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September 10, 2010

The Honorable Harry Reid
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Leader Reid and Leader McConnell:

The American Petroleum Institute strongly urges you to oppose the higher-taxes, anti-jobs Nelson amendment to the Small Business Jobs Act (HR 5297) when the Senate takes up that legislation after recess. By repealing the Section 199 tax deduction for certain U.S. oil and natural gas companies, the Nelson amendment would discourage investment in new domestic energy projects by an industry that now supports more than 9.2 million American jobs. That would depress growth in new jobs, reduce oil and natural gas revenues to our government, and increase reliance on foreign sources of energy.

The Nelson amendment also fails to adequately address the burdensome compliance costs related to increased 1099 reporting requirements in the recently enacted healthcare legislation. It does not fully rollback the expanded information reporting and could complicate and increase burdens on small businesses.

A competing amendment to the Small Business Jobs Act offered by Senator Mike Johanns (R-Neb) is a vastly better choice for addressing the 1099 reporting requirements and deserves your strong support. It fully repeals the costly 1099 compliance burdens on small business without creating additional burdens on taxpayers and without imposing a punitive, counterproductive tax increase on selected oil and natural gas companies.

Section 199 was enacted to encourage new American jobs in every kind of business from Starbucks to the New York Times to General Motors. It has succeeded and – with 15 million Americans unemployed today – is needed now more than ever. Eliminating this job-creating incentive for major players in an industry that created nearly 2 million domestic jobs between 2004 and 2007 would hamper U.S. economic growth and job creation and compromise the nation's energy security. Recent studies and analysis of the impact of this change suggest it could place 58,800 U.S. jobs at risk next year and 165,000 U.S. jobs at risk by 2020.

America needs jobs. We encourage you to oppose the Nelson amendment, support the Johanns amendment, and preserve the Section 199 incentive for all U.S. producers and manufacturers.

Sincerely,