RSC Republican Study Committee

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# Legislative Bulletin……………………………………..May 28, 2010

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## Key Conservative Concerns (as amended by Rule)

*Take-Away Points*

**--$54 Billion Deficit Increase:** The legislation increases the deficit by $54 billion over ten years. This comes from a $102 billion net spending increase and a $47.8 billion net tax increase.

--**Permanent Tax Increases to Pay For Temporary Tax Relief:** The tax increases in the legislation are permanent. The "tax relief" is temporary, and for many provisions, does not actually create new tax cuts, but instead just keeps tax provisions from expiring. Consequently, the $47.8 billion figure understates the long-term increase in the tax burden that would result from enactment of the legislation.

--**Extension of New Welfare Fund:** Last week, the American people selected eliminating the new welfare fund created by the "stimulus" as the first YouCut option. The RSC has previously introduced legislation to eliminate this program (H.R. 1277). This program encourages states to expand their welfare caseloads, thus undercutting a key principle of the 1996 welfare reform law. This week, this bill would—instead of eliminating this program—extend it by another year at a cost to taxpayers of $2.65 billion.

-- **"Fixing" PPACA:** The health care provisions in H.R. 4213, could reasonably be called a "fix-it" bill, as they correct mistakes and add costly items left out of the Patient Protection and Affordable Care Act (PPACA) and the Democrats' rush to pass a government takeover of health care.

*For more details on these concerns, see below.*

## H.R. 4213—American Workers, State, and Business Relief Act
## (*Rep. Rangel, D-NY*)

***Note***: For the RSC Legislative Bulletin on the underlying bill, see here.

**Order of Business**: The House will consider the House amendment to the Senate amendment to H.R. 4213 on Friday, May 28, 2010, under a closed rule. Passage of the rule would self-enact an amendment to the amendment to the legislation the House is considering today. The rule provides one hour of debate equally divided between the Chair and Ranking Member of the Committee on Ways and Means.

Finally, the rule would create two votes on the measure. One vote will consist of just the SGR provisions in the bill (section 523). The other vote will be on the rest of the bill. Below is a description of changes made to the bill by the rule.

**Cost to Taxpayers:** The underlying legislation, as amended by the rule, increases federal spending by ***$102 billion*** over ten years, increases net taxes by ***$47.8 billion*** over ten years, and increases the deficit by ***$54.2 billion*** over ten years.

**Changes to Bill Made by Rule:**

**Oil Spill Liability Trust Fund Tax Increase:** Increase the Oil Spill Liability Trust Fund excise tax from 32 cents to 34 cents (compared to the underlying amendment) and from 8 cents to 34 cents (compared to current law).

**Temporary Unemployment Compensation Extension Program:** Reduce the length of the temporary unemployment compensation extension program by one month (compared to the underlying amendment). This means that the program would be extended through November 2010.

**Medicare Physician Update ("Doc Fix"), Sustainable Growth Rate (SGR):** Strikes the whole section, reducing the cost of the provision by $41.7 billion (down to $22.9 billion) and the duration of the update by two years (down to 19 months) and instead does the following:

- 2010: Beginning June 1, 2010 the Manager's Amendment provides a 2.2% update.
- 2011: Provides a 1% update.
- 2012 and beyond: Physician reimbursements will revert back to the current SGR system but with an even higher funding cliff (33%).

**FMAP/COBRA:** Removed from the bill.

**Medicare Improvement Fund:** The Manager's Amendment strikes the $3.95 billion being channeled into the Medicare Improvement slush fund from "savings" acquired by no longer allowing hospitals to unbundle services and claims to gain separate / additional payments. Removing these provisions allows the "savings" to be used toward offsetting the bill.

**Carried Interest:** Effective on January 1, 2011 (as opposed to date of enactment).

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