

## **Carried Interest Fairness Act of 2024**

### **Senators Baldwin, Manchin and Brown**

The carried interest loophole allows investment managers to pay the lower 23.8 percent capital gains tax rate on income received as compensation, rather than the ordinary income tax rates of up to 40.8 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 wage rates.

President Biden's FY2025 Budget Request once again includes a provision to close the carried interest loophole in the same manner—by taxing a partner's share of income in an investment services partnership at ordinary rates. According to the Treasury proposal, closing this loophole will raise \$6.5 billion in revenue over 10 years.

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.

**This legislation is cosponsored by Senators:** Whitehouse, Van Hollen, Markey, Warren, Klobuchar, Sanders, Reed, Kaine, Welch, Booker, and Hirono.

**This legislation is supported by:** AFL-CIO, American Federation of State County and Municipal Employees (AFSCME), Americans for Tax Fairness, Communications Workers of America (CWA), Main Street Alliance, Patriotic Millionaires, Public Citizen, Small Business Majority, United for Respect, NETWORK Lobby for Catholic Social Justice, National Women's Law Center, Economic Policy Institute, and 20/20 Vision.