

THE STOP HIGHER PAYROLL TAXES COALITION

September 23, 2002

The Honorable Tom Daschle
United States Senate
SH-509 Hart Senate Office Building
Washington, DC

The Honorable J. Dennis Hastert
United States House of Representatives
2369 Rayburn House Office Building
Washington, D.C.

Re: Payroll Tax Withholding on Broad-Based Stock Plans

Dear Majority Leader Daschle and Speaker Hastert:

We write to express our support for Congress, completing legislative action prior to the end of the 107th Congress on clarifying that statutory stock options are not subject to payroll taxes.

As you may know, these statutory stock options (Employee Stock Purchase Plans and Incentive Stock Options) currently are offered by thousands of companies and provide significant benefits to millions of rank and file American workers. These programs also are important recruitment and retention tools for employers. This statutory clarification is needed to protect the efficacy of these programs.

To date, the House of Representatives voted to approve this clarification, as has the Senate Finance Committee. This provision enjoys bipartisan, bicameral support. Furthermore, the Joint Committee on Taxation has determined that this proposal has *no* impact on federal revenues.

Given the benefits of this proposal to workers across America, we hope that you will see to it that this provision is enacted by the 107th Congress.

Sincerely,

The Stop Higher Payroll Taxes Coalition

3M
ADC Telecommunications, Inc.
Aetna Inc.
Agilent Technologies, Inc.
American Bankers Association
American Benefits Council
AeA (American Electronics Association)
American Financial Services Association
American Payroll Association
America's Community Bankers

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AOL TimeWarner
Apple
Association for Competitive Technology
AT&T
AutoZone
Biotechnology Industry Organization
BMC Software
Brinker International
California Healthcare Institute
Charles Schwab & Co., Inc.
Citigroup
Cooper Industries, Inc.
Corning
Darden Restaurants, Inc.
Documentum
ERISA Industry Committee
Financial Executives International's Committee on Benefits Finance
The Financial Services Roundtable
Genentech
Home Depot
Household International
IDEC Pharmaceuticals
Intel
International Mass Retail Association
Intuit
J.D. Edwards and Company
Kellogg Company
Lowe's Home Improvement Warehouse
Magnum Hunter Production
Marriott International, Inc.
Massachusetts Software & Internet Council
Medtronic
Micron Technology
Microsoft
Motorola
National Association of Manufacturers
National Association of Stock Plan Professionals
National Retail Federation
Northern Virginia Technology Council
Oracle
Parametric Technology Corporation
PeopleSoft
Principal Financial Group
Rational Software Corporation
Saks, Incorporated
Scientific Learning

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Securities Industry Association
Semiconductor Equipment and Materials International
Simplex Solutions, Inc.
Society for Human Resource Management
Software Finance and Tax Executives Council
Software & Information Industry Association
Sun Microsystems
Texas Instruments
TL Ventures
U.S. Chamber of Commerce
VERITAS Software
Wind River Systems, Inc.
Xilinx

Cc: All Members of Congress