



Extender Package No Substitute for Tax Reform December 3, 2014

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The following is a statement by Maya MacGuineas, the president of the Committee for a Responsible Federal Budget:

“Congress should be pursuing comprehensive tax reform that would update the tax code, enhance competitiveness, grow the economy and reduce the deficit. The excuse that there is not enough time rings hollow given that this deadline has been well-known for years, and this exercise of ad-hoc legislating has become an embarrassing and damaging standard practice.

“That said, as the deadline is approaching, if Congress chooses to extend the basket of expiring tax breaks, the \$45 billion, one-year tax extender package the House of Representatives is considering today is far preferable to the proposal floated last week that would have cost ten times as much and locked in lower revenue levels. By reinstating expired tax breaks only temporarily and abandoning efforts to expand certain tax breaks, this legislation would make it easier to pursue fiscally responsible tax reform and debt reduction in the future.

“At the same time, Congress should pay for this bill. Unfortunately, in its current form, the legislation would exempt the \$45 billion cost from pay-as-you-go budget requirements and add those costs to the debt.

“Earlier this year, Congress offset the \$21 billion cost for continuing the "doc fix" and rejected a \$6 billion continuation of extended unemployment benefits because it could not agree on offsets – there is no justification why this tax break package should be exempt. While Congress has routinely extended these provisions without offsets in the past, the debt currently stands at a record high, and policymakers should not use this package as a continuation of fiscally irresponsible business as usual, but as a bridge to fiscally responsible tax reform.

“The [PREP Plan](#) that CRFB released last month includes more than enough offsets – simply by improving tax compliance – to pay for this package, along with a fast-track process for comprehensive tax reform.

“Congress and the President cannot keep governing on a retroactive basis, waiting until the last minute to make major decisions about the structure of our tax code. The tax breaks being extended expired over 11 months ago; that we are only addressing them now is extremely damaging to businesses and families that need to plan and make investments.



“House and Senate leadership and the President have all expressed their desire to reform the tax code. As part of this deal, Congress and the President should agree to use the next year to negotiate a reform package and end the practice of irresponsible short-term and unpaid-for tax breaks once and for all.

“There should be no more waiting to the last minute and no more excuses. The time to start discussions is now.”

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