

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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July 09, 2009

The Honorable Charles B. Rangel
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 Rangel and Ranking Member Camp:

The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, strongly opposes denying the deductibility of prescription medication advertising costs to raise revenues to pay for health care legislation.

Generally, advertising generates \$6 trillion in U.S. economic activity and supports more than 21 million jobs in the United States. With the economy in a severe recession, Congress should adopt policies that create jobs – not policies that eliminate them. The denial of this deduction would make advertising more expensive – it is, in effect, an increased expense of doing business. As a result of this increased cost, affected companies will reduce their advertising, thus triggering job losses and, additionally, decreasing the dissemination of important information to consumers.

In addition to the economic consequences of denying the deductibility of advertising costs for prescription medications, this denial would violate the First Amendment. While Congress may grant or withhold tax benefits according to its legislative discretion, several U.S. Supreme Court cases have established that the government may not use taxes or other policies to discriminate against speech, including commercial speech. In the past 20 years alone, the U.S. Senate has thrice rejected amendments that would have denied the deductibility of advertising costs for tobacco products.

Accordingly, the Chamber urges you to reject any proposal which would deny the deductibility of advertising costs for prescription medications. The possible benefit of generating short-term revenues is far outweighed by the adverse precedent it would establish and adverse economic consequences it could trigger.

Sincerely,



R. Bruce Josten

Cc: The Members of the Committee on Ways and Means