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Guest columnist: AMT: a tax hike by any other name

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guest columnist
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What if one day, while you're minding your own business, some government agency came up to you and said they're about to fine you \$1,000. Later, they admit, it was all a mistake but they say, "look, we just can't afford to lose that money. How about if we don't call it a fine and we get the money another way from you."

Would you feel good about their proposal? Would you say you were treated fairly?

Well that's exactly the kind of "help" some on Capital Hill are proposing in the name of reforming the insidious Alternative Minimum Tax.

First some history. In 1969, a Democratic Congress created the AMT because 21 millionaires paid nothing in federal taxes that year. For nearly 25 years AMT addressed its intended target — the very wealthy.

Fast-forward to 1993. Bill Clinton and the Democratic majority passed sweeping new tax hikes on such things as gasoline, income, Social Security, Medicare and, you guessed it, AMT. A key feature was their refusal to index the AMT exemptions meaning that each year more Americans would fall victim to the AMT.

Over the next 10 years, this hidden tax increased six fold capturing nearly 3 million filers by 2003. If left untouched, next year the AMT is set to ensnare 23 million middle-class filers, millions of them with incomes as low as \$75,000. AMT has clearly lost its way.

For the past several years, the Republican majority was thwarted by filibustering Senate Democrats to rid the middle class of this looming AMT and had to settle for year-to-year solutions.

Now's it's the Democrats' turn, and what are they proposing? Senate Budget Chairman Kent Conrad, D-N.D., said they'll be glad to provide AMT relief but they'll have to "offset" the lost revenue.

Did you follow that? A tax that was never meant to affect the middle class now suddenly represents a revenue loss to Democrats and they have to figure out how to replace that income to the U.S. Treasury, even though it wasn't suppose to come to them in the first place. In other words, "we didn't mean to fine you but we still have to collect the money."

This is the sort of twisted logic goes on all too often in Washington by those who can never collect enough taxes or spend enough money. It's an addiction and is seldom satisfied.

Rather than ridding the middle-class of a tax never intended to target them, Democrats have the audacity to say it has to be paid for, i.e., new taxes, before they do you the favor of avoiding a tax that wasn't meant for you in the first place.

Ironically, AMT largely affects those in blue states — high-tax, Democratic bastions like California and New York. Democrats are proposing to pay for their AMT relief by letting the Bush middle-class tax cuts expire — like the per child tax credit, the lower taxes on dividends, reinstating the marriage tax penalty and eliminating the ability of Florida residents to deduct sales taxes from their federal tax bill.

This sort of three-card Monty is an insult to the taxpayer and deserves to be rejected outright. Washington liberals are so addicted to spending that they don't have the common decency to forgo spending money that they were not supposed to collect in first place.

I will do my part to see that their proposal is defeated, but Republicans alone can no longer stop tax increases, we can only warn you about them.

When Willie Sutton was asked why he robbed banks, he gave that now-famous reply, "because that's where the money is." For Democrats, the middle class is where the money is. Until Middle America says a loud, collective "No," it will always be the bank of choice for the tax-and-spend types in Washington, D.C.

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