

U.S. Congressman Mike Pence today offered an amendment before the House Rules Committee to permanently extend all current tax rates. Pence's testimony before the committee follows:

**“Madame Chairwoman, Ranking Member Dreier and distinguished members of the Committee, thank you for the opportunity to provide testimony to you about amendment #1 to H.R. 4853, the Middle Class Tax Relief Act of 2010.**

**“I urge this Committee to pass a rule that will allow for amendments to H.R. 4853, and that such rule provide for consideration of my amendment. In place of the underlying bill, the Pence Amendment would substitute the text of H.R. 6415, the Tax Relief Certainty Act, which I recently introduced in the Congress with Senator Jim DeMint.**

**“The Pence Amendment would provide certainty to American taxpayers in four areas. First, it would permanently extend the tax rates established in 2001 and 2003. Second, it would permanently repeal the immoral and unfair death tax. Third, it would prevent the tax increase on capital gains and dividends income for all Americans. And, finally, it would provide permanent relief from the Alternative Minimum Tax (AMT) by increasing the AMT exemption.**

**“The nation's unemployment rate is currently near a heartbreaking ten percent. In fact, it has remained above 9.4 percent for the past 19 months, the longest stretch since the Great Depression. More than 15 million Americans are out of work, and a record number of people are now enrolled in government anti-poverty programs.**

**“During the worst economy in 25 years, it is simply a bad idea to raise taxes on anybody. Higher taxes won't get anyone hired. Higher taxes do not create jobs. Yet higher taxes are exactly what will happen in two years if the underlying bill passes. Working families across America need certainty. They need permanent tax relief.**

**“I have been fighting since last summer to extend all the tax rates permanently. My amendment would provide long-term certainty to working families, small businesses,**

and family farms so that they will not face a tax increase on January 1, 2011, or on January 1, 2013.

“Instead of a two-year extension of the current rates, we should make all the current tax rates permanent, which my amendment would do. Instead of an increase from zero to thirty-five percent for the death tax, my amendment would permanently repeal the death tax. And instead of dramatically increasing the tax on capital gains and dividends income to 20 percent and 39.6 percent, my amendment would maintain the current rate of 15 percent.

“The American people do not want more stimulus, they do not want more deficits, they do not want more debt, and they do not want more uncertainty in the tax code. The underlying bill is a bad deal for taxpayers that will do little to create jobs or long-term tax certainty, and I cannot support it as written. I urge the Committee to make the Pence Amendment in order so that Members will have the opportunity to vote for a permanent extension.

“If this Committee and this Congress will not allow an up-or-down vote on permanently extending all the current tax rates, there is no doubt in my mind that it must be the first order of business in the 112th Congress. To those who say we are running out of time, I say, there is always time to do the right thing for the American people. Now is the time to give Americans and small business owners the tax certainty they need to make plans for the future. Uncertainty is the enemy of prosperity, and it must end now. As my good friend, Senator Jim DeMint has said, we should not have a temporary economy. The Pence Amendment would rectify this short-term ideology and in its place, give permanence.

“To further explain my amendment, I would note that its first provision would make permanent the 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent income tax brackets enacted in 2003. The American people need to know, with certainty, that their government is working in their best interest – rather than working against them. This certainty will give Americans the confidence and freedom they need to make important financial and investment decisions in the days, months, and years ahead.

“Another important provision of my amendment is the abolition of the death tax. This

**immoral and unfair tax is an attack on small businesses that destroys jobs and lowers the wages of workers. The tax is paid by the recipients of an inheritance and often exceeds their ability to pay, forcing them to sell off part, if not all, of their establishment in order to pay the tax. At a time when small businesses are struggling to make payroll and keep their doors open, a 55 percent death tax is a direct attack on their viability. Small business owners spend years and decades building their business, and death should not be cause for a second taxation on assets that have already been taxed in life.**

**“According to the Small Business Administration Office of Advocacy, small businesses represent 99.7 percent of all employer firms, and have been responsible for 65 percent of net new jobs over the past 17 years. There is no question that small businesses are the backbone of the American economy, and they must be protected and preserved – without the impending doom of the death tax.**

**“The third provision of my amendment would encourage investment and financial planning by making permanent the 15 percent tax on capital gains and dividends income. These rates are poised to increase to 20 percent and 39.6 percent, respectively, and even a two-year extension may not provide investors with the certainty that they need to make long-term decisions that will help grow the economy.**

**“The final provision of my amendment would provide permanent relief from the Alternative Minimum Tax (AMT) by increasing the AMT exemption. The AMT was first enacted by the Tax Reform Act of 1969 and went into effect in 1970. The intent of the AMT was to capture 155 high-income households who, through taking advantage of numerous tax benefits and deductions, had not paid any federal income taxes. However, the AMT is not indexed to inflation and now affects millions of middle-income families each year. In 2009, the number of affected taxpayers was 4.5 million, and 28 percent of households that paid the AMT had incomes below \$200,000. Though Congress has passed numerous ‘patches’ to the AMT, which have lowered the number of households affected, it still overreaches the original intent. We must protect American taxpayers and permanently correct the inequalities imposed by the AMT.**

**“Now is the time to stand firm and provide the American people with certainty about their tax rates for both January 1, 2011, and years far into the future. I urge this committee, in a sign of good faith going forward, in a sign of good faith to the new incoming Majority, in a sign of good faith toward the wishes of the American people, to allow an up-or-down vote on the Pence Amendment on the floor of the People’s House.**

**“Americans deserve to know what their tax burden will be, and my amendment will give them that certainty. I encourage this committee to rule the Pence Amendment in order, and in so doing, allow a clear up-or-down vote on the future of the American tax burden.”**