



Fact Sheet

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Senate Democrats Are On Your Side Delivering Tax Cuts for the Middle Class

When it comes to taxes, the contrast is clear: Democrats are fighting to cut taxes for the middle class, just like we cut taxes for 95 percent of Americans in the *Recovery Act* – while Republicans are pushing more of the Bush tax breaks for CEOs that failed to create jobs, exploded our deficit and destroyed our economy.

Democrats are committed to ensuring that hard-working middle-class families and individuals receive the tax relief they need now to recover from the most severe recession this country has faced since the Great Depression. We will continue to fight to provide urgently needed tax relief for middle-class families so that they can fully reap the benefits of their hard work and stabilize their families' finances.

In contrast, Republicans are trying to take us back to the Bush era with an agenda to extend tax breaks for the richest Americans, just like under President Bush, while opposing tax cuts for small businesses and hardworking middle-class Americans and protecting tax loopholes exploited by multinational corporations.

Democrats Are On the Side of the Middle Class

In the past year, Democrats have provided 98 percent of Americans with a tax cut. Democrats continue to fight to ensure that hard-working middle-class families and individuals receive the tax relief they need now more than ever to recover from the most severe recession this country has faced since the Great Depression. The *American Recovery and Reinvestment Act (P.L. 111-5)*, delivered a record \$3,000 average tax refund to Americans in 2010. [The White House Blog, [4/13/10](http://www.whitehouse.gov/blog/2010/04/13/10)] This includes the new “Making Work Pay” tax credit (available to more than 94 percent of all working families and individuals [Citizens for Tax Justice, [4/13/2010](http://www.citizensfortaxjustice.com/2010/04/13/2010)]) and:

- A first-time home buyer credit that is the equivalent to an interest-free loan equal to 10 percent of the purchase of a home (extended this year as part of the Homebuyer Assistance and Improvement Act of 2010 (**P.L. 111-198**));
- \$1,500 in tax credits for energy efficiency improvements for homes;
- Federal deduction of state and local sales taxes paid on a new vehicle purchases;
- Temporary suspension of federal income tax on first \$2,400 of unemployment benefits; and

- Expansion of 529 tax-advantaged education plans.

As a result, “the Bureau of Economic Analysis reports that Federal, state and local taxes – including income, property, sales and other taxes – were at the lowest combined rate since 1950. These taxes consumed 9.2% of all personal income in 2009, far below the historic average of 12% for the last half-century.” [*USA Today*, [5/10/10](#)]

Democrats reinstated fairness in the tax code by closing loopholes for corporations and the wealthy. The *Hiring Incentives to Restore Employment Act* (P.L. 111-147) included two fiscally-responsible, revenue-generating provisions:

- Closing a loophole used by wealthy individuals to hide their money from the IRS in offshore accounts by requiring foreign financial institutions to disclose their US account holders or else pay a 30 percent withholding tax on all US income; and
- Eliminating an accounting trick used by investors to make tax bills on dividends disappear (the “dividends equivalent strategy”) by treating swap payments as dividends that are subject to a 30 percent withholding tax. The Government Accountability Office estimates that we had lost billions in revenue each year on this accounting gimmick. [*New York Times*, [3/26/2010](#)]

In addition, the *Health Care and Education Reconciliation Act* (P.L. 111-152) closed a tax loophole that allowed certain industries to receive an unintended biofuels tax credit.

Republicans Are On the Side of the Wealthy and Special Interests

By contrast, Republicans have served up tax breaks for multi-millionaires and special interests, at the expense of working and middle-class Americans and future generations. While agitating for an extension of the Bush tax cuts that disproportionately benefited the wealthiest Americans that led to massive increases in the national debt at the expense of the middle-class and future generations, they turn their back on the millions of Americans struggling to make ends meet in these tough economic times. Senate Republicans:

- Voted against the tax benefits contained in the *Recovery Act*. [Roll Call Votes [61](#) and [64](#)]
- Voted against the tax cuts in the *HIRE Act*. [Roll Call Vote [25](#) and [55](#)]
- Blocked consideration of provisions that would have provided tax relief for American families and workers and businesses, closed existing tax loopholes that allow big corporations to abuse the tax credit system, and put an end to tax breaks for companies that eliminate American jobs. [*The American Jobs and Closing Tax Loopholes Act of 2010* (H.R. 4213, P.L. 111-205)]
- Blocked consideration of a package of tax cuts for small businesses and the middle-class families who rely on their entrepreneurship. [*The Small Business Jobs and Credit Act* (H.R. 5297), Roll Call Vote [221](#)]

- Continued to do the bidding of lobbyists in attempting to weaken accountability for Wall Street and voted against the Democrats' work to protect consumers. [The *Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203)*, Roll Call Vote [208](#)]

Senate Republicans threaten to take us back to the failed policies that created the worst economic and financial crises since the Great Depression. Republicans are on the side of the big banks and Wall Street firms that created the economic meltdown, corporate CEOs who ship American jobs overseas, and the top 2 percent of the wealthiest households.