



# PRESS RELEASE

## COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

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**FOR IMMEDIATE RELEASE**

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### **The Committee Recommends Maximizing Spending Cuts and Holding Off on Tax Cuts**

WASHINGTON, DC – The Committee for a Responsible Federal Budget urged Congress to hold off on passing the tax cuts permitted in this year's budget.

The current budget resolution calls for \$35 billion in savings from entitlement programs and allows for tax cuts of \$106 billion, including \$70 billion under fast-track reconciliation procedures. The Committee has recommended that Congress instead proceed with passage of at least the level of spending reductions in the budget resolution and preferably increase the level as the House did, while holding off on any tax cuts that would widen the budget deficit.

“If Congress chooses to proceed with any of the planned tax cuts, they should abide by the basic pay-as-you-go principle, offsetting any tax cuts so that they do not add to the deficit,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget.

The Committee also voiced concern that Congress will pass even more tax cuts – and increase the deficit by a greater amount – than the budget resolution allows by gaming the budget process. Specifically, the Committee warned that Congress might evade budget limits by leaving popular tax changes such as an Alternative Minimum Tax patch out of the tax reconciliation bill only to be followed by freestanding AMT fix with costs beyond the budget resolution and enough support to waive the Budget Act.

Members should not be swayed by the argument that the tax cuts under consideration are merely extensions of previous tax cuts and therefore, should not be viewed as real tax cuts. As the Committee has pointed out before, the sunsets were put in place in order to make the total costs of tax cuts fit within the budget limits demanded by moderate Republicans in the Senate. Extending these tax cuts without offsetting the additional costs would effectively undo those compromises.

Many of the principal tax cuts under consideration do not have to be extended until 2007. “It would be far better for Congress to evaluate all expiring tax cuts as part of a comprehensive review of tax and fiscal policy, instead of continuing to extend tax cuts financed by borrowing on an *ad hoc* basis without considering the tradeoffs,” said Bill Frenzel and Leon Panetta, Co-Chairmen of the Committee for a Responsible Federal Budget.

*The Committee for a Responsible Federal Budget is a bipartisan organization committed to educating policy makers and the public about issues related to fiscal policy. The Co-Chairs of the Committee are Bill Frenzel and Leon Panetta. The Committee is located at the New America Foundation. [www.crfb.org](http://www.crfb.org).*