

Dear Colleagues,

As a follow up to my remarks in caucus yesterday, I wanted to provide you with the scenarios I ran that demonstrate that the proposed Obama tax compromise is a more progressive tax alternative than allowing the tax cuts to expire. Under the Obama proposal, which includes progressive features such as the Child Tax Credit, Tuition Tax Credit and Payroll Tax holiday – benefits only available to the middle class, -working American families will see greater reduction in their effective tax rate than the wealthy, - and those earning over \$250,000 will pay a larger share of total tax revenue under the Obama plan.

The expiration of the tax cuts would cause an enormous tax increase on working families. A family with combined earnings of \$40,000 per year would pay more than \$1,000 in additional taxes if we fail to pass the Obama tax plan according to the Washington Post. As our economic recovery is still fragile and many families are not seeing salary increases, this would have a major detrimental impact on the lives of working families as they continue to struggle with stagnant wages, higher costs of living and trying to help their unemployed family and friends. I encourage you to check out their excellent website that allows you to determine the impact of the Obama plan on various income levels:

<http://www.washingtonpost.com/wp-srv/special/business/comparing-the-tax-plans/>

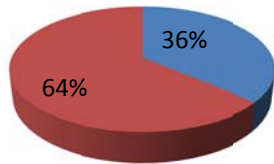
For example, let's look at the difference for a family of four across the income spectrum:

| <u>Income</u> | <u>Effective rate under Obama plan*</u> | <u>Rate under expiration of tax cuts</u> | <u>Difference</u> |
|---------------|---|--|-------------------|
| \$30,000      | 0.77%                                   | 8.0%                                     | 6.16%             |
| \$40,000      | 8.85%                                   | 15.8%                                    | 6.95%             |
| \$60,000      | 10.5%                                   | 16.6%                                    | 6.1%              |
| \$90,000      | 15.5%                                   | 20.5%                                    | 5%                |
| \$120,000     | 23.1%                                   | 28.0%                                    | 4.9%              |
| \$1,000,000   | 35.0%                                   | 39.6%                                    | 4.6%              |
| \$10,000,000  | 35.0%                                   | 39.6%                                    | 4.6%              |

\*Assumptions: Couple filing jointly with two children taking the child tax credit which is extended at \$1,000 per child under the Obama proposal.

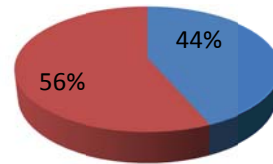
### Share of Tax Burden under Obama proposal

■ \$249K and below ■ \$250K and above



### Share of Tax Burden if Bush rates expire

■ \$249K and below ■ \$250K and above



As you can see from the information and the attached pie chart, passing the Obama tax plan is a step towards tax fairness for those fortunate enough to be employed.

Unfortunately we have another ugly reality to face. In Colorado alone there are approximately 2,500 individuals who will exhaust their unemployment benefits every week. This narrative is being replayed in every Congressional district across the country. If we do not take action we will cause thousands of our constituents to lose their last source of income before the holidays and many thousands more in the coming year. While many members of our caucus have even better ideas for reducing disparities, after objective analysis, the plan before us does make marginal progress on the important issues of tax fairness, and preserves unemployment insurance for thirteen months. This is not only the morally correct thing to do, but also the most economically stimulative.

I ask you to consider the working families and long term unemployed in your district as well as the objective analysis -which demonstrates that this is indeed a more progressive system of taxation where the wealthy pay a larger share of the overall tax pie as compared to taking no action -and join me in support of restoring unemployment benefits, critical investment incentives for job growth and tax relief for working families.