

It is Time to
End Interest-Free Loans to the Government through AMT
H.R. 3385

October 26, 2005

Dear Colleague:

Many taxpayers across the nation have floated the government an interest-free loan for years because of the Alternative Minimum Tax (AMT). This complicated tax system requires taxes to be pre-paid resulting in tax credits, but then sometimes those credits can't ever be used as intended when AMT was enacted. **AMT was never meant to be a system that forced families to pre-pay taxes with little expectation of ever being able to use their accumulated credits.** This situation is just plain wrong and it should end.

The AMT should be repealed. But we're probably only going to get around to extending the provision that keeps more Americans from falling into AMT; that extension is called the "hold harmless." As we extend the AMT hold harmless, we need to include the rebate of old pre-paid AMT credits so that Americans can get back their pre-paid taxes. We need to include my bill, H.R. 3385, the AMT Credit Fairness Act, in this year's extension of the "hold harmless."

This bill will permit those with AMT credits that are more than 4 years old to begin to rebate them either at 20% per year or at \$5,000 per year, whichever is greater. With this relief, families who have put second mortgages on their homes, cashed out retirement savings, sold assets, and struggled to work out payment plans with the IRS can get their money back and get on with their lives.

At some point we will repeal the AMT and we will then have to rebate these pre-paid tax credits. Fairness demands that we put an end to interest-free loans to the government as soon as possible and we should do it this year.

I need your co-sponsorship of this bill to show support for including the AMT Credit Fairness Act in the AMT "hold harmless" this year.

To join me as a cosponsor or if your staff has questions, please call or email Kathleen Black of my staff (5-4201).

Sincerely,

SAM JOHNSON
Member of Congress