



January 10, 2012

President Barack Obama  
The White House  
Washington, DC 20500

Dear Mr. President:

As you prepare your annual State of the Union address, it is clear that our nation faces deep divisions over many key questions. But there is one pressing issue that nearly everyone from every party, faction and interest group can agree on – the need for businesses of all sizes to create the jobs needed to put Americans back to work and restore the U.S. as the leader of the global economy.

While many industries play roles in our economy, the retail industry is responsible for more job creation than any other single industry. As a result, the future of our nation's economy and the future of our communities, workers and families hinges on the vitality of the retail industry. Retail supports one in four American jobs – 42 million positions – and operates 3.6 million stores, distribution centers and corporate offices in every state, congressional district, city and town across the U.S. While the industry includes many iconic national brands, 95 percent of retailers are independent small businesses with only a single store. In sum, the total industry contributes nearly one-fifth of U.S. GDP at \$2.5 trillion and pays \$31.5 billion in taxes each year.

Retail is one of the nation's largest private employers, with twice the number of workers in health care and four times the number in manufacturing. Even in this economy where other industries have struggled or been bailed out, America's retail industry has led the recovery, delivering 17 months of consecutive sales growth. This remarkable record was punctuated by a record-breaking holiday shopping season.

America's retailers want to continue growing our economy, but to do that we need Washington to embrace common-sense economic policy, remove barriers to job creation, and do so without asking for more tax dollars to foot the bill. At the top of our priority list are:

- **Sales Tax Fairness** – The lack of sales tax on most Internet purchases has put Main Street merchants, who create local jobs and play major roles in their local communities, at a huge price disadvantage. Many are shedding workers as they struggle to keep their doors open, and cash-strapped state treasuries faced with the loss of \$24 billion a year are laying off essential workers like police officers, firefighters, ambulance crews and schoolteachers. Legislation that would update an antiquated sales tax system and let states collect badly needed revenue with no cost to the federal government has been lingering in Congress for more than a decade. It's time to pass a federal bill now.
- **Corporate Tax Reform** – A handful of industries benefit from carefully crafted tax credits and deductions, with the result that the rest of America's businesses pay the second-highest corporate tax rates in the world. Leading economists believe tax reform that would eliminate these breaks in return for lowering rates for all businesses would significantly boost employment. In retail, lower corporate taxes would mean lower prices, resulting in increased sales that would create jobs at each stage of the supply chain from raw materials to the consumer product on the shelf. Congress

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needs to adopt not just corporate tax reform, but tax policy that benefits consumers and job-creating businesses of all sizes. And lawmakers must be careful to fend off misguided demands for job-killing consumption taxes like a VAT or national sales tax.

- **Free and Open Trade** – The United States needs to build upon the bipartisan success of the recent free trade agreements with Panama, Colombia and South Korea, which promise to create jobs by making it easier for U.S. companies to export their goods and services. But in negotiating future agreements, U.S. officials need to recognize the importance of imported goods to U.S. consumers and businesses and not to succumb to pressure from those who would apply outmoded protectionist policies to a modern global economy. Initiatives such as the TransPacific Partnership should be seized upon as the opportunity to set a 21<sup>st</sup> Century standard for truly free and open trade where imports and exports are valued alike.

Congress also needs to address issues such as our neglected transportation infrastructure that slows down supply chains, credit card swipe fees that drive up prices for consumers, and mandates under the health care reform law that threaten to cost workers their jobs. And the Administration should quicken the visa process to make it easier for foreign visitors to come to the United States to shop.

Congress is well aware of these issues, but as is so often the case in Washington, it takes the power of the presidency to turn a good idea into law. By calling for action on these items in your State of the Union address, you can play a major role in helping American businesses create the jobs American workers so desperately need.

On behalf of America's retailers, we urge you to address these and other pro-jobs policies outlined in our Jobs, Innovation and Consumer Value Agenda at [www.RetailMeansJobs.com](http://www.RetailMeansJobs.com). We look forward to hearing your address and to working with your Administration and the Congress to create the jobs that will carry America forward.

Sincerely,



Matthew R. Shay  
President and CEO  
National Retail Federation



Terry J. Lundgren  
Chairman, National Retail Federation  
and  
Chairman, President and CEO  
Macy's, Inc.