PATRIOTIC MILLIONAIRES

THE MONEY AGENDA

PROPOSED: The "Cost Of Living" Tax Cut for Working Americans Act

A deficit-neutral plan to eliminate federal income taxes for people making up to the median cost of living, paid for with a surtax on households with income over $1 million.

The federal government should not tax people into, or deeper into, poverty. The new federal tax code, adopted on a party-line vote in 2025, levies taxes on income starting at $16,000, significantly less than the minimum amount required for basic needs. According to MIT, the median "cost of living" for a single adult with no children is $45,700 per year, not including current federal income taxes. For people making between $16,000 and $45,700 per year, every dollar paid to the federal government is a dollar less for necessities like rent, healthcare, or an emergency expense.

The "Cost of Living" Tax Cut for Working Americans Act creates a federal tax exemption up to the "cost of living" for working-class Americans, and shifts responsibility for the lost revenues to those like members of Patriotic Millionaires with incomes over $1 million annually. The exemption focuses the benefit on the working people most likely to spend it on basic necessities by phasing it out at 175% of the "cost of living".

The "COST OF LIVING" TAX CUT FOR WORKING AMERICANS ACT:

- **Provides a "Cost of Living" Exemption** (COLE) on federal income taxes up to the median cost of living for a single adult with no children (approximately $45,700 per year), with proportionally larger COLEs for heads of household (1.3x) and married couples filing jointly (2x);
- Phases out the benefit of the COLE at 175% of the exemption amount to ensure the benefit accrues exclusively to low- and middle-income Americans, which **extends tax relief to 104 million adults and 26 million children**. (Analysis by Institute for Taxation and Economic Policy);
- **Transfers the responsibility to the millionaire class** by establishing a surtax on incomes over $1 million for single taxpayers, 1.5 times that for joint filers: (Analysis by The Budget Lab at Yale)
    - A 5% surtax on any income over $1m single/$1.5m joint per year - 615,000 filers;
    - A 10% surtax on any income over $2m single/$3m joint per year - 241,000 filers;
    - A 12% surtax on any income in excess of $5m single/$7.5m joint per year - 77,000 filers.
- **Is deficit-neutral** and only applies to federal income tax, not payroll or local taxes.

Introduction:
Patriotic Millionaires is supporting the fall 2025 introduction with the First 45 Tax Free campaign.

Sponsoring organizations:
AFL-CIO, AFT, Americans for Tax Fairness, Demos, Institute for Policy Studies, National Education Association, NETWORK Lobby for Catholic Social Justice, Oxfam USA, People's Action, Strong Economy for All Coalition, SURJ, Take on Wall Street, United for a Fair Economy, Accountable.US/Accountable.NOW

For more information:
Holli Woodings, Vice President, Government Affairs hwoodings@patrioticmillionaires.org or 208-724-0939
Steven Tufaro, Deputy Political Director steven@patrioticmillionaires.org