CQ TODAY
Dec. 9, 2003 - 8:05 p.m.

Not Enough Votes to Pass Tax Bill? Manzullo Says House Ought to Try It His Way

By Alan K. Ota, CQ Staff

The legislative year ended with the corporate tax bill (HR 2896) still stalled, and with Small Business Chairman Donald Manzullo, R-Ill., saying the momentum was moving his way, toward limiting most of the bill's tax breaks to domestic manufacturers.

Manzullo has circulated a tersely worded letter to colleagues that lays out his demands for resolving the impasse on the bill, which he contends is too favorable to multinational companies that are shifting jobs offshore.

Supporters of the bill have argued that strong economic growth in the third quarter could help soothe concerns about job losses and spur more consensus among Republicans to move the bill.

But Manzullo is urging fellow House members to join him in pressing for a "replacement bill."

"Job losses remain a problem," he said in an interview. "We need to have changes made in this bill."

In this week's letter, Manzullo asked for a number of specific changes in the bill, including:

• Eliminating about 90 percent of the proposed tax breaks for foreign income of multinational companies,

• A four-year, rather than three-year transition for phasing out a tax break for exporters that has been deemed an illegal subsidy by the World Trade Organization, and

• Expanding a proposal to lower the corporate tax rate from 35 percent to 32 percent, so that it applies to S corporations and limited partnerships.