September 16, 2010

The Honorable Sander Levin
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Levin and Ranking Member Camp:

The undersigned trade associations, representing thousands of U.S. businesses and millions of American jobs, are writing to express our strong opposition to the Administration's proposal to impose a "Financial Crisis Responsibility Fee" or any other similar assessment targeted at financial institutions. The economy is still recovering from one of the nation's worst financial crises and business credit availability and demand remains at very low levels. Likewise, financial companies continue to raise capital and repair balance sheets and a number will soon be subject to further enhanced capital standards, additional fees and assessments as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act").

We are concerned that the Financial Crisis Responsibility Fee, a $90 billion tax on the nation's largest financial institutions, and other similar proposals, will impede the economic recovery by further constraining commercial lending and capital investment, including much needed lending to small business and the commercial real estate market. Furthermore, unilateral action by the United States could result in multiple taxation of global financial institutions, which could further diminish lending and slow worldwide economic recovery. We believe such proposals are counterproductive. Exposing the struggling economy to these risks should be avoided and the arguments for assessing such a tax are not compelling.

While we agree that taxpayers should not bear the costs associated with the Troubled Asset Relief Program ("TARP"), the timing of the Administration's bank tax proposal is premature. The stated intention of the fee is to recoup net TARP losses. The Emergency Economic Stabilization Act of 2008 ("EESA") that created TARP envisioned that the president would submit a proposal to Congress in 2013 to recoup the TARP shortfalls, if any. Consistent with the intent of EESA, TARP recipients should first repay the taxpayer's investment with interest and dividends in accordance with TARP law and a final accounting of net TARP losses should be accomplished before developing a recoupment mechanism to recover shortfalls. Moreover, a provision of the Dodd-Frank Act instructs the Treasury to close down TARP programs as of June 25; a move the Congressional Budget Office ("CBO") estimated will save $11 billion. TARP loss projections continue to decline; in March 2009 the CBO estimated TARP costs at $356 billion, the CBO's current estimate is $66 billion. Thus, imposing a TARP recoupment tax is not only economically risky, but could well be unnecessary.

In summary, the nation is at an economic crossroad, and an expansion in lending and investment is critical if the country is to continue toward growth and job creation. Proposals to impose significant new taxes on the financial services sector should be avoided – the economy is too fragile, business investment remains sluggish, and it is far too soon to determine what, if any, losses to TARP should be recouped from the financial sector.

Sincerely,

American Insurance Association
Business Roundtable
Consumer Bankers Association
Financial Services Forum
Institute of International Bankers
Organization for International Investment
National Association of Manufacturers
Property Casualty Insurers Association of America
Securities Industry and Financial Markets Association
The Financial Services Roundtable
The Clearing House Association L.L.C.
The U.S. Chamber of Commerce

Cc: The Members of the Committee on Ways and Means