towards addressing our debt crisis. During this time, it is essential that the House continue our focus on the jobs crisis. Below are two areas of our jobs agenda that I want to bring to your attention for our upcoming fall and winter legislative schedule.

REPEAL OF JOB-DESTROYING REGULATIONS TO CREATE MIDDLE CLASS JOBS

Since passage of H.Res. 72 on February 11, our committee chairmen have been investigating and inventorying regulatory burdens to job creators. They've found many that have tied the hands of small business people and prevented job growth. By pursuing a steady repeal of job-destroying regulations, we can help lift the cloud of uncertainty hanging over small and large employers alike, empowering them to hire more workers.

Our regulatory relief agenda will include repeal of specific regulations, as well as fundamental and structural reform of the rule-making system through legislation like the REINS Act, the Regulatory Flexibility Improvements Act, and reform of the Administrative Procedures Act (all three bills are expected on the floor in late November and early December).

The following is a list of the 10 most harmful job-destroying regulations that our committee chairmen have identified, as well as a selective calendar for their repeal. These regulations are reflective of the types of costly bureaucratic handcuffs that Washington has imposed upon business people who want to create jobs.

Top 10 Job-Destroying Regulations:

- ***NLRB's Boeing Ruling (Week of September 12):*** On April 20, the National Labor Relations Board (NLRB) issued a complaint against The Boeing Company for the alleged transfer of an assembly line from Washington to South Carolina. Yet, not one union employee at Boeing's Puget Sound facility has lost his or her job as a result of the proposed South Carolina plant. Still, the NLRB is pursuing a "restoration order" against Boeing that would cost South Carolina thousands of jobs and deter future investment in the United States. H.R. 2587, the Protecting Jobs From Government Interference Act, sponsored by Rep. Tim Scott (SC), would take the common sense step of preventing the NLRB from restricting where an employer can create jobs in the United States.

- ***Utility MACT and CSAPR (Week of September 19):*** The Administration's new maximum achievable control technology (MACT) standards and cross-state air pollution rule (CSAPR) for utility plants will affect electricity prices for nearly all American consumers. In total, 1,000 power plants are expected to be affected. The result for middle class Americans? Annual electricity bill increases in many parts of the country of anywhere from 12 to 24 percent. H.R. 2401, the Transparency in Regulatory Analysis of Impacts on the Nation (TRAIN) Act, sponsored by Rep. John Sullivan (OK), would require a cumulative economic analysis for specific EPA rules, and specifically delay the final date for both the utility MACT and CSAPR rules until the full impact of the Obama Administration's regulatory agenda has been studied.

- ***Boiler MACT (Week of October 3):*** From hospitals to factories to colleges, thousands of major American employers use boilers that will be impacted by the EPA's new "boiler MACT" rules. These new stringent rules will impose billions of dollars in capital and compliance costs, increase the cost of many goods and services, and put over 200,000 jobs at risk. The American forest and paper industry, for example, will see an additional burden of at least \$5-7 billion. H.R. 2250, the EPA Regulatory Relief Act, sponsored by Rep. Morgan Griffith (VA), would provide a legislative stay of four interrelated rules issued by the EPA in March of this year. The legislation would also provide the EPA with at least 15 months to re-propose and finalize new, achievable rules that do not destroy jobs, and provide employers with an extended compliance period.

- ***Cement MACT (Week of October 3):*** The "cement MACT" and two related rules are expected to affect approximately 100 cement plants in America, setting exceedingly stringent requirements that will be cost-prohibitive or technically infeasible to achieve. Increased costs and regulatory uncertainty for the American cement industry—the foundation of nearly all infrastructure projects—are likely to offshore thousands of American jobs. Ragland, Alabama, for example, recently saw the suspension of a \$350 million cement production facility, putting 1,500 construction jobs on hold and additional permanent and high-paying plant

operation jobs in limbo. H.R. 2681, the Cement Sector Regulatory Relief Act, sponsored by Rep. John Sullivan (OK), would provide a legislative stay of these three rules and provide EPA with at least 15 months to re-propose and finalize new, achievable rules that do not destroy jobs, and provide employers with an extended compliance period.

- ***Coal Ash (October/November):*** These anti-infrastructure regulations, commonly referred to as the “coal ash” rules, will cost hundreds of billions of dollars, affecting everything from concrete production to building products like wall board. The result is an estimated loss of well over 100,000 jobs. H.R. 2273, the Coals Residuals Reuse and Management Act, sponsored by Rep. David McKinley (WV), would create an enforceable minimum standard for the regulation of coal ash by the states, allowing their use in a safe manner that protects jobs.

- ***Grandfathered Health Plans (November/December):*** We all remember when President Obama promised Americans that if they liked their health care plan they could keep it. Now, the Obama Administration has been issuing further restrictions against those previously protected plans. The result, by the Administration’s own estimates, will be a loss of 49 to 80 percent of small employer plans, 34 to 64 percent of large employer plans, and 40 to 67 percent of individual insurance plans. Meanwhile, employers losing their grandfathered status will face steep penalties, increasing their costs and negatively affecting wages and job growth. The Energy and Commerce, Ways and Means, and Education and Workforce committees will soon be working on legislation to repeal these ObamaCare restrictions.

- ***Ozone Rule (Winter):*** This effective ban or restriction on construction and industrial growth for much of America is possibly the most harmful of all the currently anticipated Obama Administration regulations. Consequences would reach far across the U.S. economy, resulting in an estimated cost of \$1 trillion or more over a decade and millions of jobs. Unlike her predecessors, EPA Administrator Lisa Jackson is pushing for a premature readjustment of the current ozone standards, dramatically increasing the number of “nonattainment” areas. The new readjustment rule is expected early this fall and I expect the Energy and Commerce Committee to act swiftly to prevent its implementation, in order to protect American jobs.

- ***Farm Dust (Winter):*** The EPA is expected to issue revised standards for particulate matter (PM) in the near future. Any downward revision to PM standards will significantly impact economic growth and jobs for businesses and people throughout rural America that create dust, like the farmer in Atkinson, Illinois, who raised his concerns with the President at a town hall earlier this month. While the President may have sent him on a bureaucratic wild goose chase, the House will act

promptly on H.R. 1633, the Farm Dust Regulation Prevention Act, sponsored by Rep. Kristi Noem (SD). H.R. 1633 would protect American farmers and jobs by establishing a one year prohibition against revising any national ambient air quality standard applicable to coarse PM and limiting federal regulation of dust where it is already regulated under state and local laws.

- ***Greenhouse Gas (Winter):*** The EPA's upcoming greenhouse gas new source performance standards (NSPS) will affect new and existing oil, natural gas, and coal-fired power plants, as well as oil refineries, nationwide. While the impact on the economy and jobs are likely to be severe, the rules are quickly moving forward, once again revealing the Administration's disregard for the consequences of their policies on our jobs crisis. Again, I expect Chairman Upton and the Energy and Commerce Committee to move swiftly in the coming months to protect American jobs and consumers.

- ***NLRB's Ambush Elections (Winter):*** This summer, the NLRB issued a notice of proposed rulemaking that could significantly alter current union representation election procedures, giving both employers and employees little time to react to union formations in the future. The result will increase labor costs and uncertainty for nearly all private employers in the U.S. The House will soon consider legislation that will bring common sense to union organizing procedures to protect the interests of both employers and their workers.

IMMEDIATE TAX RELIEF TO CREATE MIDDLE CLASS JOBS

The second focus of our jobs agenda this fall and winter will pursue tax relief designed to help American employers create middle class jobs. Small businesses, in particular, are overburdened with taxes that destroy jobs and in a fragile economy, the worst thing government can do is impose tax increases that prevent small businesses from hiring. Instead, government should be focused on ways to enable businesses small and large to unlock more capital and create new jobs.

Therefore, under Chairman Dave Camp's leadership, the Ways and Means Committee will be exploring a number of ways to remove tax burdens for job creators and incentivize small businesses. These targeted efforts will not interfere with House Republicans' continued pursuit of fundamental tax reform, just as we proposed in our budget resolution this spring. Rather, the following proposals represent bipartisan and pro-growth steps that can be taken immediately to help businesses hire those struggling to find a job today.

3% Withholding Rule Repeal:

Beginning in 2013, federal, state, and local governments will be required to withhold three percent of all government payments made to contractors in excess of \$100 million. While

the law has been delayed multiple times, its effect once implemented will be massive—causing accounting burdens on governments and potentially harmful cash flow disruptions for contractors and subcontractors across all sectors. Therefore, we will move quickly this fall to repeal this burdensome requirement and relieve construction contractors, medical providers, manufacturers, farmers, and many others providing goods and services under government contracts of the uncertainty the impending law is creating.

20% Small Business Tax Deduction:

Small businesses employ about half of all Americans, yet President Obama is proposing federal tax rates that could take away more than 40 percent of their income. While the previous Democrat majority was pushing through their nearly \$1 trillion stimulus, we began work on a proposal to allow small business people to take a tax deduction equal to 20% of their income. The goal was simple—immediately free up funds for small business people to retain and hire new employees, and reinvest in and grow their businesses. In light of the stimulus's failure, and our current position in the majority, I expect the House to move quickly in the coming months on this common sense and pro-growth small business proposal to create middle-class jobs.

FINAL THOUGHTS

In the weeks and months ahead, we will move aggressively on the items outlined above. But, our increased focus on the repeal of job-destroying regulations and pursuit of pro-growth tax relief will not distract from other equally important areas of our jobs agenda.

As he has promised in the past, we expect the President to transmit three vitally important trade agreements this fall. When he finally sends them our way, I will not hesitate to schedule them. In addition, the Senate has set up a vote on the House-passed patent reform bill next week. Increased movement in both of these areas on the part of the President and the Senate is welcomed. I hope the Senate and the President will join the House in acting on the other many pro-growth items we have already passed and will be passing in the coming months.

See you next week.

Sincerely,
Eric