

Stop stalling on repair of minimum tax

by *The Detroit News*

Congress should stop dragging its feet and fix the Alternative Minimum Tax to give 23 million middle-class taxpayers a break. The end of the tax year is near. Without action, many Americans face a costly "gotcha" they can't afford. Some Democrats are especially off-base in proposing solutions to the AMT. They want to provide relief only if taxes are raised elsewhere in the name of fiscal responsibility. But the federal government has no business imposing this so-called "millionaires tax" on middle-class families in the first place.

If Congress really wanted to be fiscally responsible, it could revisit the pork-laden \$23 billion water resources bill and equally larded \$150 billion health and education appropriation.

The AMT was designed to nab the rich but is gradually reaching down to nip families making as little as \$75,000 a year.

In fact, the original law was proposed in 1969 amid concern over a mere 155 taxpayers who had an adjusted gross income of more than \$200,000 but had legally paid no federal income tax.

Since then the number of people caught by AMT has climbed to 4 million because the tax is not indexed to inflation. This year, 23 million new taxpayers are at risk unless Congress acts.

"Middle- and upper-middle-income taxpayers are most at risk in the coming years," says an analysis by the Tax Foundation, which studies tax policy.

This year, taxpayers will pay an extra \$50 billion if Congress doesn't approve a patch. Ironically, a tax aimed at the rich will mostly soak ordinary taxpayers, the kind saving to put the kids through college, or reach other family goals. For them, the AMT also adds unnecessary complexity to a tax code that should be simplified, not junked up with parallel tracks.

And it's only going to get more costly. By 2010, the AMT will sock taxpayers for an extra \$109 billion. Adds the Tax Foundation:

"Until recently, the AMT affected less than 1 percent of taxpayers. If left unchanged, the AMT will penalize nearly 20 percent of taxpayers by 2010 - some 30 million Americans in total."

So Congress must stop the partisan bickering and quickly pass another temporary fix to the AMT without raising taxes elsewhere. Beyond that, at least index AMT to inflation to prevent the need for these annual emergency repairs.

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