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Extenders: A Tax Cut Frenzy to Grow the Debt

April 3, 2014

The Senate Finance Committee released a revised draft of tax extenders legislation that restored many of the expired tax provisions that were left out of the original draft. The following is a statement from Maya MacGuineas, president of the Committee for a Responsible Federal Budget:

“Only two days after taking a small step toward sensible tax and fiscal policy by allowing some lapsed tax provisions to remain expired, the committee took a disappointing and big step backward by adding back many of the provisions and charging nearly all of the cost to the national credit card. The revised draft added back everything from the wind production tax credit, to special treatment for certain foreign income, to tax breaks for film production and NASCAR tracks. The revisions add almost \$20 billion in costs and less than \$1 billion in offsets.

“To make matters worse, the package could have been even more fiscally irresponsible, as members tried to add their own special interest tax breaks. Instead of phasing out the temporary bonus depreciation provision as the economy recovers, an amendment was put forward to make it permanent -- at a cost of nearly \$300 billion over ten years -- though it was fortunately withdrawn. Other amendments were offered to add tax breaks for clean coal and tax-free, bike-sharing memberships.

“Ironically, this legislation would cut federal revenues to \$125 billion below the levels in House Budget Chairman Paul Ryan’s budget in 2015 and 2016, and if the policies in this package were made permanent, revenues would be approximately \$750 billion lower than the Ryan budget.

“There is a tremendous amount of time, energy and money going into protecting special tax breaks with very little attention to paying for the costs. What this country should be doing is overhauling the disaster of a tax code to make us more competitive, grow the economy and reduce the debt. Instead we are seeing Washington at its very worst as special interests and Members of Congress run to protect their favorite tax breaks.”

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Click [here](#) for the press release criticizing the Senate Finance Committee’s original draft.