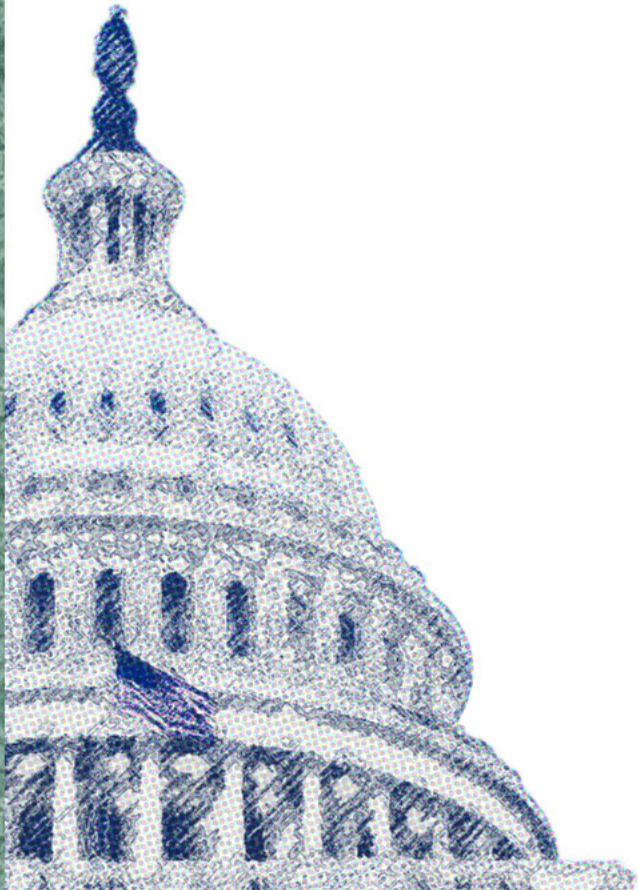


110th Congress
2nd Session



Senate Budget Committee Independence Day Recess Packet



June 27, 2008
Prepared by the
U. S. Senate Budget Committee
Republican Staff
<http://budget.senate.gov/republican>

JUDD GREGG
NEW HAMPSHIRE

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June 27, 2008

Dear Republican Colleague:

As we wrap up our legislative business to return home for the Independence Day recess, I would like to highlight some of very different budgetary and fiscal approaches taken by the majority and minority parties -- decisions that will have a significant economic impact on current and future taxpayers.

Despite the fact that the economy is faltering and most Americans are struggling with rising food and fuel costs, the majority party continues to further their tax-and-spend agenda, as the attached documents show.

For example, the Democratic budget this year assumes a \$1.2 trillion tax increase -- the largest in history -- which means a higher tax burden for millions of middle-class families, seniors, and small businesses. It also breaches for the first time the \$1 trillion mark for annual non-emergency discretionary spending. Incredibly, their budget also continues to ignore the \$67 trillion fiscal crisis posed by the unaffordable growth of entitlement spending.


Under the Democratic majority, Pay-Go has been waived, gimmicked or ignored by more than \$400 billion, the deficit has doubled, and the U.S. debt is now on the path to exceed \$10 trillion for the first time ever.

Republicans have taken a much more fiscally restrained approach: keeping new spending in check, seeking to reduce wasteful spending, reducing the deficit, implementing pro-growth tax policies that have helped the economy to prosper during challenging times, and taking reasonable steps to address our mounting entitlement liabilities.

I look forward to working with you in the months ahead to get our fiscal house back in order, especially in the arena of long-term entitlement reform.

Please contact my staff at 202-224-6011 if you have any questions or need additional information.

Sincerely,



Judd Gregg

There Is A Difference...
Democrats vs. Republicans on Spending & Taxes

<i>Issue</i>	<i>Tax-and-Spend Dems</i>	<i>Fiscally Restrained GOP</i>
DISCRETIONARY SPENDING	2008 Democratic Budget called for increased annual spending of nearly \$25 billion, which would have added \$350 billion to the debt over 10 years.	The President vetoed the increase and prevented \$350 billion debt from being passed on to our children.
	2009 Democratic Budget blows through \$1 trillion in non-war annual spending for the first time ever.	Kept spending under \$1 trillion.
	Refused to cut or reduce even one program or any wasteful spending to offset annual spending increases.	The President identified more than \$15 billion in duplicative and wasteful spending.
TAX POLICY	Pushing a \$1.2 trillion tax hike – the largest in U.S. history – that will hit 116 million middle-class families, seniors, businesses.	Implemented 2001/2003 tax relief that brought economy out of recession, created millions of jobs, and generated surging tax revenues.
	\$1.2 trillion tax hike means that 43 million families will owe \$2,300 more each year; 18 million seniors will owe \$2,200 more each year; 27 million small businesses will owe \$4,100 more each year.	Under the GOP pro-growth tax policies currently in place, these families, seniors and small businesses will see no tax increase – Republicans want 2001/2003 tax relief to become permanent.
LONG-TERM ENTITLEMENT CRISIS	Completely ignored \$67 trillion entitlement crisis and rejected any proposals for reform.	The President has offered reasonable budget proposals, like means-testing for Part D premiums, which would reduce Medicare’s long-term liability.

<i>Issue</i>	<i>Tax-and-Spend Dems</i>	<i>Fiscally Restrained GOP</i>
	Democrats claim entitlement crisis is “phony” and declare \$5.5 billion proposal “dead on arrival”.	Offered a modest \$5.5 billion short-term solution to ensure Medicare fiscal viability.
	Democratic Leadership blocks bipartisan entitlement commission.	Supports bipartisan entitlement commission.
PAY-GO	Under Democrats, Pay-Go has been waived, gimmicked or ignored by more than \$400 billion, and they have added billions more in so-called “emergency” spending that is exempt from Pay-Go.	Republicans want new spending to be offset by reductions in wasteful spending and believe that tax relief should not be offset with tax increases elsewhere.
DEFICIT/DEBT	Under the Democratic-controlled Congress, the deficit jumped from \$200 billion to \$400 billion.	Under GOP control, deficits declined over the previous 4 years.
	Put the U.S. on path to \$10+ trillion debt – the first time debt will exceed \$10 trillion	Kept the debt under \$10 trillion.
	Have not enacted any legislation to reduce the deficit.	Enacted the Deficit Reduction Act, which reduced the deficit by \$40 billion

There Is A Difference...

Democrats vs. Republicans on Spending & Taxes

*Dems are Trillion Dollar Tax-and-Spend Party
While Republicans are the Fiscal Restraint Party*

Spending

Discretionary Spending:

- ❖ ***Democrats Take Another Step Backwards to the Era of Big Government***
- ❖ ***Republicans Support Reducing Wasteful Washington Spending***

- For two years in a row, Democrats have pushed to increase annual spending by \$20-\$25 billion above and beyond the \$990+ billion already requested by the President.
- Increasing the largess of the bloated federal bureaucracies to the tune of the \$20-\$25 billion will result in adding at least \$210 billion to the debt over 5 years and nearly \$350 billion over 10 years – debt owed by our children and grandchildren.
- Last year, Democrats sought to increase federal government spending by \$23 billion and made no attempts to cut wasteful spending in other areas. Conversely, the President identified over \$15 billion in duplicative and wasteful Washington spending that could be cut and stopped the \$23 billion increase.
- This year, the Democrat budget blew past the \$1 trillion mark for the first time ever. Even when excluding emergency funding for the Global War on Terror, the Democratic budget exceeds the \$1 trillion mark by more than \$21 billion.
- Democrats should be able to easily find a 1%-2% reduction in the hundreds of federal programs in order to keep federal discretionary spending under a trillion dollars and yet they refuse to cut spending.
- In contrast, Republicans believe that spending \$1 trillion should be a wake-up call to Congress for responsible stewardship of taxpayer dollars and we should look at reducing the size of government before spending the resources of future generations in order to score political points today.

Entitlement Spending:

- ❖ ***Democrats Ignore Massive Fiscal Threat to Future Generations***
 - ❖ ***Republicans Propose Reasonable Reductions and Plan to Ensure that Congress Addresses the Looming Fiscal Crisis***
- Democratic budgets over the past two years have made absolutely no attempt to address the \$67 trillion long-term entitlement obligations facing the nation.

- In fact, Democrats’ budgets have not included ONE net reduction in entitlement spending and instead pushed to expand entitlement programs. Simply put, Democrats are shirking their responsibility to protect the economy and are passing the burden on to future generations.
- In contrast,
 - Republicans crafted and passed the Deficit Reduction Act of 2005 that reduced entitlement spending by \$40 billion over five years - a small step in the right direction to reducing unsustainable entitlement spending.
 - The President pushed a reasonable proposal to charge wealth individuals to pay higher Medicare Part D premiums – a common-sense proposal that would have had minimal impact on the vast majority of beneficiaries and would have reduced Medicare’s long term liability by \$465 billion.
 - The President and Republicans pushed a modest \$5.5 billion short-term solution to ensure Medicare fiscal viability for future generations – Democrats responded that the proposal was “dead on arrival.”
 - Republicans sought to reach across party lines to make headway on the entitlement crisis, by establishing a bipartisan entitlement commission. Efforts to debate and vote on the idea of bipartisan entitlement commission have been blocked by the Democratic leadership.

Taxes

- ❖ ***Democrats Want to Impose a \$1+ Trillion Tax Increase on 116 Million Hardworking Families and Businesses***
- ❖ ***Republicans Want to Stop Tax Increases and Ensure That Pro-Growth Tax Policies That Brought Us Out of 9/11-Induced Recession Remain in Place to Help Lead Us Out of the Democrat-Induced Economic Slump***
- Republican pro-growth tax policies enacted in 2001 and 2003 had a hugely positive effect on the U.S. economy, creating more than 8 million jobs, generating surging tax revenues that have outpaced projections, and helping to lower the deficit.
- Specifically, after the lowering of cap gains rate, tax receipts soared and it is now estimated that cap gains will bring in more that \$860 billion between 2004 and 2011 – over \$275 billion and nearly 50% more than was predicted.
- Under Republicans, high-income taxpayers actually pay a greater share of the overall tax burden than under the Clinton Administration, while low-income taxpayers pay a smaller share. Other low-income earners get more back under President Bush than under President Clinton.
- In contrast, the Democrats’ FY08 and FY09 budgets each assumed a \$1+ trillion tax hike – the largest ever – to be imposed on more than 116 million Americans, hitting working and middle-class families, seniors, and small businesses.

- Under the Democrats' FY09 budget:
 - * At least 43 million families with children will owe at least \$2,300 more each year; families with combined incomes of over \$110,000 will see their taxes jump by \$4,300.
 - * At least 18 million seniors will owe at least \$2,200 more each year.
 - * At least 27 million small businesses, the engine of growth for the economy, will owe at least \$4,100 more each year.
- Republicans want to keep income tax rates where they are today.
- Democrats are tax machines who believe that we must increase additional taxes on families and business to extend current tax policy (such as child credit, marriage penalty and middle class tax relief) and to cover spending. Their unchecked desire to increase taxes means the working and middle-class will have to pay the federal piper as well.
- Unless Democrats plan to cut spending – which they never do – middle-class taxes will have to rise by nearly \$3 trillion over the next 5 years to finance all of the Democratic promises.
- Democrats' claims that taxing the rich will cover all their spending priorities is simply not true; they would need **7 times** the amount they can raise on their "tax-the-rich" scheme to cover the \$1.5 trillion in spending and tax policies in their budget resolution and **13 times** the amount they can raise through their "tax-the-rich" scheme to cover the \$3 trillion in spending and tax policies in their budget and Presidential campaign promises.
- And adding final insult to injury, the Democrats insist on taxing Americans by pushing for a high Death Tax. Republicans believe income should be taxed once and only once – and that death is not taxable event.

Deficit

- ❖ ***Democrats Balloon the Deficit the First Year They Are in Power***
- ❖ ***Republican Had Consistently Reduced the Deficit in the Four Years Prior to Democratic Control***
- Deficits were getting better every year until Democrats took control. Under Democratic control, the deficit is expected to soar to \$400 billion – a jump of over \$200 billion from the previous year. In that time, the deficits ballooned, and the economy took a downturn.
- Democrats seek to add tens of billions of runaway spending, seek to increase taxes to pay for spending and their tax policy, and refuse to cut spending. As a result, the deficit and debt grow unchecked under their leadership.
- Republicans believe that the real drivers - Medicare, Medicaid and Social Security - of skyrocketing federal government spending and the looming debt in the tens of trillion need to be addressed in a bipartisan manner sooner rather than later.

116 Million Americans Pay Higher Taxes Under Democrats' FY09 Budget

Families

43 million pay \$2,300 more

Seniors

18 million pay \$2,200 more

Low-Income Workers

7.8 million back on tax rolls

Small Businesses

27 million pay \$4,100 more