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Committee for a Responsible Federal Budget Opposes Fiscally Irresponsible Tax Deal *Deal Considerably Worsens Already Unsustainable Debt* December 16, 2015

At a time when our debt is already at record levels, it is highly disappointing that lawmakers are poised to pass a fiscally irresponsible “tax extenders” deal that costs about \$780 billion over ten years including interest. Over two decades, the deal would add more than \$2 trillion to the debt.

“Just because Congress has routinely extended these provisions in the past without offsets doesn’t mean this irresponsible practice should be formalized,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “If these tax breaks are worth extending, they are also worth paying for.”

The deal revives tax breaks that expired at the end of 2014, making some permanent and extending others for either two or five years, and permanently extends three refundable tax credit expansions that would have expired in 2017. Some of the tax breaks reinstated in the deal would be expanded, making them more costly than a simple extension.

The deal not only adds to the debt, it also squanders most of the hard-earned savings from either the “fiscal cliff” deal (\$800 billion in revenue) or the sequester (more than \$900 billion in spending cuts). In addition, the deal moves in the opposite direction of fiscally responsible tax reform by reducing the revenue baseline.

“The failure to pay for this legislation is completely at odds with rhetoric about fiscal responsibility and balanced budgets,” said MacGuineas. “If this legislation is enacted, Congress will have added more than \$1 trillion to the debt and completely and utterly ignored its own budget, which called for savings of \$5.3 trillion and for continuing revenues at current law levels.”

Furthermore, the agreement would delay three taxes from the Affordable Care Act, including one of the law's most important cost-control mechanisms: the Cadillac Tax.

“It’s bad enough that this budget-busting tax deal would add to the debt, but lawmakers have decided to make things worse by undermining the cost-control measures in the Affordable Care Act,” said MacGuineas. “Unfortunately, a two-



year delay of the Cadillac Tax makes full repeal more likely in the future.”

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