



## H.R. 3996, the *Temporary Tax Relief Act of 2007*

### **Immediate AMT Relief for Working Families:**

H.R. 3996 prevents the alternative minimum tax (AMT) from hitting 23 million additional families this year.

- Without this legislation, the AMT will reach into the pocketbooks of middle-class families it was never intended to hit.
- The AMT was put into place to ensure that the wealthiest families did not escape paying taxes altogether. It has grown to be such a problem that it now threatens teachers and firefighters – a far cry from its original intent.
- Many of the 23 million families targeted by the AMT this year have no idea they face an increase in tax liability. Congress must act to ensure they do not see their taxes rise through no fault of their own.

### **Providing Tax Relief for Homeowners:**

H.R. 3996 provides tax relief to homeowners who do not itemize their deductions by permitting them to deduct up to \$500 (\$250 for single taxpayers) of property taxes in addition to their standard deduction.

The bill also includes House-passed language to exclude debt forgiven under mortgage foreclosure or renegotiation from tax liability. Under current law, families struggling through a foreclosure would also be hit with the double-whammy of a tax bill on any portion of their mortgage forgiven by a lender.

### **Helping More Families Claim the Child Tax Credit:**

The bill would provide tax relief to middle-class families by expanding eligibility for the \$1,000 refundable child tax credit.

### **Helping With the Rising Cost of Education:**

The bill also helps families cope with the rising cost of education by extending the current deduction for college tuition.

### **Extending the Deduction for State and Local Sales Tax:**

Some states do not have income taxes and thus, their residents do not benefit from the State and local income tax deduction. H.R. 3996 extends the current deduction for State and local sales taxes for those states to put money back in the pockets of working families.

### **Tax Incentives for Competitive Businesses:**

The *Temporary Tax Relief Act* extends the current deduction for research and development to encourage companies to invest in innovative technology that will help them compete and win internationally.

### **Closing Corporate Loopholes and Promoting Equity and Fairness:**

This legislation would change the tax treatment of “carried interest” for fund managers. They will no longer receive a lower capital gains rate of 15% for what is essentially a management fee or payment for services.

The Committee began looking at this issue in the context of fairness and equity in the tax code and found no evidence to conclude that partners or fund managers should receive preferential treatment for the same services provided by other corporate professionals doing the same jobs.

## **Does Not Add to the Deficit:**

The *Temporary Tax Relief Act* is entirely revenue-neutral. The tax relief provided to more than 23 million families is offset by closing loopholes and eliminating narrowly-targeted tax breaks for corporations.

This Congress made a commitment to abide by pay-as-you-go rules so that future generations will not bear the cost of decisions we make today.

The Bush Administration came into office with a projected surplus of \$5 trillion and proceeded to enact a fiscal u-turn of historic proportions.

By failing to control government spending, enacting deficit-financed tax cuts for the wealthiest families and spending hundreds of billions of dollars on the war in Iraq, this Administration has presided over the largest deficits in our nation's history.

The U.S. national debt is now \$9 trillion. Each day more than \$1 billion in interest accrues on this debt and each American's share of this debt is hovering around \$30,000.

This recklessness ends now.