

Dear New York House Democrats,

We are writing today to urge you to back President Biden's agenda and use your considerable influence to demand major changes to the revenue provisions proposed by the House Ways and Means Committee.

The Committee's proposal failed to end the preferential treatment of the rich in the tax code and does almost nothing to address the growing concentration of wealth and power in America -- reporting on the measure noted that it "stopped well short of changes needed to dent the vast fortunes of tycoons like Jeff Bezos and Elon Musk, or to thoroughly close the most egregious loopholes exploited by high-flying captains of finance."

If the proposal becomes law, extreme inequality -- the root cause of social unrest -- will continue to grow at an accelerating rate, further destabilizing our already unstable nation. New York has the worst income and wealth inequality in the country -- we need legislative action to address this squarely and directly, but the Ways and Means proposal just isn't enough.

We are greatly pleased to see Senate Majority Leader Chuck Schumer and Senate Finance Committee Chair Ron Wyden's continued support for more significant changes to the most unfair elements of our tax code.

But there is only so much Senate leadership can do if the House is split on basic questions of tax fairness. Senators Schumer and Wyden get it - it's up to you to make sure the House does as well.

While there are a number of proposals that should be included in this tax package, the three changes below would provide a powerful public signal that Democrats are serious about challenging the unfair advantage wealthy people currently receive in the tax code.

At a minimum, any final legislation should include the following:

- End the preferential tax rate for capital gains income over \$1 million as President Biden requested. There is no intellectual or economic justification for working people in America to pay a higher tax rate than investors.
- Eliminate the "stepped up basis" that allows the heirs of billionaires to avoid capital gains taxes on inherited assets (provide a reasonable exemption for family farms and small businesses). The Committee's failure to address this problem at all is particularly troubling.
- End the Carried Interest Loophole which allows fund managers to mis-characterize their "ordinary" income as capital gain income for tax purposes. The Ways & Means proposal extends the hold time for investments to 5 years. Given that most private equity firms hold investments for 6 years, this change will have essentially zero effect. The loophole should be eliminated entirely or the timeframe should be extended to at least 20 years which would have the same effect.

To be clear, Chairman Neal and the members of the House Ways and Means Committee have failed to meet this historic moment. The nation needs bold, transformative policies oriented first and foremost in basic fairness. The proposal as currently written is unacceptable.

If the Ways and Means proposal becomes law, working New Yorkers will continue to pay almost twice the tax rate of millionaire investors, heirs to billionaires will continue to inherit enormous amounts of

money and property tax-free, and the concentration of wealth and power will continue until this country becomes what it is already fast approaching: a feudal aristocracy.

New York voters support higher taxes on income, wealth, and big corporations -- the recent state budget initiatives to tax the rich to fund new investment in communities won big majority support statewide, including from independents, “moderates,” and even Republicans.

Taxing the incomes, wealth, and corporations of the super-rich to invest in our communities is timely, effective and popular with New Yorkers: we urge you to demand that Speaker Pelosi and the House join Majority Leader Schumer and the Senate in bold action to tax the rich.

Sincerely,

The Patriotic Millionaires of New York
Strong Economy For All Coalition
Citizen Action of New York
Consumer Directed Personal Assistance Assoc. of NYS
Dutchess County Progressive Action Alliance
Empire State Indivisible
Foundation for Integrative AIDS Research
Greater NYC for Change
Hand in Hand: The Domestic Employers Network
Housing Works
Indivisible Harlem
Indivisible Ulster
Interfaith Assembly on Homelessness and Housing
Long Island Activists
Make the Road New York
Metro New York Health Care for All
Morningside Heights Resistance
New York Communities for Change
New York StateWide Senior Action Council
NYC Solidarity Sundays
Peace Action of Staten Island
PEER/NYPAN - Progressive East End Reformers
Progressive Schenectady
Resource Generation NYC
Save Our Storefronts
Upper West Side Action
Upper West Side MoveOn/Indivisible Action Group
VOCAL-NY