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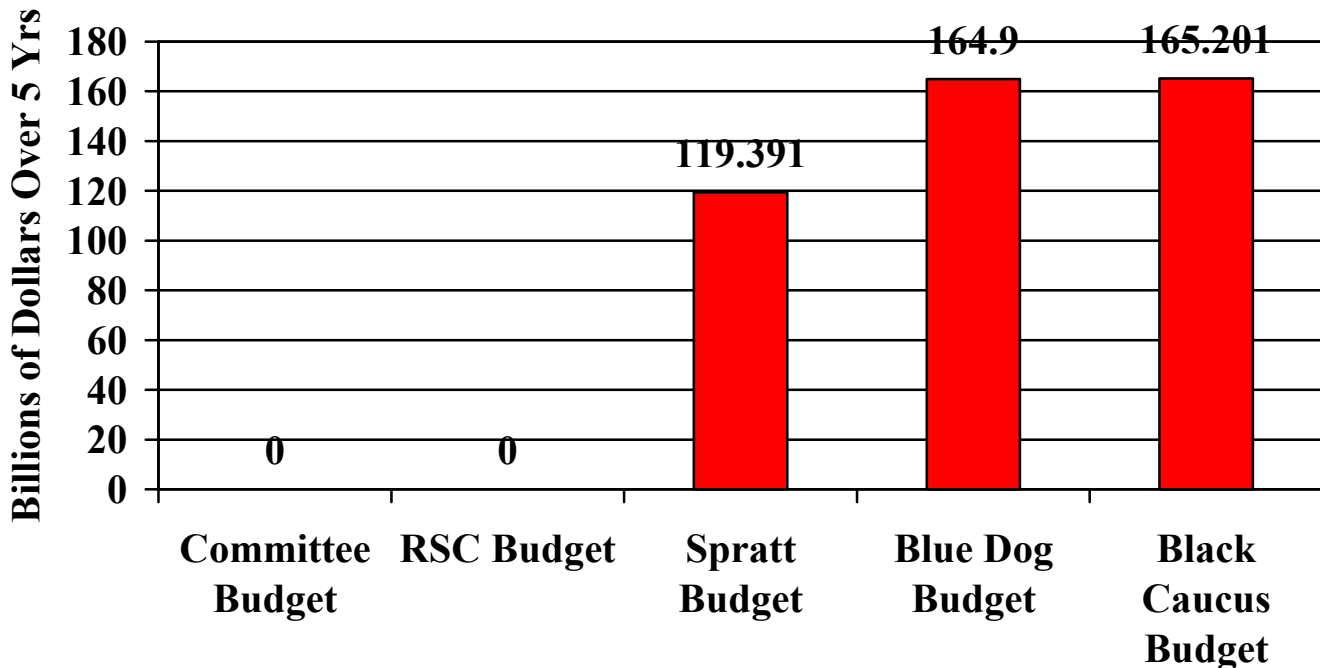
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Tax and Spend Democrats

Every Democratic Budget Proposal Calls for Higher Taxes
Small Business Owners Will Be Particularly Hard Hit by Tax Increases

Tax Increases in the Budget Alternatives

Compared to CBO Revenue Baseline Minus Extension of Expiring Tax Provisions



Blue Dog Budget (Sponsored by Rep. Hill) –

A Tax Increase of \$165 Billion Over the Next Five Years. (NOTE: The Blue Dog Budget claims to only raise taxes by \$46 billion over five years, however, this \$46 billion is on top of the CBO baseline which by law must assume a tax increase of \$119 billion because

of expiring tax provisions. The real impact on American taxpayers of the Blue Dog Budget is that they will pay \$165 billion more in taxes than they would if we simply kept our current tax rates.)

Black Caucus Substitute (Sponsored by Rep. Scott) –

A Tax Increase of \$165 Billion Over the Next Five Years.

Democratic Leadership Substitute (Sponsored by Rep. Spratt) –

A Tax Increase of \$119 Billion Over the Next Five Years.

The Real Impact of Higher Taxes

- Middle Class Families Will Face Higher Taxes. The Blue Dog Budget and Black Caucus Budgets propose immediately increasing taxes on the top two individual tax brackets. A two-income family can easily find themselves paying higher taxes as a result of these Democrat proposals.
- Small Business Owners Would Be Particularly Hard Hit. All three Democrat Budgets propose immediately increasing taxes on “high” income individuals. Because most small business owners file taxes under the individual income tax rate system, this tax increase on “high” income individuals is really a direct tax increase on small businesses.

Repealing the top two tax rates would mean that approximately 1 million small business owners would be subject to a higher tax rate (35% or 39.6%) than most American corporations (34%).

When the Republican Congress and President Bush lowered the top individual tax rate, 77% of the tax relief went to small business owners and entrepreneurs (*Source: Treasury Department*).

Research suggested at the time of Congressional passage that the tax relief could increase small business receipts by as much as 9% (*Source: Treasury Department*).

- Tax Increases Will Hurt Job Creation. Just as small businesses are helping to create jobs for dislocated workers, the Democrat Budget substitutes propose higher taxes to make it harder for these small businesses owners to grow and create jobs.

Small businesses represent more than 99% of all employers, employ more than half the private work force, and create 2 out of every 3 new jobs.