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House of Representatives

A TAX CUT FOR THE REST OF US!

HON. BOB FILNER

OF CALIFORNIA
IN THE HOUSE OF
REPRESENTATIVES

Mr. FILNER. Mr. Speaker, the “Tax Cut for the Rest of Us” Act of 2006 (H.R. 5257) transforms the standard income tax deduction into a “refundable” standard tax credit. Doing so will not only simplify the tax code, but put more money into the pockets of poor Americans.

For 25 years, refundable tax credits—such as the Earned Income Tax Credit and the “additional child tax credit”—have proven to be simple, effective ways to help the poor.

The logical next step is to transform the standard deduction and personal exemptions into a refundable standard tax credit (STC) of \$2,000 for each adult and \$1,000 for each child. The STC will provide all the poor with a small but badly needed tax credit, and give a tax cut to

virtually everyone who chooses not to itemize their deductions.

Transforming the standard deduction into a refundable tax credit will not eliminate poverty, but it will be an enormous benefit to the poor who were completely overlooked by the Bush tax cuts. The poor pay sales taxes, property taxes, and many other taxes, but because they do not pay very much in income tax, they have little to gain from tax simplification unless it includes something like the STC.

Transforming the standard deduction into a standard tax credit will give a tax cut to those who need it most. Now is the time to pass a “Tax Cut for the Rest of Us.”