

THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul Ryan, *Ranking Republican*

Phone: (202)-226-7270
Fax: (202)-226-7174
James T. Bates, *Republican Staff Director*

THE DEMOCRATS' FISCAL YEAR 2008 BUDGET CONFERENCE REPORT

PAY-AS-YOU-GO HYPOCRISY

- ***The Conference Report Fails to Comply with PAYGO.*** Having preened about their pay-as-you-go [PAYGO] spending “discipline,” the Democrats’ budget fails to comply with the PAYGO rule they adopted, with much fanfare, at the beginning of this Congress. Contrary to their rule, any tax cuts would be financed out of budget surpluses, and not with new savings.
- ***Extensions of Tax Relief Are Still Subject To PAYGO.*** Though the conference report purports to extend provisions such as the \$1,000-per-child tax credit, the State and local tax exemption, and others, bills doing so would still be subject to a PAYGO point of order.
- ***The Budget Fails to Strengthen the House PAYGO Rule.*** Under a House PAYGO loophole, bills can increase spending immediately if they are offset with future savings. It also exempts from PAYGO any entitlement increases in appropriations bills. The conference report does nothing to fill in these loopholes.
- ***It Weakens the Senate’s PAYGO.*** Senate Democrats have deliberately watered down their PAYGO rules to avoid having to pay for their one-year patch of the alternative minimum tax [AMT]. Instead of paying for it up front, they have changed the rules so that they can simply promise to pay for it some time in the future. This represents a significant weakening of the PAYGO rules with which they promised to comply.
- ***It Includes an Additional ‘Trigger’ Tax.*** Taxes would immediately go up by as much as \$180 billion, on top of the \$217 billion already in the conference report, if the estimated surplus in fiscal year 2012 isn’t high enough – and that surplus won’t be estimated until 2010.
- ***Where Were the Blue Dogs?*** It is not clear where the Blue Dogs and other PAYGO advocates were when the Democrat leadership sacrificed their rule in the first budget of their new majority.