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The Honorable Orrin Hatch
Chairman, Senate Finance Committee

The Honorable Ron Wydem
Ranking Member, Senate Finance Committee

12 April 2015

RE: Input on Bipartisan Tax Reform – INDIVIDUAL INCOME TAX

Dear Senators Hatch and Wyden,

As a voter and a taxpayer, I thank you both sincerely for leading this bi-partisan effort to seek input on much needed tax reform. The purpose of this letter is to provide my suggestions for reforming the way we tax individuals.

As a career banker and student of economics, I am convinced that a broad middle class with sufficient income available for savings and investments as well as consumption is the bedrock of our economic power as a nation. The very significant rise in income inequality over the past 30 years is very much cause for concern. It erodes Americans' belief that their children will be better off than themselves, weakens citizens' ability to adequately save for education and retirement and, most concerning, undermines America's status as a superpower.

Income redistribution in support of strengthening families earning less than $300,000 per year should be the goal of individual tax reform. To this end, my suggestions for your respected committee and the Congress at large are as follows:

- **Eliminate the marriage penalty.** Benefits and deductions should not be adversely affected by marriage.
- **Raise the individual deduction.** $15,000 per adult and $10,000 per dependent, with the definition expanded to include mentally or physically handicapped adults, infirm elderly family members as well as children.
- **Support seniors** by raising the individual deduction to $35,000 for anyone over age 62.
- **Limit the mortgage interest deduction** to a maximum of $25,000 per year per individual. Those who can afford to own more than one home do not need the assistance of additional tax breaks. Married couples who jointly own their home should both be able to apply this deduction for the same home if they so choose.
- **Align tax rates on capital gains, interest and dividends to income tax.** This is the main driver of income inequality in America. If we as a nation say we value and respect hard work, then it doesn't make sense to tax interest and dividends at a lower rate than earned income.
- **Require the wealthiest Americans to pay their fair share.** Additional tax brackets should be created at the top of the income scale:
    - $700,000 – $1million: 45%
    - $1million – $2.5million: 50%
    - Over $2.5million: 55%

CC: Senators Al Franken and Amy Klobuchar, Minnesota

- **Raise the estate tax exemption to $7million and increase the rate for inheritances over $15million to 50%.** Allow heirs of illiquid assets such as working companies or family farms to pay estate tax liabilities over a period of 10 years interest-free.

- **Simplify tax reporting by eliminating all other deductions, except for education and childcare.** The fact that US tax preparation is a $2billion dollar industry is testimony to how ridiculous our current system is. The sheer number of hours Americans spend trying to navigate the complexity of our arcane system is a drain on our economy and needless cause of untold stress on individuals and families alike.

  No American should have to spend more than three hours preparing their individual tax return.

Thank you sincerely for your consideration and for your service.



Tony B Graham
US Citizen, Voter, Taxpayer and Expatriate Since 1993

CC: Senators Al Franken and Amy Klobuchar, Minnesota