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December 7, 2005

Speaker Dennis Hastert  
H-419C  
U.S. Capitol  
Washington, D.C. 20515

CC: Chairman Bill Thomas

Dear Speaker Hastert:

I am writing to express my concern with the Alternative Minimum Tax (AMT) and to express my disappointment with the omission of a permanent resolution to the AMT problem from the House tax reconciliation bill. I do not ordinarily write letters on individual issues, but I feel so strongly about the effects of AMT that I would be remiss if I did not bring it to your attention.

For several years, Congress has passed legislation extending one-year fixes to the AMT problem. We must stop assigning temporary fixes to a problem which is plaguing our middle class. We must pass sound legislation which would end, once and for all, the increasing pressure on the middle class stemming from the AMT.

The Alternative Minimum Tax was created in 1969 to prevent the wealthy from avoiding paying federal income taxes by using tax shelters and deductions. Congress had a noble aim to ensure that all Americans pay their fair share of taxes.

However, since 1969, the threshold for AMT filing has never been indexed to keep up with inflation. As incomes have gone up along with the cost of living, so have the number of families being drawn into this tax has gone up--an estimated 400,000 more families in 2003 than in 2002. A well-to-do family making \$60,000 and paying the alternative tax in 1969 has today become a middle-class family making \$60,000 and now getting unfairly slammed by this tax.

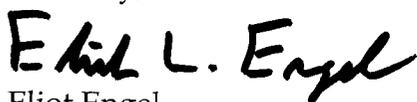
As a Representative from New York, second only to New Jersey in percentage of AMT filers, it is vital that my middle class constituents remain guarded from unfair taxation. If we do not permanently fix the Alternative Minimum Tax, New Yorkers will continue to pay at a higher rate than most other states. Close to 10 percent of the U.S. taxpayers who earn \$50,000 to \$75,000 and must pay the tax live in New York City. This is because residents of the Empire State pay higher state income taxes than most states, and the Alternative Minimum Tax eliminates any federal deduction for state taxes.

I am aware that the House is today taking up a bill to re-extend the one-year, short-term AMT fix - separate from the tax reconciliation package. Unfortunately, this approach will not continue to work. While the Senate is also proposing a one-year extension, at least it has done so in the overall tax reconciliation legislation. The only way for Congress to deal with the substantial economic implications of fixing the AMT is to include it in the reconciliation process.

Congress must go further. At a time when middle-class families are feeling the squeeze of higher prices, unemployment, lower retirement earnings, and a strained economy, Congress should not shrink from its obligation to fix the single most unfair section of the tax code. Before considering any legislation to benefit primarily the wealthy, we must first resolve the AMT's growing burden on the middle class. We continue to hear rhetoric that all sides want to fix the AMT problem, but it seems like the aim of Congress is to use the income generated by the alternative minimum tax to pay for tax cuts for the wealthy.

**Congress should reform the Alternative Minimum Tax before an estimated 41 million families are drawn into it in 2013.** Our leaders in Washington should concentrate on relief for working people in New York and around the country. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Eliot L. Engel". The signature is written in a cursive, slightly slanted style.

Eliot Engel

Member of Congress