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Deficit-Financed Tax Bill Blows a Hole in the Budget, Says Committee for a Responsible Federal Budget December 18, 2015

Lawmakers just passed a deficit-financed tax cut deal that permanently extends many tax breaks and temporarily extends others for either two or five years. The legislation costs about \$830 billion over ten years with interest. If the delays in the tax provisions of the Affordable Care Act lead to repeal and the temporary extensions become permanent, this deal could ultimately add \$4 trillion to the debt over the next two decades.

"In typical Washington fashion, Congress has added nearly a trillion to the debt, declared victory and is going home," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "Budgeting in this country has pretty much become a joke. Members of Congress give heartfelt speeches about being responsible, they invoke the next generation, and they acknowledge the importance of a stable debt situation for growing the economy. And then time and time again, they cast votes that add billions and even trillions of dollars to the debt. The rampant hypocrisy is quite galling."

The legislation moves in the opposite direction of tax reform and undermines years of progress on deficit reduction by giving away most of the savings from the fiscal cliff agreement (\$800 billion in revenue) or the sequester (over \$900 billion in spending cuts). This tax deal is also completely at odds with the bipartisan budget resolution adopted by Congress, which claims to achieve balance and assumes all tax extenders would be offset.

"How can lawmakers claim that their budget will achieve balance when they just passed a deficit-financed tax deal that blows a big hole in the budget?" said MacGuineas. "Sadly, it appears the key to bipartisanship is procrastination, budget gimmicks, and adding to the debt. We swing back and forth between two damaging extremes. On one hand we threaten to shut down the government or default, and on the other we add hundreds of billions of dollars to the debt. We need leaders who are actually willing to govern responsibly by making the hard choices."

"This debt-financed bill would add massively to our debt just at the time we should be working to bring it under control. Ultimately, this weakens the economy, weakens our ability to respond to future economic emergencies, and increases the likelihood of a fiscal crisis down the road."



“As members of Congress and the President head into the holidays, buying presents for their children and grandchildren, they should be willing to explain why in addition to all their holiday gifts, they are now looking at an even larger mountain of debt.”

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