

July 24, 2012

Dear Senator:

The National Women's Law Center urges you to support the "Middle Class Tax Cut Act" introduced by Senator Harry Reid. It would ensure that the Bush-era tax cuts for the richest two percent of Americans (couples earning more than \$250,000, individuals earning more than \$200,000) expire on schedule at the end of this year. It represents a key step toward restoring fairness to the tax code and balance to fiscal policy, helping to protect services critical to women and their families.

Allowing the Bush-era tax cuts to expire on income above \$250,000 per couple, \$200,000 for single taxpayers simply asks the richest Americans to begin to pay their fair share. Over the past decade, the incomes of the wealthiest soared and were boosted even further by disproportionate benefits from the Bush-era tax cuts. Under Senator Reid's bill, all Americans, including the wealthiest, would still get tax cuts on their first \$250,000 of income (\$200,000 for a single taxpayer) – but additional tax breaks for the richest two percent on income above those amounts would end.

The nation cannot afford to renew tax breaks for those who need them least, which the bill introduced by Senators Hatch and McConnell, the "Tax Hike Prevention Act of 2012," would do. Letting the Bush-era tax cuts expire on income above \$250,000 per couple (\$200,000 for an individual) would save the federal government about \$1 trillion over the next 10 years, including interest savings from reduced federal borrowing, compared to extending them for all income levels. Raising the threshold from \$250,000 to \$1 million, as some have proposed, would save \$366 billion *less* in revenue over the next decade, and nearly half of the benefits from the higher threshold would go to households with incomes *above* \$1 million.

Women have a particular stake in ensuring that those with the greatest ability to pay contribute their fair share of taxes, because taxes provide the revenues needed to protect and strengthen programs vital to women and their families at every stage of their lives. Women disproportionately rely on programs funded by federal revenues to protect their health, access higher education, obtain quality child care, meet their basic needs, and achieve a secure retirement. A wide range of domestic programs have already been cut in the name of deficit reduction and deeper cuts are scheduled to take effect next year, but the very wealthiest and corporations have not been asked to contribute a penny in additional revenues.

The bill introduced by Senators Hatch and McConnell is unfair to women and their families in another way. Unlike Senator Reid's bill, their bill would end the improvements in the Child Tax Credit, Earned Income Tax Credit, and American Opportunity Tax Credit that were enacted as part of the American Recovery and Reinvestment Act of 2009 and are particularly important to lower-income working families. For example, while the Hatch-McConnell bill would extend tax breaks that provide millionaires with an average tax cut of \$143,000, ending the improvements in

the Child Tax Credit would cost a mother with two children earning \$14,500 at a full-time at minimum wage job \$1,545 in tax benefits next year.

We urge you to stand up for tax fairness, fiscal responsibility – and women and families. Please support Senator Reid’s “Middle Class Tax Cut Act.”

Sincerely,



Nancy Duff Campbell
Co-President



Joan Entmacher
Vice President, Family Economic Security