

Long Island Business NEWS

Where Business Gets Down to Business

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With AMT, hedge fun

By LIBN staff

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When the federal government implemented the alternative minimum tax in the 1960s, it was designed to keep a couple hundred of the wealthiest Americans from using deductions to avoid paying Uncle Sam anything at all.

Hard to argue with that. But since it was never adjusted for inflation, the AMT has become a regressive tax that targets middle-class Americans in high-net-worth areas such as Long Island paying a bill that was never meant for them.

For the first time, there's faint hope that Washington realizes just how unfair, and economically debilitating, the AMT really is. The U.S. House of Representatives last week narrowly approved a bill that would adjust the charge so it wouldn't continue to soak those who are getting taxed merely because they live close to people who, well, really should pay the AMT.

That's a welcome first step, but the Senate is still noncommittal and President Bush has vowed to veto the bill unless Congress can find a way to replace the income – \$70 billion a year by 2010 and rising. The House thinks one way is to raise rates on fund managers and other investors who count their fees as capital gains – and pay 15 percent instead of 35 percent in taxes.

You can imagine how that idea played in the White House.

Meanwhile, the clock is ticking. In 2001, 1.8 million American tax filers tripped the AMT wire. By 2003, that number grew to 3.5 million. If adjustments aren't made, the outdated system will trap 22 million families this year, and most of them aren't rich by any stretch of the imagination.

We don't expect help in time for this year's filing – the IRS needed a green light by mid-November just to change all of its forms. But the fact that House members have opened the debate is reassuring.

We See The Light

Seven years after Charles Wang bought the New York Islanders, and more than four years since he and Nassau County Executive Tom Suozzi crafted a plan to revitalize the 77-acre area surrounding the Nassau Coliseum, the Lighthouse Development Group took a big step toward seeing its dreams come to fruition.

Lighthouse, which also includes RexCorp chief Scott Rechler, presented an updated plan to the Town of Hempstead this week to bring housing, a five-star hotel, retail, conference space and outdoor greens to a region desperately in need of an overhaul.

The project will also bring the side benefit of 16,000 construction jobs, thousands of permanent jobs and will pump \$200 million of incremental revenue into Nassau County government over the next 25 years.

We know that final approvals could still be 18 months away. But we're optimistic that after years of failure, the region will finally breathe new life into Hempstead, giving us all a destination point for a fragmented Island.

Now let's get those shovels ready.