



January 14, 2009

An Open Letter to the House of Representatives: Taxpayers Demand the Economic Recovery and Middle-Class Tax Relief Act

Dear Member of Congress:

On behalf of the 362,000 members of the National Taxpayers Union, I write to strongly endorse the Economic Recovery and Middle-Class Tax Relief Act.

While some in Congress are considering spending upwards of \$1 trillion on government programs and projects, our members know this would be a grievous mistake. Shifting money from individuals to government programs (many with questionable performance records) will not “stimulate” sustainable economic growth. Government spending doesn’t create wealth; it either redistributes or destroys it.

The best way to jump-start the economy is through immediate tax relief for American families and businesses. Reducing the tax burden *now* on individuals and institutions will ensure long-term economic prosperity *later*. Among the pro-growth, pro-simplification, and pro-taxpayer policy changes included in the Economic Recovery and Middle-Class Tax Relief Act:

For Individuals and Families:

- Provide every income tax bracket with a rate cut of 5 percent;
- Increase the child tax credit from \$1,000 to \$5,000;
- Repeal the hated Alternative Minimum Tax;
- Make the lower capital gains/dividends tax rate of 15 percent permanent;
- Repeal mandatory distribution rules for retirement accounts;
- Increase tax deductions for student loans and education expenses; and
- Make all withdrawals from retirement accounts tax- and penalty-free during 2009.

For Businesses and Entrepreneurs:

- Align the corporate tax rate with international competitors by cutting it from 35 percent to 25 percent;
- Allow immediate expensing for business purchases;
- Index the cost basis for capital gains to inflation;
- Extend the 15 percent capital gains tax rate to corporations;
- Make permanent the tax credit for research and development; and
- Extend the carryback period for net operating losses to seven years.

Unlike other approaches, the Economic Recovery and Middle-Class Tax Relief Act contains no new spending and would apply a sensible across-the-board reduction of one percent to all FY 2009 discretionary spending (excluding defense, military construction, and veterans affairs).

Roll call votes on the Economic Recovery and Middle-Class Tax Relief Act, along with votes on costly spending bills, will be heavily weighted in National Taxpayers Union’s annual Rating of Congress.

Sincerely,

A handwritten signature in blue ink that reads 'Kristina Rasmussen'.

Kristina Rasmussen
Director of Government Affairs