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CLAIM THAT HOUSE BUDGET CALLS FOR “LARGEST TAX INCREASE IN HISTORY” IS INACCURATE

Some are claiming that the budget plan adopted last week by the House Budget Committee, which the full House is expected to vote on this week, would constitute “the largest tax increase in history.” This claim is incorrect. The House plan does not include a tax increase; it simply assumes the same level of revenues over the 2007-2012 period as projected by the Congressional Budget Office under its current-policy baseline, which essentially assumes no change in current laws governing taxes.

Under current law, the Administration’s tax cuts are slated to expire by the end of 2010. However, Congress is free under the House budget plan to extend any or all of the tax cuts — as well as relief from the Alternative Minimum Tax — if it fully pays for these extensions through either changes in other taxes or changes in entitlement programs.

It should be recalled that the Administration’s tax cuts expire in 2010 because their supporters *deliberately designed* them that way, in order to fit the tax cuts within the cost constraints imposed by the congressional budget resolutions adopted in 2001 and 2003. While acknowledging that their real goal was to make the tax cuts permanent, supporters of those measures opted to “sunset” the tax cuts before the end of the ten-year budget window in order to obscure their true cost. Now, a few years from the tax cuts’ expiration, some of these same supporters are trying to act as though the tax cuts are already permanent and any proposal to offset the costs of extending them is a “tax increase.”

To extend the tax cuts without paying for them — and to attack those who simply seek to require that any extension of the tax cuts be paid for — further heightens the irresponsible fiscal nature of the original actions.