Just Around the Corner: The Largest Tax Hikes in History

Since January of 2009, President Obama and Congressional Democrats have enacted into law $670 billion in gross tax increases. Of these new taxes, $316 billion will be collected through tax hikes that will hit middle class families, even though the President has pledged not to increase taxes for families making less than $250,000 a year.

If these new taxes were not enough, scores of economy-crippling tax increases are scheduled to take effect next year and will impact every single American family, business owner, and investor.

Among these tax increases are the expiration of several important tax cuts. In 2001 and 2003, Congress enacted several tax cuts for investors, small business owners, and families. These will all expire on January 1, 2011.

The lowest-income taxpayers will get bumped from 10 percent to 15 percent, the top income tax rate will rise from 35 to 39.6 percent – which is also the rate at which two-thirds of small business profits are taxed – and all tax rates in between will also rise. Simply put, these personal income tax hikes will mean less money for you and your family. It also means that small businesses will have decreased access to their own capital, which could result in job losses and an even weaker economy.

Next year, married couples will once again be penalized for their commitment with a higher tax burden relative to non-married couples with similar incomes. The child tax credit will also be reduced from $1,000 to $500 per child.

In addition, although the death tax expired this year, next year it will be resurrected and thereby confiscate up to 55 percent of a deceased person's assets over $1 million. The death tax has the potential to be the demise of small businesses because the inheritors often have to sell the business to pay the tax.

A series of savings and investment tax hikes will also hit at the beginning of next year. The capital gains tax will rise from 15 percent this year to 20 percent and the dividends tax will rise from 15 percent to 39.6 percent in 2011. Higher taxes on savings and investment will result in less of both – and a weaker job market.

On top of these expired tax cuts is the onslaught of the Alternative Minimum Tax, also known as the AMT. Although the AMT was created in 1969 to cover a very small number of taxpayers, it is expected to ensnare upwards of 25 million taxpayers in 2011 because it was not indexed for inflation. This means that middle-class families will have to pay taxes at a higher level.

While this sounds bad enough, it's just the beginning—there are several other tax increases just around the corner. With just five months remaining until the largest tax hike in American history takes effect, the time for Congress to act is now.

First, Congress and the Obama administration need to reign in runaway government spending. Since President Obama took office in January 2009, nondefense discretionary spending has increased by a staggering 84 percent which has led to unprecedented debts and deficits. This spending binge is unwarranted, unjust, and simply unsustainable.

Second, Congress and the Obama administration need to put an end to job-killing tax hikes. As a cosponsor of legislation to make the 2001 and 2003 tax cuts permanent, I believe Congress must enact this legislation so that Americans and small businesses have increased access to their own money. This would help to stimulate and grow the economy.

All in all, rather than take more money from the American people to grow government, the answer is fiscal discipline in Washington and tax relief for working Americans. The American people already know that we can't spend and tax our way back to a growing economy. It's time for Congress to put the American people first and prevent these looming tax hikes from taking effect.

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