

Restores tax fairness by closing loopholes for private equity partnerships and hedge funds managers

Washington, DC - Rep. Peter Welch voted today to provide tax relief to more than 42,000 middle class Vermont families by blocking a pending tax increase under the Alternative Minimum Tax (AMT).

The Temporary Tax Relief Act of 2007, [H.R. 3996](#) , passed 216-193.

Without the legislation, 23 million additional Americans and over 42,900 additional Vermonters would be required to pay the AMT for the 2007 tax year (*SEE CHART BELOW*). The tax was originally intended to ensure that multimillionaires paid a minimum tax but, due to an outdated formula, now threatens middle class families.

The tax relief is paid for by closing tax loopholes for private equity partnerships and hedge funds managers. Welch has been a leading advocate in Congress for closing both loopholes. In June, Welch introduced legislation (H.R. 2785) that took aim at publicly traded partnerships that, due to their status as "partnerships" rather than "corporations," qualify for special tax treatment and avoid paying their fair share of taxes. Also in June, Welch cosponsored legislation (H.R. 2834) that requires hedge fund managers to pay the same tax rate as average Americans.

"Working Vermonters feel like the deck has been stacked against them. And all too often they are right. This is a major step in my fight to restore tax fairness for working families," said Welch.

"This bill stops in its tracks a major tax increase for 42,000 middle class Vermont families. And it's paid for by closing unfair tax loopholes that allow hedge fund managers on Wall Street to pay a lower tax than middle class Vermonters on Main Street."

The bill also extends important tax deductions for middle class Vermonters, including the

Earned Income Tax Credit, which 36,563 Vermonters claimed in 2005 and the Child Tax Credit, which 50,540 Vermonters claimed. It also extends the Property Tax Deduction, a deduction for education tuition and fees, and allows teachers to deduct out-of-pocket classroom expenses.

Earlier this week, Welch supported and the House passed [H.R. 3997](#), the "Heroes Earnings Assistance and Relief Tax (HEART) Act of 2007," which delivers \$2 billion in tax relief to the men and women of our armed services and their families, as well as others volunteering in service to America, such as volunteer firefighters.

The AMT's Impact on Vermonters

Number of Vermont Households Who Paid the AMT in 2005

Estimated Number of Vermont Households to Pay AMT in 2007 Without Fix

% Increase

Vermont Households Saved from the AMT

6,781

49,718

633%

42,937

Source-IRS Individual Master File data as of September 30, 2006.

Prepared by Ways and Means Committee staff based on 2005 IRS Individual Master File data
and estimates prepared by Citizens for Tax Justice.