

LARSON BACKS DEMOCRATIC TAX PLAN THAT PUTS WORKING FAMILIES AND THE ECONOMY FIRST

FOR IMMEDIATE RELEASE: December 8, 2005

LARSON BACKS DEMOCRATIC TAX PLAN THAT PUTS WORKING FAMILIES AND THE ECONOMY FIRST

WASHINGTON, D.C. – Congressman John B. Larson (CT-01) released the following statement regarding his opposition to the Republican budget tax reconciliation bill (H.R. 4297) and support for the Democratic plan:

Mr. Speaker, I rise in support of the Democratic alternative to H.R. 4297, Tax Relief Extension Reconciliation Act that would provide real tax relief to working families and help the economy grow.

The underlying bill is more of the same—more fiscally irresponsible policy. The President’s policy of “stay the course” is not working; it’s not working in our foreign policy, domestic policy, budget policy or tax policy. More of the same is just not working and now is the time for a new direction.

Unlike the reckless tax bill on the floor, the Democratic alternative would help more Americans help themselves and ensure that as a country, we move forward together. Among other things, the Democratic measure would exempt every family making less than \$200,000 from the Alternative Minimum Tax (AMT). The Democratic measure would also provide \$42 billion in targeted tax cuts including, deductions for state and local retail sales taxes, deductions for college tuitions expenses, a research and development tax credit, a small business expensing tax credit, and a larger earned income tax credit for the families of those serving in Iraq. Most importantly, the Democratic alternative would be fully offset instead of pushing the country further into debt like the Republican bill.

The truth is that more than one-half of all taxpayers would get less than \$30 in tax relief from this bill, while those who make over a million dollars a year would get an average tax break of \$32,000. Supporters of the capital gains and dividends tax cuts have tried to characterize them as offering benefits that are more broad-based than AMT relief. However, in reality, households with incomes between \$100,000 and \$500,000 would receive 87% of the benefit of AMT relief, compared to 62% of the benefit for capital gains and dividends tax cuts.

Where are the priorities of this House? What message are we sending to the American people? It’s time for a new direction because more of the same failed policies aren’t working. Americans deserve better. I urge my colleagues to join me in rejecting the underlying bill and supporting the Democratic alternative that would provide real tax relief and strengthen our country.

###