

United States Senate

WASHINGTON, DC 20510

July 16, 2015

The Honorable Orrin G. Hatch
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden,

As you work to reauthorize expired tax provisions that benefit our economy and households, we urge you to consider the unique economic needs of our men and women in uniform and their families by extending a tax credit that incentivizes the provision of differential pay to activated military reservists by their small business employers.

Earlier this Congress, we introduced the bipartisan Military Reserve Small Business Jobs Act (S. 641), which would provide a five year extension of a tax credit for small businesses that provide differential pay – compensation to make up the difference between active duty pay and the salary they offer to their employees – to activated reserve and guard members. We urge you to include an extension of this important provision in the tax extenders package you will be considering in the Senate Finance Committee in the coming days.

This important policy was originally enacted in 2008 as part of the bipartisan Heroes Earnings Assistance and Relief Tax Act (HEART Act) as an employer wage credit for activated military reservists in order to aid small businesses that provide differential pay to employees who have been called to active duty. This provision, Section 45P, provides a tax credit for 20% of the differential salary payment for small businesses with fewer than 50 employees.

The Senate should move quickly to extend this policy because it is good for business and good for military families. This policy extension would make it easier for small firms to support their reservist employees and lessens the financial strain on reserve families that we already ask to sacrifice so much.

This credit expired at the end of 2013. Last December, it was extended retroactively for 2014, but this retroactive extension did not provide small businesses with the certainty they needed when deciding whether to offer differential pay. While we would prefer a longer term extension

of this important pro-military family, pro-business legislation, we request that you consider extending this critical provision for at least the same duration as the other important expiring provisions that the Committee is likely to consider.

This is an opportunity for Congress to provide certainty for small businesses that choose to support the over 800,000 citizen soldiers, sailors, airmen, and Marines committed to their communities who are always ready to serve their country when we need them.

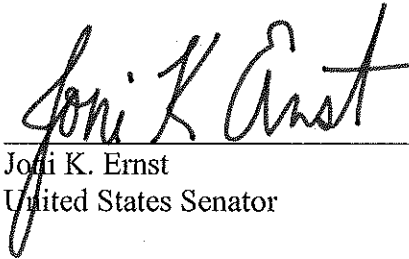
This critical tax provision enjoys support from the Reserve Officers Association, Enlisted Association of the National Guard of the United States, and the National Military Family Association.

We appreciate your consideration of this request look forward to working with you on this important matter. Thank you both for your leadership in prioritizing these important tax policies which help businesses create jobs and support American families.

Sincerely,



Gary C. Peters
United States Senator



Joni K. Ernst
United States Senator