



# AMERICANS *for* TAX REFORM

Grover G. Norquist  
*President*

December 13, 2007

The Honorable Charles Rangel  
U.S. House of Representatives  
Ways and Means Committee  
Washington, DC 20515

The Honorable Max Baucus  
United States Senate  
Committee on Finance  
Washington, DC 20510

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

[www.atr.org](http://www.atr.org)

Dear Chairmen Rangel and Baucus:

For decades, tax “technical corrections” bills have been non-controversial and necessary to ensure a smooth functioning of the tax system. Leaders of both parties have never dared insert divisive items in these bills, and as a result they have enjoyed broad bipartisan support.

That is not the case with the “Tax Technical Corrections Act of 2007” (H.R. 4195/S. 2374). This legislation raises the marginal tax rate on a type of dividend issued mostly by small manufacturers to a so-called “IC-DISC.” **Raising a marginal tax rate is by no means a non-controversial, “technical” correction. Indeed, it is a tax increase of the most serious nature.**

Overnight, these dividends would be taxed at 35%, instead of the 15% rate of current law. While the companies involved certainly should not be subject to this tax hike whiplash, I am more concerned about the precedent this creates. Congress should not seek to increase marginal tax rates in the dead of night, under cloak of a minor technical fix.

I would urge you to remove this objectionable language from the bill before it is considered by either chamber.

Sincerely,

Grover Norquist

GGN:rlc