Amendment 2824—To reduce federal subsidies for millionaires in order to pay for the cost of a new Veterans Jobs Corps

This amendment would pay for the cost of the creation of a new $1 billion Veterans Jobs Corps by eliminating certain tax breaks for millionaires including deductions for gambling losses and entertainment expenses and credits for energy and childcare expenses

The veterans legislation on the Senate Floor this week is more about preserving the jobs of politicians than helping veterans or anyone else get a job. Congress should learn from our veterans that sacrificing for your country is a far more noble act than sacrificing the future of your country under a mountain of debt to buy off votes at election time. Congress should pay for the cost of this new program, and prioritize the needs of our veterans over that of millionaires.

Right now, our national debt is more than $16 trillion and unemployment remains too high. Families across the country are struggling to make ends meet.

Yet, in Washington, government programs are paying benefits to individuals that do not need them. Thousands of millionaires are collecting billions in from federal programs, including through the tax code.

Many of these programs were created to act as a safety net for Americans that were down on their luck. However, since 2003, the federal government has paid **over** $9.5 billion in benefits through a number of programs to millionaires.

The tax code also allows for a large number of deductions and credits, many of which accrue heavily towards the wealthy. Millionaires are getting special tax breaks on everything from vacation homes to energy efficient home improvements.

Our nation's current fiscal crisis demands that Congress make tough choices and prioritize spending.

One way to prioritize federal spending is to limit the federal benefits of certain tax provisions from those who are best able to cover their own expenses, such as gambling losses and childcare, without federal assistance—i.e. millionaires.

This amendment would prohibit individuals earning $1 million or more annually from receiving a federal tax credits for purchasing and installing residential renewable energy power systems in their homes, purchasing electric vehicles, and paying for child care. The amendment would also prohibit millionaires from taking advantage of certain tax deductions, including the mortgage interest deduction, rental expenses deduction, gambling loss deduction, and the cancelled debt deduction.

The annual average amount of these tax breaks claimed by millionaires is $28.5 billion.

The president continues to propose raising taxes on those earning more than $250,000, many of which are small business owners across the country. However, first we should eliminate benefits for millionaires. We do not need to reflexively increase taxes on the rich.

Instead, we need to reform our government to make sure that safety net programs do not become a hammock for the rich.

Making this common sense decision and limiting the benefits these programs make to wealthy individuals will ensure they are available in the future for people that truly need them.

This amendment would prohibit millionaires from receiving the following tax breaks.

Childcare Tax Credit

Individuals can claim credit for expenses related to the care of children under the age of 13.

The credit is a percentage of the total amount spent on the child, up to $3,000.

That percentage decreases as one’s income increases.

Individuals making $43,000 or more are allowed to deduct 20 percent of childcare expenses (up to $3,000.)

So, under current code, a family making $43,000 takes the same deduction as a millionaire, since no income limits exists on the credit.

The credit includes any expense related to household services related to the child, including a maid or cook.

From 2007-2009, millionaires claimed over $18 million in the child care tax credit.

Housing Deductions

Home Mortgage Interest. Homeowners are allowed to deduct interest paid on a mortgage covering primary and secondary homes.

This could include a yacht, under certain circumstances.

The deduction is limited to mortgage interest paid on loans up to $1 million.

The deduction is tilted mostly to the wealthy, since they tend to buy larger homes.

In fact, from 2006-2009, millionaires deducted over $27 billion in home mortgage interest.

The President's Fiscal Commission recommended that this deduction be limited to a taxpayer's primary home and lowering the cap to $500,000.

Rental Expenses. Millionaires are also allowed to deduct expenses related to renting investment properties, including:

- Property depreciation;
- Cleaning and maintenance; and
- Mortgage interest.

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From 2006 to 2009, millionaires deducted over $64 billion in rental expenses.

Energy Costs

Residential Renewable Energy. This tax credit allows individuals to deduct the cost of energy efficient home improvements such as solar panels and certain insulation material and exterior windows.

In 2009, 17,000 millionaires deducted over $75 million in residential energy credits.

Electric Vehicles. To help encourage the purchase of certain plug-in electric vehicles, the government provided a tax credit of $7,500.

However, a government audit found that individuals were taking the credit, but had not purchased the right car to qualify.

In 2009, millionaires claimed over $12.5 million in qualified plug-in electric car credits.

Other Expenses

Forgiven Debt. The tax code allows for cancelled debt to be excluded from income, which includes debt cancelled in a Title 11 bankruptcy case.

From 2008-2009, millionaires excluded over $128 million in cancelled debt from their income.

At the same time, these individuals earned $1 million or more.

Gambling Losses. If an individual losses money at the craps table, that is deductible under the current tax code.

However, the deduction may not be more than what that individual claimed in winnings.

From 2006-2009, millionaires deducted over $20 billion in gambling losses.