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October 31, 2006

The Honorable Bill Thomas
Chairman
United States House of Representatives
Committee on Ways & Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Senator Charles Grassley
Senator Max Baucus
Attn: Comments on the Tax Technical Corrections Act of 2006
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20515

RE: Comments to Tax Technical Corrections Act of 2006 (S. 4026, H.R. 6264)

Dear Chairman Thomas, Senator Grassley, and Senator Baucus:

I am pleased to submit my written public comment in response to your request for comments related to the "Tax Technical Corrections Act of 2006" (S. 4026, H.R. 6264) (the "Act"). Specifically, my comments are limited to Section 7, the Amendment to the Jobs and Growth Tax Relief and Reconciliation Act of 2003, related to dividend tax rates for Interest Charge Domestic International Sales Corporations (IC-DISC).

I am deeply concerned that the inclusion of this section of the bill would unnecessarily hinder the work of small businesses throughout the United States to provide jobs and assist in the country's balance of trade. I encourage you to remove this section of the Act.

The IC-DISC is the last remaining export tax incentive that has not been challenged by the WTO or other international body. Since the 1970's, Americans have seen the elimination of the Western Hemisphere Trade Corporation, Export Trade Corporation, Domestic International Sales Corporation, Foreign Sales Corporation, and Extraterritorial Income Exclusions at a time when the United States' balance of trade continues to deteriorate. The Nation's international deficit in goods and services increased to $69.9

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billion in August from $68.0 billion in July, as imports continue to increase more than exports.

Congress initially sought to level the playing field for companies competing with their foreign counterparts who had the advantage operating in countries with unfair tax regimes. The Domestic Manufacturing Deduction promises to assist U.S. manufacturers in maintaining their competitiveness in the global marketplace. However, it is not enough. Whether it was originally intended or not, the application of the reduced dividend tax rate on IC-DISC dividends has created a substantial incentive for U.S. companies to export. Given the continued downward spiral of the U.S. balance of trade, I believe U.S. manufacturers need every advantage you can give them.

In addition, the unique provisions of the IC-DISC law has enabled it to support small and mid sized owner-managed companies. These are the same companies that continue to suffer the largest proportional impact of rising health care costs, fuel costs, and other expenses. The reduction of any tax benefits that target this group hinder the growth of vibrant and dynamic internationally focused companies that the United States depends on.

Based on these concerns, I urge you to remove Section 7 from the Act. Do not harm our economy and U.S. companies by significantly reducing the last remaining export incentive.

Best regards,

Benjamin R. Irwin
Louis Padnos Iron and Metal Company

P.O. BOX 1979, HOLLAND, MICHIGAN 49422-1979 U.S.A. 616 396-6521 FAX 616 396-7789 www.padnos.com