

**Statement of Thomas Rinaldi, Taps Express, Katonah, New York**  
**The President's Advisory Panel on Federal Tax Reform**  
**March 3, 2005**

Good afternoon Chairman Mack, Vice Chairman Breaux and members of the panel. My name is Thomas Rinaldi. I run Taps Express, a small business that builds commercial kitchens in Katonah, New York. And I am married with three children. I appreciate this opportunity to talk to you. I am here today because I am a victim of the Alternative Minimum Tax.

I have been paying the AMT for the past few years. I had not heard of the AMT before my accountant told me that I would owe additional taxes because we lost many of our tax benefits under this hidden separate tax. I was very surprised to find out that the tax code contains a stealth provision that snares taxpayers just because they claim deductions they are told they should be taking. I was even more surprised to find out that I would be forced to pay additional tax because of the AMT. No matter how many times I ask my accountant to explain it to me, I still can't figure out why I have to pay AMT even though I went to four years of college and minored in mathematics. The regular tax code is complicated enough; this surprise tax makes it even more confusing and causes me to spend more time and money figuring out my taxes.

Millions of Americans work hard for the "American Dream" of owning a home, having a family and starting their own business. I believe that in some ways, the AMT taxes those dreams.

We fell into the AMT trap simply because we live in a high-tax state, own our own home and have three beautiful children. The AMT eliminated the deduction for income and property taxes that we pay in New York. The AMT also snatched away the five personal exemptions that we are given under the tax law.

Like many other families in our area, we've worked hard to build a profitable small business and to make a decent living to support our family. My understanding is that the AMT was designed years ago to make sure that very wealthy taxpayers pay something in tax. I believe that everyone should pay their fair share, but I now know from personal experience that the AMT is hitting middle-class taxpayers like us. We're not wealthy and are not trying to avoid paying the tax we owe. So why should we be forced to hire somebody to compute our taxes twice and to pay more in tax? Since my family was featured in Money Magazine, I have received calls from neighbors here in Katonah asking who my accountant is because they too need help dealing with the AMT.

Over the past few years, the money our family paid in AMT reduced the amount we had left over to invest in our business, put away in savings, or spend on our children. The AMT is too complicated to understand, catches people by surprise, and reduces the amount of money that they have to plan for the future. I believe that as part of its effort to reform our tax code, the panel should study ways to stop the AMT from hitting middle-class American families like us.

Thank you for allowing me to share my views with you.