

September 5, 2007

The Honorable _____
United States Senate/House of Representatives
Washington, DC

Dear Senator/Representative:

The undersigned organizations urge you to support legislation sponsored by Congressman Sander Levin (H.R. 2834) that would close the tax loophole for what private equity fund managers call “carried interest.”

As Warren Buffett recently stated, it’s an outrage that Americans who are paid millions or even billions for their labor can be subject to lower federal tax rates than their middle-income receptionists. This is particularly true of private equity fund managers, the multi-millionaires who pay a 15 percent federal tax rate on compensation for their services (something they call “carried interest”) rather than the higher tax rate that normally applies to someone at their income level.

There are no official estimates of the cost of this loophole yet, but most experts agree it costs taxpayers several billion dollars each year.

Just as important as the cost of this loophole is its outrageous unfairness. A receptionist, a firefighter or a police officer who is unmarried and earns \$50,000 a year pays a federal income tax rate of 25 percent on a large share of her income. That’s after she pays around 15 percent of all of her income in federal payroll taxes. But thanks to a loophole in the tax code, private equity fund managers pay only the 15 percent capital gains tax on their carried interest, which is usually most of their compensation.

The capital gains rate applies to income received from investments, but the fund managers are not actually investing their own money in most cases. They’re managing other people’s money and getting paid for their work, just like the rest of us who get paid by the hour or on a salary to provide a service. Even Greg Mankiw, former Chair of the Council of Economic Advisors under President Bush, has argued that there simply is no rational reason why these fund managers should be taxed at the lower 15 percent rate.

This issue is one of fundamental tax fairness. Should wealthy fund managers pay a lower tax rate on income they receive for their work than the people who clean their offices and answer their phones?

Americans will have little difficulty answering this question. We hope that is true of Congress as well. We urge you to support H.R. 2834.

National Organizations

9to5, National Association of Working Women
ACORN
AFL-CIO
American Federation of State, County and
Municipal Employees
American Federation of Teachers

American Federation of Government
Employees
American Friends Service Committee
Americans for Democratic Action, Inc.
Building Movement Project
Center for Corporate Policy

Citizens for Tax Justice
Coalition on Human Needs
CODEPINK: Women for Peace
Decisions for the Future
Dēmos
Families USA
International Union, United Automobile,
Aerospace & Agricultural Implement
Workers of America (UAW)
Legal Momentum
National Advocacy Center of the Sisters of the
Good Shepherd
National Community Reinvestment Coalition
National Gray Panthers
National Low Income Housing Coalition
National Organization for Women
National Partnership for Women and Families
National Priorities Project
National WIC Association
National Women's Law Center
OMB Watch
Public Citizen
Unitarian Universalist Association of
Congregations
United Cerebral palsy
United for a Fair Economy
USAction
Voices for America's Children

State and Local Organizations

Alaska

Alaska Center for Public Policy
HIV/AIDS Services for African Americans in
Alaska

Alabama

Alabama Arise

Arkansas

Arkansas Advocates for Children and Families

Arizona

AFSCME
Pan de Vida Foundation
Progressives of the Verde Valley
Protecting Arizona's Family Coalition

The Arizona Advocacy Network

California

9to5 Los Angeles
AARP
AFT
Alameda County Developmental Disabilities
Council
Axis of Justice
California Church IMPACT
California Reinvestment Coalition
Child Care Law Center
East Oakland CDC
Grassroots Fundraising Journal
Gray Panthers of Long Beach
Gray Panthers of South Bay
Habitat for Humanity of Greater Los Angeles
Idriss Stelley Foundation, SF Village Voice,
ENI SF Chapter
Los Angeles Coalition to End Hunger and
Homelessness
Mill Valley Seniors for Peace
Mount St Joseph-St Elizabeth
Parent Voices of Sonoma County
Presbyterian Church U.S.A.
SCCA Union
SEIU Local 1021
SOAR Inc
Social Justice Center of Marin
St. Paul's Episcopal Church
The California Partnership
United Methodist Church
USW

Colorado

9to5 Colorado
Colorado Progressive Coalition
RESULTS
Skyway Democrats
United Methodist Church

Connecticut

Coalition to End Child Poverty in Connecticut
Columbus House, Inc.
Community Companion and Homemaking
Services
Connecticut Center for a New Economy
Connecticut Citizen Action Group

Poor Peoples Alliance
Prosperity 33 & Associates LLC
United Action Connecticut
Vecinos Unidos

District of Columbia

DC Statehood Green Party
Fair Budget Coalition
The Right Reverend John Bryson Chane D.D.,
Episcopal Bishop of the Diocese of
Washington

Delaware

Delaware Alliance for Health Care
U.A.W. Retirees Local Union

Florida

Center for Independent Living of South
Florida, Inc.
CIVIC Concern
Coalition for Independent Living Options
Florida Consumer Action Network
Florida Non Profit Housing, Inc.
Green Consulting Services
Tallahassee Equality Action Ministry
The Arc of St. Lucie County, Inc.

Georgia

Atlanta 9to5
Cobb Democrats
Georgia Rural Urban Summit
Temple Beth Tikvah
Spirit of Oneness, Inc.

Hawai'i

East-West Center

Iowa

Iowa Citizen Action Network
Sisters of the Presentation, Dubuque, Iowa

Idaho

United Vision for Idaho

Illinois

AFSCME
Center for Tax and Budget Accountability

Griffin Center
Mothers at Home
Oak Park Coalition for Truth & Justice
Project IRENE
Protestants for the Common Good
Province JPIC Committee
YWCA Decatur & Macon County

Indiana

AFSCME Subchapter 73
Indiana Coalition for Human Services

Kansas

Kansas AFL-CIO
Kansas Association of Community Action
Programs

Kentucky

Kentucky Jobs with Justice
St. Walburg Monastery
Women in Transition

Louisiana

Agenda for Children

Massachusetts

John Fox Mediation
Kids Project
Mass. Law Reform Inst.
United Neighbors of Fall River

Maryland

Pax Christi Montgomery
Progressive Maryland
Public Justice Center
St. Francis of Assisi Parish
Xaverian Brothers - USA

Maine

Circle of Hope-MCC
Maine Association of Nonprofits
Maine Center for Economic Policy
Maine People's Alliance

Michigan

Center for Civil Justice
Center for Health Education & Advocacy

Detroit Metropolitan Interfaith Committee on
Worker Issues
Dignity/Greater Lansing
Housing Services for Eaton County
Michigan Citizen Action
Michigan Coalition for Human Rights
Mustard Seed Shelter
Oakland County Welfare Rights Organization
RESULTS, Kalamazoo
The IHM Justice, Peace and Sustainability
Office
UAW
Van Buren CAN Council
West Peace & Justice Coalition

Minnesota

Advanced Tax Services
APWU
Grassroots Minnesota
Institute for Local Self-Reliance
Integrated Community Solutions, Inc.
Minnesota Citizens for Tax Justice
National Association of Social Workers,
Minnesota Chapter
Pope County Mothers & Others Concerned for
Health
Raging Grannies
St. Cloud State University
St. Odilia Catholic Community

Missouri

Missourians for Tax Justice
Missouri Progressive Vote Coalition
Neighborhood Enterprises
Organization for Black Struggle
Ozarks Food Harvest
Parenting Life Skills Center
Peace Patriots
Stone Soup Ministries

Mississippi

Public Policy Center of Mississippi

Montana

Montana Human Rights Network
Province of St Joseph

North Carolina

Crisis Assistance Ministry
North Carolina Housing Coalition

North Dakota

Minot Area Homeless Coalition
NDPeople.org
YWCA Minot

Nebraska

Nebraska Appleseed Center for Law in the
Public Interest

New Hampshire

New Hampshire Citizens Alliance

New Jersey

CWA Local 1081
Jump Start SA LLC
New Jersey Citizen Action

New Mexico

Community Action New Mexico
ECHO Inc.
Empowering Our Communities in NM
HELP-New Mexico, Inc
New Mexico PACE
Open Hands, Inc.
St. Joseph Catholic Church

Nevada

Progressive Leadership Alliance of Nevada

New York

Another Chance and More Foundation Inc
ARISE
Baptist Ministers' Alliance of Rochester
Citizen Action of New York
COPE Program
Federation of Protestant Welfare Agencies
Hartley House
Hunger Action Network of NYS
Lower East Side Family Union
New Jerusalem Community
New York City Coalition Against Hunger
One Stop Senior Services
Phi Delta Kappa Early Childhood Education
Center

Philipstown for Democracy
PIPER People Improving Peer Empowering
Recovery
Rochester Chapter BIANYS
Saint Peter Damian Fraternity Secular
Franciscan Order
Sisters of Mercy
Sisters of Social Service of Buffalo, NY
Social Security Disability Coalition
Suffolk County Gray Panthers
Syracuse Habitat for Humanity, Inc.
Three Parks Independent Democrats
Town Board of the Town of New Paltz
Unity House of Troy, Inc.
West Side Campaign Against Hunger
Women's Committee of 100
Working Families Party of New York
YWCA of Cortland, NY

Ohio

Lorain County Coalition of Citizens with
Disabilities Inc
Mental Health Association
Montefiore NH
NAACP
Ohio Conference on Fair Trade
Ohio Council of Churches

Oklahoma

Cherokee Nation of Oklahoma
Community Action Project of Tulsa County

Oregon

Blue Sage Ministries
Community Action Partnership of Oregon
Disability Navigators Inc.
Eastside Democratic Club
Harp Society
Human Services Coalition of Oregon
Oregon Action
Our Peaceful Place
Senior Companion Program
Tax Fairness Oregon

Pennsylvania

Brethren Housing Association
Bucks County Housing Group
IUOE Local 95

Just Harvest: A Center for Action Against
Hunger
Mental Health Association of Southeastern
Pennsylvania
Montgomery County Community Action
Development Commission
PathWaysPA
Project H.O.M.E.
SEIU Local 668
UCP
USW

Rhode Island

East Bay Mental Health Center
National Association of Social Workers - RI
Chapter
Ocean State Action
The Poverty Institute
Rhode Island Ocean State Action

South Carolina

South Carolina Fair Share

South Dakota

South Dakota Peace and Justice Center

Tennessee

Tennessee Citizen Action
Tennesseans for Fair Taxation
Tennessee Health Care Campaign
Tennessee Justice Center
USW

Texas

ARRP
Brazos Valley Community Action Agency, Inc.
Clear Lake High School
Coalition of Working People and the Poor
Dominican Sisters of Houston
Gray Panthers of Austin
Houston Federation of Families for Children's
Mental Health
Houston Women's International League for
Peace and Freedom
Lakewood United Methodist Women
University Christian Church

Utah

Utah Community Action Partnership
Association

Virginia

Blacksburg Presbyterian Church
Disabled Action Committee
Social Action Linking Together
Virginia Organizing Project

Vermont

Northgate Housing, Inc.
Public Assets Institute
St. Matthew's Episcopal Church
Vermont Low Income Advocacy Council, Inc.
Vermonters For A Fair Economy

Washington

AIDS Housing of Washington
Common Ground, USA
Grays Harbor County
Independent Thinkers
Kids Northwest
NOW
Precinct 295 Waterman (Kitsap) Democrats
WFSE304/AFSCME
Sierra Club
Southend Neighbors for Peace and Justice
The Food Connection
Washington Community Action Network
Welfare Rights Organizing Coalition

Wisconsin

9to5 Poverty Network Initiative - Wisconsin
Benedictine Sister St. Bede Monastery
Catholics for Peace and Justice
Citizen Action of Wisconsin
Family Living Options AFH, LLC
Institute for Wisconsin's Future
La Crosse Coalition for Peace and Justice
Pagans for Peace
School Sisters of Notre Dame
UAW
Wisconsin Early Childhood Association

West Virginia

Democracy for America
Harison County DFA

Mountain State Education & Research
Foundation
Rosey Futures Social Work Services, Inc.
West Virginia Citizen Action Group
West Virginia Work!

Wyoming

Wyoming State AFL-CIO