

United States Senate

WASHINGTON, DC 20510

December 3, 2015

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden,

We appreciate your continued efforts on the issue of tax extenders. As you work to finalize a tax extenders package, we urge you to also close tax loopholes to help pay for this bill so that we can give both businesses and middle class families the certainty they deserve, while eliminating some of the inequity in the tax code.

In October, Congress enacted legislation—the Bipartisan Budget Act of 2015—that included spending cuts and revenue increases to help pay for national defense and investments in healthcare, education, medical research, homeland security and the economy. If Republicans believe that we must pay for sequester relief and offset these critical investments that support the middle class, then Republicans should also work with Democrats to close egregious loopholes to pay for extending expired tax cuts.

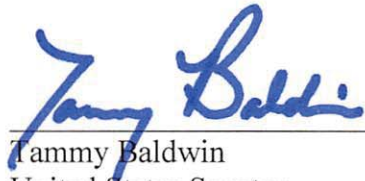
We strongly support extending tax provisions that support the middle class and grow the economy. However, the Senate Finance Committee passed a bill earlier this year extending tax cuts and credits for two years that would add \$96 billion to the deficit. Furthermore, reports indicate that House and Senate negotiators are considering making some corporate tax provisions permanent, which would cost the government hundreds of billions of dollars.

Last month, Republicans and Democrats were able to come together in a bipartisan manner to pass legislation preventing harmful cuts to federal programs for two years. However, that legislation also included a variety of spending cuts and revenue increases to ensure that the federal spending would not add to the deficit. Therefore, extending expired tax breaks, or making them permanent, without offsetting the cost is a troubling double standard whereby tax cuts and credits don't need to be paid for but investments in education, job training, infrastructure, research and innovation must be paid for. Not requiring the same standard for these mostly business tax cuts is not only unfair, it would also add to the deficit and increase pressure to make additional cuts to domestic programs.

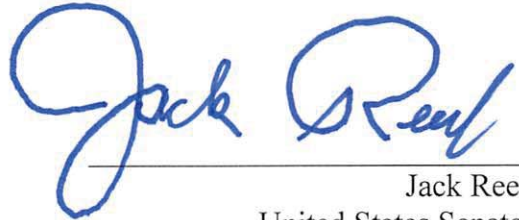
Instead of passing tax cuts and credits that increase the deficit, we urge you to offset the cost of extenders by closing loopholes in the tax code. There are a number of unfair tax loopholes that should be closed to help pay for tax extenders legislation including the carried interest loophole and tax write-offs for executive compensation over \$1 million. The carried interest loophole allows many of the highest earners to pay a lower effective tax rate than nurses, first responders,

truck drivers and teachers. The Carried Interest Fairness Act (S. 1686) was estimated by the Joint Committee on Taxation to raise \$15.6 billion over ten years. The Stop Subsidizing Multimillion Dollar Corporate Bonuses Act (S. 1127) was estimated to raise \$50 billion. We encourage you to consider closing these and other loopholes to both help pay for tax extenders and make our tax code more fair.

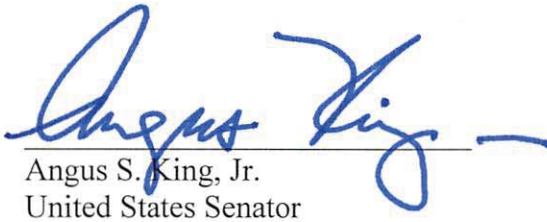
Sincerely,



Tammy Baldwin
United States Senator



Jack Reed
United States Senator



Angus S. King, Jr.
United States Senator



Elizabeth Warren
United States Senator



Sheldon Whitehouse
United States Senator