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House of Representatives

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July 11, 2011

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Mr. Cliff Guffey
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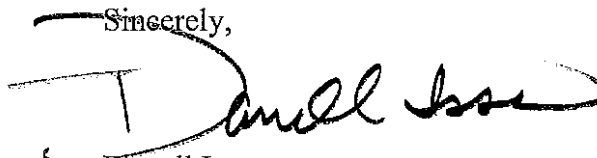
Dear Mr. Guffey:

In its July 7th *News Bulletin*, the American Postal Workers Union (APWU) announced a television advertisement designed to "inform the public about the work APWU members perform." The narrator in the ad says of the cost of mail delivery: "Ever wonder what this costs you as a taxpayer?" He answers his own question: "Not a single cent." The ad is slated to air on CNN, Fox News, and MSNBC beginning on July 11, 2011.

It is true the Postal Service no longer receives an annual subsidy for basic operations from the federal government, and has not for some time. But the Postal Service does receive support from American taxpayers. A December 2007 report from the Federal Trade Commission includes a long list of implicit subsidies the Postal Service receives that are not available to private companies. According to the report, the Postal Service is exempt from, among other items, federal, state, and local income tax, all state and local taxes (including property tax), and vehicle registration and titling fees. Additionally, the Postal Service has the ability to exercise eminent domain to secure property, a valuable power private sector companies lack. Finally, because it can borrow through the U.S. Treasury, the Postal Service is able to borrow at very low interest rates. As of September 30, 2010, the Postal Service had \$4.1 billion in debt with an interest rate below 0.3% as well as an additional short-term revolving credit line of \$3.4 billion at an interest rate of 0.206%. All told, these implicit subsidies, let alone extra powers, are worth several hundred million dollars annually.

While you and I have significant differences of opinion on how the Postal Service should be reformed, I believe we must be clear about the underlying facts. I ask you not to engage in a campaign to mislead the American people.

Sincerely,



Darrell Issa
Chairman