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House votes to shield New York middle class from tax increase

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WASHINGTON (AP) — The House voted overwhelmingly Wednesday to keep a little-known tax from hitting more than a million New Yorkers.

Many of those taxpayers may never have heard of the alternative minimum tax, a second layer of taxation created in 1969 to make sure that the wealthy can't totally avoid paying taxes. It threatens more middle class taxpayers every year because of inflation.

"It's been called the stealth tax, a ticking time bomb for the middle class, and even the Darth Vader of the tax code," said Rep. Tom Reynolds, R-Clarence, who sponsored the legislation that passed 414-4.

The bill keeps in place a temporary measure, which otherwise expires at the end of the year, that prevents the alternative minimum tax from ensnaring additional taxpayers in 2006. The legislation passed Wednesday is expected to reduce taxes by more than \$31 billion nationwide next year.

Without such relief, roughly 1.3 million New Yorkers would be hit by the AMT, in addition to the 379,000 in the state who paid the tax last year. The Department of Treasury estimates the average increase in the tax bill for those 1.3 million New York taxpayers would be \$2,736.

Democrats said there's not enough time to complete the bill before the existing fix expires at the end of the year, speculating that Republicans wanted to put themselves on record against the tax before next year's midterm elections.

"It's my impression that we're just going through this for political reasons," said Rep. Charles Rangel of Harlem, the top Democrat on the Ways and Means Committee.

Rep. Eliot Engel, who represents suburbs north of New York City and a section of the Bronx, called for permanent relief from the AMT, a sentiment echoed by many who spoke ahead of the vote.