



VS.



## **HOUSE REPUBLICANS SHOW THEIR TRUE COLORS: *Protecting Wall Street Millionaires Over Middle-Class Americans***

As legislation (H.R. 3996) protecting 23 million Americans from a tax increase heads to the House Floor next week, Republicans have shown their true colors. **Democrats are fighting to protect middle-class taxpayers from the Alternative Minimum Tax, while Republicans are fighting to protect Wall Street millionaires who are not paying their fair share of taxes.** In an uncertain economy with income inequality expanding, Republicans are indefensibly fighting to protect tax loopholes for the wealthy at the expense of working families.

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### **AMT BILL OFFERS REAL MIDDLE-CLASS TAX RELIEF**

- 23 million families will be protected from a massive tax increase under the AMT
  - Millions of small businesses owners would benefit from AMT relief
  - 12.5 million children will benefit from an expansion in the Child Tax Credit
  - 30 million families will receive a Property Tax Deduction
  - More than 11 million families would benefit from state and local sales tax deduction
  - More than 4.5 million families would get help with the rising cost of education through the deduction for tuition and fees.
  - More than 3 million teachers would be able to deduct out-of-pocket expenses for their classrooms
  - Thousands of men and women in our armed forces would receive a tax exemption for combat pay
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### **CARRIED INTEREST IS AN UNFAIR LOOPHOLE, ADVANTAGES WALL STREET AT THE EXPENSE OF THE MIDDLE CLASS**

“The private equity industry is on shaky ground when it claims that current practice is a correct application of the law. Many of the firms’ partners are not investing their own money in the various funds and ventures, and so have no direct risk of loss, the general test for claiming capital-gains treatment on one’s earnings....They’re actively managing assets, and should be taxed accordingly as managers earning compensation... Congress will achieve a significant victory, for fairness and for fiscal responsibility, if it ends the breaks that are skewing the tax code in favor of the most advantaged Americans.” *[The New York Times, 6/25/07]*

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### **TOP REPUBLICANS AGREE THAT THIS IS AN ISSUE OF FAIRNESS**

“Deferred compensation, even risky compensation, is still compensation, and it should be taxed as such... The Administration is on the wrong side of the issue [if it opposes the congressional legislation, which] does not seem excessive.” – *Gregory Mankiw, Harvard Economics Professor and Former Chairman of President Bush’s Council of Economic Advisors*

“I think it’s odd that people making that much money off of essentially labor income should be paying lower rates than, than the average... than their secretaries are, to put it baldly. I think it’s good that you are considering doing it.” - *Michael Graetz, Former Deputy Under Secretary for Tax Policy under President George H.W. Bush, Yale Law Professor*

“[The current treatment of carried interest is] a policy mistake: It was earned by the work of promoters [in the private equity industry] and it should be taxed as compensation.”- *John Chapoton, Former Assistant Treasury Secretary for Tax Policy under President Reagan*

*Prepared by the Office of Majority Leader Steny Hoyer, 11/2/07*