



June 10, 2014

Dear Senator:

On behalf of Americans for Tax Fairness' [400 national and state organizational members](#), I am writing to urge you to support S. 2432, the Bank on Students Emergency Loan Refinancing Act, sponsored by Sen. Elizabeth Warren and more than 40 others.

This is important legislation that would provide some financial relief to millions of student loan borrowers by asking some of the wealthiest Americans to begin to pay their fair share of taxes.

Millions of current and former college students are struggling under a mountain of student loan debt making it difficult for them to make ends meet in today's sluggish economy. Many can't continue their education, pay the rent or buy a first home. Yet, the federal government is making money off their old student loans that have them locked into high interest rates.

S. 2432 would help alleviate some of this weight around their necks by providing much needed assistance to 25 million Americans by giving them the option of refinancing their high-interest private student loans down to the rates offered to new federal student loan borrowers this year.

This would cost \$51 billion over 10 years, but it would be more than paid for by enacting the Buffett rule, which would ensure that no household making more than \$1 million annually would pay a smaller share of its income in taxes than middle-class families pay. The Joint Committee on Taxation estimates the Buffett rule will raise \$72 billion over the same period.

The Warren bill supports the principle that the federal government should not be balancing the budget on the backs of students trying to get a higher education degree; instead we should tax millionaires and billionaires who are not paying their fair share of taxes.

Here's why millionaires and billionaires need to be asked to pay their fair share:

- One quarter of millionaires paid a lower tax rate than 10 million middle-income Americans, according to a [Congressional Research Service study](#) of the Buffett Rule. Specifically there were about 94,500 millionaires who paid a tax rate of less than 26.5%, while 10.4 million Americans who earn less than \$100,000 annually paid a tax rate greater than 26.5%.
- 1,470 households reported income of more than \$1 million in 2009 but paid [zero federal income tax](#) on it, according to the IRS.

- The average federal income tax rate of the richest 400 people in the country in 2009 was just [19.9 percent](#), according to the IRS.
- The average federal tax rate (includes all personal and corporate income and payroll taxes) for the top 1% is estimated to be just 33.6% in 2013, according to the [Congressional Budget Office](#), even after the Bush tax cuts were ended for the richest 1% last year and after a new 3.8% Medicare surtax is applied to investment income.
- Our current tax system is barely progressive when you count all federal, state and local taxes. The top 1 percent will pay 23.7% of all taxes in 2014, while their share of total income is 21.6%, according to [Citizens for Tax Justice](#). The fourth quintile, those making \$75,100 on average, will receive 18.6% of total income and pay 18.3% of total taxes.

This legislation provides Congress with a stark choice: do you support inexcusable tax breaks for millionaires or billionaires who have made it, or do you invest in millions of Americans working hard but struggling to make it. We think the choice is clear.

Sincerely,



Frank Clemente  
Executive Director  
Americans for Tax Fairness