



CRFB Warns Against Costly Tax Extenders Deal November 25, 2014

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Congressional negotiators are reportedly considering a proposal to extend - and in some cases expand -- tax breaks that could add a staggering \$500 billion to the debt over the next decade.

The emerging deal would reportedly reinstate, make permanent and more than double the size of the research & experimentation tax credit while also making permanent and in some cases expanding several other provisions including the state & local sales tax deduction, Section 179 expensing for small businesses, the American Opportunity Tax Credit, and a number of other costly provisions. The agreement could include a two-year extension of most remaining tax provisions (the wind credit could be phased out in 2016 and 2017) and a number of extraneous provisions unrelated to the tax extenders. In total, the provisions, with interest, could amount to about \$500 billion and include more than \$100 billion of expansions beyond strictly making provisions permanent.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, made the following statement:

“Expanding and making permanent so many provisions will deal a severe blow to fiscal responsibility, driving the debt up by hundreds of billions of dollars we just can’t afford. The price tag is a result of irresponsible horse trading whereby each side got to claim its favorite tax break without paying for it. I know every special interest group wants to protect its tax break, and members want to continue to dole out all the goodies, but hey, my kid wants a pony - it doesn't mean someone doesn't have to pay for it.

“The package under discussion would undo much of the revenue raised in the fiscal cliff deal and worsen an already unsustainable fiscal situation. And if the past few weeks of negotiations is an indication, this will only get worse. Thanksgiving is too early to start passing Christmas-tree legislation with future generations footing the bill.



“Any reinstatement of the tax extenders should be fully offset and paired with a fast-track process for tax reform as in our [Paying for Reform and Extension Policies Plan \(PREP Plan\)](#). But certainly if policymakers are going to be fiscally irresponsible, they should limit that irresponsibility to the short-term rather than imposing permanently higher deficits on future generations.

“Thanksgiving is a time for counting blessings, not counting on higher deficits. While President Obama is pardoning some turkeys, he should be threatening to veto this turkey of a deal.”

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