Proposed Border Adjustment Tax Will Harm The Promotional Products Industry

The U.S. House tax reform proposal includes a recommendation to adopt a Border Adjustment Tax (BAT). The BAT poses a discriminatory tax on all imported products—including promotional products—and will hurt American consumers and the nation's largest employers by increasing the cost of everyday products. The BAT, which would function as a national sales tax, will have an adverse impact on the unemployment rate.

The promotional products industry plays an important role in the national economy—collectively the industry provides nearly 500,000 jobs and revenues approaching $21 billion annually. Promotional products consist of any tangible item with an imprinted message and are one of the most effective, cost-efficient and longest-lasting media used by advertisers and marketers. The industry as a whole is made up of 97% small businesses, many of whom do less than $250,000 in annual sales.

While most promotional products are manufactured overseas, once in the U.S., these products are decorated by U.S. workers. They are sold by U.S. workers. They are used to promote U.S. goods and services. This proposal would impose taxes on these products that will put many small businesses at risk.

This tax is bad for business and bad for consumers. According to the National Retail Federation, upon passage, the BAT will cost the average American family at least $1,700 per year. Middle class and low-income families who have seen their wages stagnate in recent years would bear the brunt of this new tax because they spend a larger share of their income on tradeable goods that would be covered by the BAT.

Congress should look for ways to reform our complicated tax code, but new taxes, as part of tax reform, are not the right way to create jobs, spur economic growth, or help put more money in the pockets of American workers.

Please reject the misguided border adjustment tax and instead focus on implementing tax reform that protects current jobs and creates new ones.