



## Construction Industry Round Table

## Legislative News

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### **8/23/10 – Debate Begins on the Merits of Extending Bush Tax Cuts**

In a prelude to what will likely be a very heated debate in the next Congress, after the mid-term elections have shaken-up the current party line-ups, the Senate will begin preliminary discussions on whether to let the Bush tax cuts to expire vs. the merits of extending them. Weighing in on the debate as part of the TRC a letter was sent to the entire US Senate calling for a fair process for debating these tax issues. To view the TRC letter, go to: <http://www.naw.org/files/TRCsenateLetter.pdf>

Earlier this summer, TRC had sent a letter to all members of the House and Senate calling for extension of all the expiring tax provisions and advocating a pro-business, pro-growth tax agenda. [To see letter, go to: <http://www.naw.org/files/TRCletter.pdf>]. The Bush tax cuts enacted in 2001 and 2003 are scheduled to expire at the end of this year if Congress does not act to extend them, resulting in a massive increase in tax rates on dividends, capital gains, all levels of income, and estates. This increase will come in addition to President Obama's additional taxes found in his budget proposal earlier this year, and the newly-enacted health care bill which also includes even more tax hikes.

The President and most of the Majority Leadership in both houses of Congress have consistently called for extending the income tax rate cuts for only middle-income taxpayers, while allowing the rates to rise for upper income earners. However, in January a group of moderate House Democrats sent a letter to the President urging that all the reduced tax rates be extended for two years. More recently as polling has shown the Democrats in disfavor with the public, several Democratic Senators and additional House Democrats have also come out against raising taxes during a recession, calling for extension of all of the reduced rates. Despite this growing chorus that raising taxes now will stifle economic recovery and hamper job creation, Treasury Secretary Tim Geithner has just reaffirmed the Obama Administration's commitment to raising taxes on upper income earners and protecting only the middle class from the schedule tax hikes.