<u>Equal Tax Act</u>

Senator Ed Markey (D-Mass.)

The wealthiest individuals in our society use loopholes and tax dodging schemes to avoid paying their fair share. They get away with it because our tax code rewards wealth over work – **giving breaks to those that trade stocks over those that punch clocks.**

For the very wealthy that live off investment income, the most they may be asked to pay in taxes is 20%. That's the same marginal rate for a teacher or nurse earning around $60,000 per year. Worse, the ultra-wealthy have the luxury of holding assets forever, allowing massive wealth to be passed down to the next generation tax-free. This tax trick allows stocks, real estate, or businesses to increase in value without ever being taxed. T**hat's wrong - we should reward work over wealth.**

The *Equal Tax Act* brings fairness to the tax code by requiring millionaires and billionaires to pay the income tax they would owe if they earned a living through their labor like millions of people everyday. Instead of paying 20% on an investment, the very wealthy would pay a top marginal rate of 37% for income above $1 million. The *Equal Tax Act* would also close loopholes that let the ultra-wealthy avoid paying taxes on appreciating assets.

The *Equal Tax Act* is estimated to raise over $300 billion over ten years. The bill specifically would:

- Limit the lower preferential tax rate for long-term capital gains and dividends to incomes under $1 million
- End the stepped-up basis loophole and disrupt the "buy, borrow, die" strategy used by the wealthy to avoid taxation by treating capital gains as realized at the time of gift or death, with exclusion allowances of up to $1 million in gains
- Enact a lifetime limit of $1 million on the use of like-kind exchanges on real estate gains
- Limit the pass-through deduction to incomes under $1 million
- Protect family farms and small businesses

The *Equal Tax Act* is endorsed by the AFL-CIO; American Federation of Teachers; AFSCME; Responsible Wealth; Voices for Progress; Americans for Tax Fairness; Institute for Policy Studies, Global Economy Project; National Women's Law Center Action Fund; United for a Fair Economy; Coalition on Human Needs; Oxfam America; Public Advocacy for Kids (PAK); NETWORK Lobby for Catholic Social Justice; Equal Rights Advocates; Americans for Financial Reform; People's Action; Housing Action Illinois; Accountable.US; American Friends Service Committee; MomsRising; and National Association of Social Workers.