



Washington Democrats' Job-Killing Tax Hike

No budget, but Democrats plan tax hike on American families and small businesses

Democrats' Record Tax Hike. After running up record levels of spending and debt – while refusing to pass a budget – Democrats in Washington are now plotting the largest tax increase in history for American families and small businesses: a tax increase of over \$200 billion next year alone and \$3.8 trillion over the next ten years.

Small Businesses Hit Hard. According to estimates from the non-partisan Joint Committee on Taxation, small business owners will pay over half of the taxes raised by increasing just the top two rates (from 33 to 36 and 35 to 39.6%). Given that small businesses account for roughly 70% of all job creation in this country, raising taxes on these employers is the last thing Congress should do.

Raising Taxes in a Recession. Following the loss of over 3 million jobs since President Obama took office, and despite fears of a double-dip recession and a national unemployment rate stuck at almost 10%, the Democrats' massive tax hike will kick in on January 1, 2011 – hitting millions of small businesses and their employees.

Raising Taxes on Every American Who Pays Income Tax. By eliminating the lowest tax bracket (currently 10%) Democrats will raise income taxes on individuals, families and small businesses at virtually every income level. Additionally, the "Alternative Minimum Tax" – which requires those subject to it to pay even higher taxes – will hit 15 million families next year, more than three times the number affected in 2009.

The Democrats' 2011 Tax Hikes

Higher income tax rates:

- Increase the 10% tax bracket to 15%
- Increase the 25% tax bracket to 28%
- Increase the 28% tax bracket to 31%
- Increase the 33% tax bracket to 36%
- Increase the 35% tax bracket to 39.6%

Reinstate the "marriage penalty"

Cut the child tax credit in half (from \$1,000 to \$500)

Higher investment taxes:

- Increase top rate on long-term capital gains tax from 15% to 20%
- Increase top rate on qualified dividends from 15% to 39.6%

Elimination of certain exemptions and deductions:

- Phase-out personal exemptions – a hidden tax increase of 0.8% for affected families
- Limit itemized deductions (such as home mortgage interest, state and local taxes, and charitable contributions) – a hidden tax increase of another 1.2% for affected families
- Combined, these hidden tax increases raise the top marginal tax rate on income (including dividend income) to 41.6%

Resurrection of the Death Tax – currently repealed – at rates as high as 55%

Alternative Minimum Tax will ensnare 15 million taxpayers, up from 4 million in 2009