

Carried Interest Fairness Act of 2021 **Senators Baldwin, Manchin, and Brown**

The carried interest loophole allows investment managers to pay the (currently) lower 20 percent long-term capital gains tax rate on income received as compensation, rather than the ordinary income tax rates of up to 37 percent that they would pay for the same amount of wage income. The Carried Interest Fairness Act requires carried interest income to be taxed at ordinary rates. According to the Joint Committee on Taxation, closing this loophole will raise \$15 billion in revenue over 10 years.

President Biden's American Families Plan said this about carried interest: "The President is also calling on Congress to close the carried interest loophole so that hedge fund partners will pay ordinary income rates on their income just like every other worker. While equalizing tax rates on wages and capital gains will address this disparity, permanently eliminating carried interest is an important structural change that is necessary to ensure that we have a tax code that treats all workers fairly."

President Trump's Tax Cuts and Jobs Act "failed to eliminate [the] key deduction used by wealthy investment firms that Trump had vowed to kill," leading PolitiFact to rate this a "Promise Broken." Senate Republicans rejected an amendment to the tax bill by Senator Baldwin to close the loophole, which all Senate Democrats [supported](#) in 2017.

Cosponsors: Manchin, Brown, Warren, Van Hollen, Sanders, Markey, Kaine, Reed, Booker, Feinstein, Klobuchar, Hirono, and Whitehouse.

This legislation is supported by: AFL-CIO, The Agenda Project, American Family Voices, American Federation of Government Employees, American Federation of State County and Municipal Employees, American Federation of Teachers, American Postal Workers Union, Americans for Financial Reform, Catholics in Alliance for the Common Good, Center for Popular Democracy Action, Communications Workers of America, Consumer Action, Courage Campaign, Credo, Democracy for America, Economic Policy Institute, Franciscan Action Network, Friends of the Earth, Hedge Clippers, International Federation of Professional & Technical Engineers, Institute for Policy Studies, Media Voices for Children, MoveOn.org, National Education Association, NETWORK, The Other 98%, Patriotic Millionaires, People's Action Institute, Presente.org, Public Citizen, Service Employees International Union, Strong Economy for All Coalition, The Rootstrikers at Demand Progress, UNITE-HERE, U.S. Public Interest Research Group, United Auto Workers, Working America, and the Working Families Party.