



AMERICANS for TAX REFORM

Grover G. Norquist
President

FOR IMMEDIATE RELEASE
Contact: John Kartch

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202-785-0266; jkartch@atr.org

ATR Election 2008 Fact Sheet: What Every Voter Should Know

Small Businesses (sources: IRS, Census Bureau)

- Small businesses pay business taxes on their owners' 1040 personal income tax returns
- Two-thirds of small business profits are taxed in households making at least \$200,000 per year (the Obama tax hike households). This is \$420 billion out of \$700 billion in small business profits earned annually, and is the lion's share of the small business sector
- There are 28 million small business owners in the U.S.: sole proprietors, Subchapter S, partners
- 42 million people are employed by small businesses (firms with <100 employees)
- Obama wants to raise the small business tax rate from 37.9% today to as high as 54.9% by hiking the income tax rate and Social Security taxes. This would be the highest level since Jimmy Carter, when America suffered through double-digit stagflation

American Competitiveness and The Investor Class (source: ATR 401(k) Calculator)

- Obama wants to raise the capital gains and dividends tax from 15% to 20%
- Congressional Democrats want to raise the capital gains tax from 15% to 28%, and the dividends tax from 15% to 39.6%. **In the primary, Obama agreed with them**
- Your 401(k) will go down by 9% after the Obama tax hike, or down by 19% if the Hill Democrat/Obama-in-the-primaries tax hike goes through. It goes up by 46% under McCain, and would go up by 58% if we abolished the capital gains and dividends tax
- McCain wants to cut the corporate income tax rate from 35% (the second-highest in the developed world) to 25% (the European average). Ireland is only 12.5%

Obama's Phony "Tax Cut" (source: IRS)

- Obama says he wants to give tax relief to 95% of American families
- However, fully 33% of American families **don't pay income taxes today**
- What Obama really means is he wants to give a welfare check ("refundable credit") to these non-income taxpaying families. He wants to tax small businesses, savers, and larger U.S. employers by over \$1 trillion to spend money on non-taxpayers

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

www.atr.org



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- The Obama plan is actually a **tax hike**. It would raise the tax rate on two-thirds of small business income, hike taxes on savers, and tax U.S. employers on their overseas operations

Economic Crisis

- The credit meltdown was a failure of government, not the private sector
 1. Fannie Mae/Freddie Mac created by the government to spread (and encourage) risk
 2. Easy money from the government central bank (Federal Reserve)
 3. Community Reinvestment Act forced banks to lend unwisely—born under Carter, expanded under Clinton, unreformed by Bush
 4. Mark-to-Market accounting rules imposed on firms by government
- Bailouts, over-regulation, and price controls are not the answer. Less government is.

Concluding Thought

As soon as A observes something which seems to him to be wrong, from which X is suffering, A talks it over with B, and A and B then propose to get a law passed to remedy the evil and help X. Their law always proposes what C shall do for X, or in the better case, what A, B, and C shall do for X...What I want to do is to look up C. I want to show you what manner of man he is. I call him the Forgotten Man. Perhaps the appellation is not strictly correct. He is the man who never is thought of....He works, he votes, generally he prays--but he always pays..."

--William Graham Sumner, Yale University, 1883—as seen in *The Forgotten Man* by Amity Shlaes

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at jkartch@atr.org

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