



SENATOR HARRY REID, MAJORITY LEADER FIGHTING FOR WORKING FAMILIES



Throughout his career in Congress, Senator Reid has been a strong advocate for tax fairness for all Nevadans. Senator Reid has led the fight to provide tax relief for working families, reinstate the state sales tax deduction, and reform the Internal Revenue Service. In today's difficult economic climate, it is important that tax relief is focused on providing help to hard-working families and to encourage investment and job creation.

Senator Reid Has Consistently Lowered Taxes for Nevada's Working Families. Nevadans and Americans are paying less in taxes thanks to Senator Reid's work in Congress. Senator Reid has led the way in easing Nevada's tax burden and providing tax relief for Nevada's families.

- ***Senator Reid Provided Tax Relief for Working Americans through the Making Work Pay Tax Credit.*** The Making Work Pay tax credit, enacted as part of the *American Recovery and Reinvestment Act* (Recovery Act), lowered the tax bills for 95 percent of Nevada workers by as much as \$400 for individuals and \$800 for a married couple. The credit increased the take home pay for 120 million American households for 2009 and 2010. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005]
- ***Senator Reid Fought to Make the Tax Code Fairer for Nevada Taxpayers.*** Senator Reid fought in 2004 to reinstate the deduction for state and local sales taxes as a matter of fairness for states like Nevada that choose not to impose an income tax. The deduction was reinstated on a temporary basis and through the efforts of Senator Reid has been extended for each year thereafter. [H.R. 4520, Senate Vote 211, 10/11/04, P.L. 108-357; H.R. 6111, Senate Vote 279, 12/09/06, P.L. 109-432; H.R. 1424, Senate Vote 213, 10/01/08, P.L. 110-343]
- ***Senator Reid Made the Child Tax Credit Available to More Families.*** The Recovery Act made the full Child Tax Credit available to more families for 2009 and 2010 by lowering the earnings threshold from \$8,500 to \$3,000. [H.R. 1, Senate Vote 64, 02/13/09, 111-005]
- ***Senator Reid Expanded the Earned Income Credit to Help Working Families.*** The Recovery Act provided tax relief for working families by making improvements to the Earned Income Credit. The Act increased the credit to 45% for families with three or more children and provided relief from the "marriage penalty" by increasing the income level at which married couples begin to lose the credit. [H.R. 1, Senate Vote 64, 02/13/09, 111-005]

HIGHLIGHTS OF SENATOR REID'S TAX RELIEF RECORD

- ★ Senator Reid Has Consistently Lowered Taxes for Nevada's Working Families
- ★ Senator Reid Helped Families Realize and Retain the Dream of Homeownership
- ★ Senator Reid Promoted Tax Incentives to Help Families Save Energy
- ★ Senator Reid Supported Tax Initiatives Making Higher Education More Affordable
- ★ Senator Reid Championed Fairness for Nevada Taxpayers

- ***Senator Reid Was Instrumental in Ensuring Tip Tax Agreements for Nevada Workers.*** These are voluntary agreements between the IRS, the employer, and tipped employees that make it easier for employees to comply with the law and avoid time-consuming and burdensome IRS audits. [Las Vegas Review Journal, 04/11/03]
- ***Senator Reid Supports Relief from the Alternative Minimum Tax.*** The Alternative Minimum Tax (AMT) was originally enacted in response to reports that some wealthy individuals paid no federal income tax. However, the AMT was not indexed for inflation and an increasing number of middle-income families will be subject to this tax if no action is taken to provide relief. The Recovery Act protected the nearly 95,000 Nevada taxpayers who would otherwise have been subject to the AMT in 2009. In addition, budget passed by the 111th Congress extends AMT relief for three more years. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; S. 896, Senate Vote 185, 05/06/09, P.L. 111-022]
- ***Senator Reid Advocated for Marriage Penalty Relief.*** Many families are affected by the marriage penalty. In certain situations, married couples pay higher taxes than they would if they were two individuals filing separately. This “marriage penalty” was substantially reduced for most taxpayers in 2001, but that relief expires at the end of 2010. The budget passed by the 111th Congress extends marriage penalty relief permanently. [S.Con.Res. 13, Senate Vote 173, 04/29/09]

Senator Reid Helped Families Realize and Retain the Dream of Homeownership. Senator Reid has worked hard to confront the housing crisis by ensuring Nevada receives tens of millions of dollars through assistance for housing counselors and neighborhood stabilization programs, establishing a number of federal foreclosure-prevention programs, and providing tax relief for first-time homebuyers and homeowners that receive debt relief.

- ***Senator Reid Eliminated the Tax Penalty for Homeowners Restructuring Their Mortgages.*** The housing crisis has been especially hard on Nevada. In response, Senator Reid led efforts to eliminate the income tax penalty for homeowners who are successful in negotiating a lower mortgage with their lender. [H.R. 3648, Senate Vote 948, 10/04/10, P.L. 110-142]
- ***Senator Reid Supported the Military Homeowner Assistance Program.*** Congress created the Homeowner Assistance Program (HAP) under the Department of Defense in 1966 to compensate eligible military and civilian Federal employee homeowners when the real estate market declines as a result of base closures. Senator Reid led the way for the passage of the *American Recovery and Reinvestment Act of 2009* (Recovery Act), which included \$555 million to expand HAP to any individual who has received Permanent Change of Station (PSC) orders, or has incurred a service caused-condition during deployment that caused retirement due to disability, to further assist service members and surviving spouses weather the downturn in the housing market. Additionally, the *Worker, Homeownership, and Business Assistance Act of 2009* exempted expanded Homeowner Assistance Program benefit payments from being taxed. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; H.R. 3548, Senate Vote 334, 11/04/09, P.L. 111-092]
- ***Senator Reid Supported Nevada’s Housing Market with the Homebuyer Tax Credit.*** In an effort to spur investment in the housing market and support home values, Senator Reid led efforts to create a tax incentive for first-time homebuyers. Initially, first-time homebuyers were given a tax credit of up to \$7,500 for residences purchased between April 9, 2008 and June 30, 2009. Senator Reid

spearheaded efforts to improve the tax credit by eliminating the requirement that it be repaid by the homebuyer, increasing the credit to \$8,000, extending the credit to homes purchased through April 30, 2010, increasing the income eligibility thresholds for qualifying for the credit, and providing a \$6,500 credit for existing homeowners purchasing a new home. Additionally, in response to growing concerns that homebuyers that met the contract deadline would not qualify for the credit because of the time it takes banks to close transactions, Senator Reid extended the deadline for closing home purchases to September 30, 2010. [H.R.3221, Senate Vote 186, 07/26/08, P.L. 110-289; H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; H.R. 3548, Senate Vote 334, 11/04/09, P.L.111-092 ; H.R. 5623, Unanimous Consent, 06/30/10, P.L. 111-198]

- ***Senator Reid Provided Tax Relief to Make Homeownership More Affordable.*** Senator Reid helped make homeownership more affordable for Nevada families by providing a new deduction for property taxes paid by those homeowners who otherwise do not itemize their deductions on their federal income tax returns. [H.R. 3221, Senate Vote 186, 07/26/08, P.L. 110-289]

Senator Reid Promoted Tax Incentives to Help Families Save Energy. Senator Reid believes that the best way to reduce our dependency on oil is to create incentives to promote energy saving technologies. Senator Reid championed tax incentives that help Nevada families save money and reduce their energy needs. [H.R. 6, Senate Vote 158, 06/28/05, Senate Vote 213, 07/29/05, P.L. 109-058]

- ***Senator Reid Provided Tax Credits for Energy Efficient New Homes.*** Senator Reid helped families afford energy efficient new homes by providing tax credits to contractors for the construction of homes that meet energy efficiency standards.
- ***Senator Reid Provided Tax Credit for Energy Efficient Appliances.*** Senator Reid helped establish tax credits for the manufacture of energy efficient dishwashers, clothes dryers and refrigerators.
- ***Senator Reid Provided Tax Credits for Energy Efficient Building Property.*** Senator Reid supported tax credits for energy efficient water heaters, heat pumps, and central air conditioners to help Nevada families improve the energy efficiencies of their homes which will save them money and improve the environment.
- ***Senator Reid Provided Tax Credits for Fuel Efficient Vehicles.*** Senator Reid supported tax credits for energy efficient vehicles such as hybrid, alternative fuel and electric automobiles to help families afford a new generation of fuel saving vehicles that will reduce their fuel costs and improve the environment.

Senator Reid Supported Tax Breaks Making Higher Education More Affordable. Senator Reid believes access to higher education is essential for Nevadans to be able to compete in the 21st Century. He has supported several tax breaks that make it easier for Nevada families to afford a college education.

- ***Senator Reid Made Higher Education More Affordable for Middle Class Families.*** The Recovery Act created the American Opportunity Tax Credit providing up to \$2,500 per year to help families afford college. The credit is available for a full four years of postsecondary education. Additionally, the new credit is available to help cover expenses for textbooks. The law also improved college savings plans by allowing funds in those accounts to be used to buy computer technology and equipment. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005]
- ***Senator Reid Supported Tax Incentives for College Savings Accounts.*** To help Nevada families save for college, Senator Reid supported making college savings accounts and prepaid tuition programs tax-free. [S.Amdt. 1384 to S. 1429, Senate Vote 226, 07/28/99]

- ***Senator Reid Supported Tax Free Treatment for Employer-Provided Education.*** Senator Reid supported the permanent extension of the exclusion from taxable income of education benefits received from an employer. [S.Amdt. 1384 to S. 1429, Senate Vote 226, 07/28/99]

Senator Reid Championed Fairness for Nevada Taxpayers. Senator Reid has fought to make our nation’s tax laws fairer for taxpayers.

- ***Senator Reid Championed Taxpayer Bill of Rights to Reform the IRS.*** The Taxpayer Bill of Rights was the first bill Senator Reid introduced upon entering the Senate. Our nation’s tax laws are complicated and the overwhelming majority of taxpayers make a good faith effort to fully comply with their requirements. Taxpayers deserve to be treated fairly and with respect. Senator Reid was a strong champion of the original Taxpayers’ Bill of Rights, a law that guarantees taxpayers’ right to have an attorney represent them before the IRS, prohibits the IRS from using quotas for audits or property seizures, and allows taxpayers to recover financial damages caused by the IRS. Several of the ideas in Senator Reid’s bill were later incorporated into the Internal Revenue Service Restructuring and Reform Act of 1998. [H.R. 4333, Voice Vote, 10/22/88, P.L. 100-647]
- ***Senator Reid Championed Legislation that Ended the Source Tax on Retiree Pensions.*** Senator Reid successfully protected Nevada retirees from taxes imposed by other states. The legislation Senator Reid helped pass into law ended taxation without representation by prohibiting states from taxing the retirement benefits of nonresidents. This was a huge victory for all taxpayers and retirees. [H.R. 394, Voice Vote, 12/22/95, P.L. 104-095]

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