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**Tax Deal Ignores Deficit and Debt Effects
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With President Obama and congressional Republicans announcing a potential tax extension deal, the Committee for a Responsible Federal Budget implores lawmakers to incorporate a serious longer-term deficit reduction plan into the package.

A possible package announced last night would extend the Bush tax cuts for two years, patch the Alternative Minimum Tax for two years, extend unemployment benefits for 13 months, reinstate the estate tax at lower levels, cut the Social Security payroll tax by 2 percentage points next year, and provide for various other tax breaks. News accounts have estimated the total cost of the package at between \$600 and \$900 billion over two years.

“This feels more than a bit surreal,” said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. “On the heels of the work of the White House Fiscal Commission last week on how to get control of the national debt, the White House and Members of Congress choose to engage in a negotiation that involves adding increasingly larger amounts to the debt? It’s utterly exasperating.”

It appears that lawmakers have little intention of offsetting the costs of this massive package, portions of which are exempt from pay-as-you-go requirements, and some of which likely will be declared “emergency” costs.

“There is probably a legitimate case to be made that the economy needs more stimulus now. But this bill is far from an ideal stimulus package, which would maximize the bang for the buck,” said MacGuineas.

“Moreover, the critical objective is to pair any stimulus for the short-term with a credible plan to reduce the debt in the medium- and long-term. It would only make sense to pair this package with serious policies to reduce the debt over the rest of the decade. We should be talking about what triggers to attach, how to pay for this new package over the decade, and what spending cuts and tax reforms to make. Instead lawmakers are tripping over themselves to add more deficit-financed measures to the bill.”