CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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TO THE MEMBERS OF THE UNITED STATES SENATE:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, strongly opposes the motion to proceed to S. 2432, the "Bank on Students Emergency Loan Refinancing Act," which would impose a 30% minimum tax on high income individuals and successful small businesses while making piecemeal modifications to financial aid laws.

The Chamber believes reform of the entire student financial aid system is a necessary and important priority, and that, in order for these changes to be successful, the federal government must increase its focus on innovation and improvement. However, rather than the piecemeal approach set forth in S. 2432, which would do nothing to address the affordability of or the access to higher education, the Chamber believes such reform should be undertaken as part of the larger Higher Education Act (HEA) reauthorization.

Further, while S. 2432 terms the revenue component the "Fair Share Tax on High-Income Taxpayers," this tax is anything but fair. Those earning more than $1 million already pay a highly progressive share of income taxes. According to the IRS, in 2011, this income group accounted for 11% of all adjusted gross income but paid 23% of all income taxes. Further, this group paid a 23% effective tax rate on adjusted gross income, while those earning between $100,000 and $200,000 paid 13%, and those earning under $100,000 paid less than 10%—in many cases, far less than 10%. In 2011, 37% of federal income tax filers had no income tax liability, and half of those actually received money back from the government due to refundable tax credits.

Despite the high progressivity in the tax system already in place, Congress substantially raised taxes on those earning greater than $1 million less than two years ago as part of the fiscal cliff deal. Beginning in 2013, individuals and successful small businesses making over $1 million saw their income tax rates increase from 35% to 39.6%, their investment taxes rise from 15% to 23.8%, and PEP and Pease phase-outs curb their deductions. All of these increases equate to an income tax rate approaching 50% on those with income higher than $1 million.

Raising more taxes on this group of taxpayers would hurt business owners on whom our economy depends to create jobs. According to 2011 IRS data, these tax returns reported 34% of all business income. Imposing tax hikes on this group hinders investment, jobs, and economic growth.

Rather than piecemeal attempts at financial aid reform and tax increases, the Chamber urges the Senate to stop this political gimmickry, and, instead, work towards pro-growth, comprehensive tax reform and HEA reauthorization. **The Chamber may consider votes on, or in relation to, S. 2432—including votes on cloture on the motion to proceed—in our annual *How They Voted* scorecard.**

Sincerely,

R. Bruce Josten