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Garrett: Kill the Alternate Minimum Tax now

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TODAY IS TAX DAY, the day when income taxes are due to the U.S. Federal Government.

For many of us, this day is greatly detested because of the demanding and burdensome task of preparing one's taxes. Continually adding up numbers and following the confusing tax code is enough to make anyone sick.

But the most dreaded part of preparing taxes is seeing exactly how much of your hard-earned money went to Uncle Sam this year for Washington politicians to spend.

This should not be the case. Americans should get to keep more of their money for their own family budget, not the federal one.

One of the biggest reasons New Jersey residents are paying too much in taxes is because the onerous system is outdated. Our current federal tax system is still subjecting taxpayers to the harsh Alternative Minimum Tax. Since my beginning days in Congress, I've been an outspoken critic of the AMT. That is because I know this tax really hits home for all Americans, particularly New Jerseyans.

AMT hammers New Jerseyans

The most recent data show that my constituents in the 5th District of New Jersey are greatly harmed by this tax, ranking as the seventh most impacted district by AMT. That means that out of 435 congressional districts in the nation, the residents of the 5th District pay more in taxes because of the AMT than 429 other congressional districts.

And to make matters worse, New Jerseyans are hit twice as hard because of the extremely high state and local tax burden. I think it's clear that something must be done to relieve New Jerseyans of these massive taxes.

The AMT must either be completely eliminated or, at the very least, indexed to inflation. This tax was created more than 30 years ago as a way to catch high-income individuals who avoided

paying their taxes. This seems legitimate, trying to ensure all individuals pay their fair share of taxes.

Inflation ignored

Unfortunately, this law didn't take inflation into consideration. The income levels in 1969 that were considered wealthy continue to be applied today, This means millions of Americans will hit the income threshold and be forced to pay an AMT penalty when they file their 2008 taxes. Our nation's middle class families are now getting hit by this stealth tax and are being forced to pay the price for poor lawmaking.

Furthermore, the AMT also fails to allow for commonplace tax deductions and credits, including the deduction for state and local taxes and the home mortgage interest tax credit. It has been estimated that each year 4 million Americans are deprived of the various deductions and credits, further burdening our nation's taxpayers with a higher tax liability.

During the 2007 tax year, Congress waited until late December to extend a variety of tax credits and to approve a one-year "patch" to prevent the AMT from impacting many taxpayers.

Unfortunately, the IRS had already finalized their tax forms and created their software products, neither of which included these changes. Sadly, numerous taxpayers will end up paying higher taxes this year because they will not know of the deductions that they qualified for because they were unaware of them.

Restoring fairness

At the beginning of this congressional session, I reintroduced my AMT Middle Class Fairness Act, which would index the AMT to inflation and actually allow for a state and local tax deduction against it. I also introduced the Taxpayers Choice Act, which seeks to eliminate the AMT and restore fairness to the tax system, making it transparent, simple and efficient.

Fixing the Alternative Minimum Tax would help New Jersey families keep more of their money. With sky-high gas prices and rising grocery store bills, we should be putting more money back in the pockets of our nation's hardworking taxpayers.

It is critical that Congress make fixing our nation's tax system a priority. Washington politicians need to put their political agenda aside and support a commonsense tax policy that lifts the financial burden off our nation's taxpayers.

Scott Garrett is a congressman representing New Jersey's 5th Congressional District.

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