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Tax Extenders Shouldn't Make a Bad Fiscal Situation Worse

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The Senate Finance Committee released draft legislation today extending many of the tax provisions that expired last year. The following is a statement from Maya MacGuineas, president of the Committee for a Responsible Federal Budget:

"They say there is nothing so permanent as a temporary government program, but apparently temporary tax breaks take a close second, especially when the costs of continuing them are made to appear to be free.

"We are extremely disappointed the Senate has begun work on extending a number of expired tax provisions with no intent to offset the revenue loss. The bipartisan Senate Finance Committee's package continues expired tax provisions for 2014 (retroactively) and 2015 that would cost nearly \$70 billion. If Congress continues this irresponsible habit of extending these tax cuts without offsets, they would add almost \$850 billion, with interest, to our debt over the next decade.

"To their credit, Chairman Wyden and Ranking Member Hatch would let about one quarter of the expired tax provisions lapse, though those provisions only reduced the \$850 billion cost by about 10 percent. More can be done. For example, the tax reform proposal by House Ways and Means Chairman Dave Camp would eliminate the vast majority of the expired provisions and reform others.

"Tax breaks that have outlived their usefulness should be stripped from this package, and amendments to restore any tax breaks must be fully offset. In addition, we urge that the package as a whole be paid for so as not to add to the debt, violate pay-as-you-go principles, and create a harmful precedent for tax reform or other budget changes.

"The best way to deal with the tax extenders is in the context of a fiscally responsible comprehensive tax reform that broadens the tax base by scaling back tax breaks, lowers rates, promotes economic growth, and reduces the deficit. In the meantime, the least we can do is stop making a bad situation even worse by adding to the debt with these costly extensions."