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Checking the Facts this Election:

“Blue Dog” Democrat Bill Was a Tax Increase

The Supplemental Appropriations Act of 2008 would have raised marginal income tax rates on individuals and small businesses

WASHINGTON, D.C. – In light of some candidates misconstruing the facts about H.R. 2642, a tax hike some have called a “GI Bill for post-9/11 veterans”, Americans for Tax Reform clarified the true effects of the controversial tax increase from earlier this year.

In May, the U.S. House of Representatives voted on a supplemental appropriations bill, H.R. 2642, dubbed “the Blue Dog Tax Hike” by ATR. Pressured by the so-called “Blue Dog” Democrats, the Democrat majority in the House included a \$54 billion marginal income tax increase to pay for extra education subsidies for veterans. This would have been the first marginal income tax rate increase since 1993. ATR urged members of Congress to oppose this tax hike. For those signing the no-new-taxes pledge, supporting this bill would have meant breaking their word.

According to IRS data, this tax increase would have affected some 325,000 small business owners. These partners, S-corporation owners, and sole proprietors pay their business taxes at the individual level, and would have seen a higher tax rate on their businesses. These entrepreneurs employ tens of millions of Americans, and this tax hike would have forced workers into the unemployment line.

“This income tax increase is a clear violation of the Taxpayer Protection Pledge, said Grover Norquist, president of Americans for Tax Reform last May. “One hundred ninety-one Congressmen made a solemn oath to their constituents and the American people to never vote for an income tax increase. If these so-called ‘Blue Dog’ Democrats believe these spending hikes to be so critical in this economic environment, let them cut spending somewhere else.”

A vote to raise taxes in a manner that violates the Pledge is considered so serious that *ATR will double-rate a vote on this bill. In addition, any Congressman who voted for this bill is ineligible to receive ATR’s 2008 “Hero of the Taxpayer Award,” no matter what their voting record is otherwise.*

“Tax increases should never be a politician’s preferred option,” continued Mr. Norquist. “Tax increases negatively affect the economy. They force small businesses to choose between cutting jobs or defaulting on their bills. Politicians should learn to live within a budget just like every American does.”