

# Op-ed page

## Point of view

### Tax code slams the middle class

By Eliot Engel

**Y**ear after year, more than three million American families file their federal and state tax returns and face a harsh reality. Because the Alternative Minimum Tax (AMT) was never indexed for inflation, middle-class families — particularly New Yorkers — are being slammed with an additional tax burden.

Listening to the Republican majority's rhetoric, one could be led to think that Congress' recent tax reconciliation bill includes benefits for the middle class. Nothing could be further from the truth. Once again, the Republicans in Congress have chosen to forgo permanent AMT reform in favor of extending tax cuts on capital gains and dividends. There was a time in this country when the tax code sought to reward work. Today, the majority party looks to do just the opposite.

In August 2003, the Congressional Budget Office confirmed what thousands of New Yorkers have known — that the Bush tax cuts are causing middle class families to shoulder a larger tax burden than the wealthy. And for many New Yorkers, the biggest tax bite can come from the AMT.

The AMT was created in 1969 to prevent wealthy individuals and corporations from using tax loopholes and shelters to avoid paying federal income taxes. Congress intended for all Americans to pay their fair share of taxes.

However, since 1969, the income threshold for AMT filing has

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never been indexed to keep up with inflation. As incomes have gone up along with the cost of living, so has the number of families being drawn into this tax — an estimated 400,000 more families in 2003 than in 2002. Back in 1969, a family making \$60,000 was considered well-to-do and might pay the AMT. Today a family making \$60,000, especially a New York family, is soundly middle-class and now getting unfairly slammed by this tax.

New York is second only to New Jersey in percentage of AMT filers. If Congress does not permanently fix the AMT, 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 AMT 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.

This week, the House passed a bill to re-extend the one-year, short-term AMT fix — separate from the tax reconciliation package. This approach shows the Republican party's priorities. They give special protection to tax breaks for the wealthy while barely throwing a lifeline to millions of middle-class families.

Congress must go further. Before considering more tax breaks 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.

Today all over New York, middle-class families are feeling the squeeze of higher prices, unemployment, lower retirement earnings, and a strained economy. America's priorities should be just the opposite. This nation should permanently reform the Alternative Minimum Tax before an estimated 41 million families are drawn into it in 2013. As your representative, I will continue to fight for it.

Eliot Engel represents the 17th Congressional District.