



Floor Statement of Sen. Chuck Grassley
Response to Claim That the Bill Results in a Net Tax Cut
Delivered Thursday, Dec. 10, 2009

My friends on the other side of the aisle have consistently stated that the Reid bill – according to the Joint Committee on Taxation – is a NET tax cut.

Yesterday, a chart was used to illustrate this point.

This chart had multiple bars with dollar figures. For example, in 2019, the chart showed a \$40.8 billion NET tax cut.

My Democratic friends said this number came from JCT.

Unfortunately, the chart my friends were using was not entirely clear on how they came up with this NET tax cut for Americans.

So, it was natural for most to wonder how my Democratic friends got this number.

They said -- show me the data.

Well, to clear up any confusion, here is the JCT table that the Democrats relied on to claim that the Reid bill results in a NET tax cut.

Here it is. You can see a negative \$40,786 right here. As the chart indicates, these dollar amounts are in the millions.

In JCT speak – this means negative \$40.8 billion.

Now, my friends on the other side unfortunately did not explain what's going on here.

Instead, it appears my friends simply made an assertion that they hoped many of us – and those in the media – would believe.

But I can't let my Democratic friends get off that easy.

Why? Because the entire story is not being told.

So let me take a moment to explain.

First, in the simplest terms, where you see a negative number on this chart, JCT is telling us that there is some type of tax benefit going to a taxpayer.

For example, families making between \$50,000 and \$75,000 have a negative \$10,489 number in their column.

This means JCT is telling us that this income category is receiving \$10.4 billion in a tax benefit.

Now, I want people to listen closely.

When we see a negative number on this chart, JCT tells us that there is a tax benefit.

So conversely, where we see a POSITIVE number, JCT is telling us that these taxpayers are seeing a TAX INCREASE.

I've actually enlarged the number of tax returns and dollar amounts where there is a POSITIVE number for individuals and families.

Again, these positive numbers indicate a TAX INCREASE.

So, my friends have said that all tax returns in this chart are receiving a NET tax cut.

If this were so, why aren't there negative numbers next to all of the dollar amounts listed here?

Because NOT everyone in this chart is receiving a tax cut, despite what my friends have said.

Quite to the contrary. A group of taxpayers are clearly seeing a TAX INCREASE.

And this group of taxpayers are middle-income individuals and families.

I didn't come down to the floor to say that my friends on the other side of the aisle are wrong.

After all, you can see the negative \$40.8 billion right here.

What I am doing, is clarifying that my Democratic friends cannot spread this \$40.8 billion tax cut across ALL affected taxpayers in this chart. And then say they have ALL received a tax cut.

Why? Because this chart – produced by JCT – shows that taxes GO UP for individuals making more than \$50,000 and families making more than \$75,000.

It's right here, highlighted in yellow.

The numbers don't lie. Nor does JCT.

So, let me give you my read of what JCT is saying here.

First, there is a group of low- and middle-income taxpayers who clearly benefit under the bill from the government subsidy for health insurance.

This group, however, is relatively small.

There is another much larger group of middle-income taxpayers who are seeing their taxes go up due to one, or a combination of, the following tax increases: (1) the high cost plan tax, (2) the medical expense deduction limitation, and (3) the Medicare payroll tax.

In general, this group is not benefiting from the government subsidy.

After all, how can a taxpayer see a tax cut if they are not even eligible for a subsidy?

Also, there is an additional group of taxpayers who would be affected by other tax increase provisions in the Reid bill that JCT could not distribute.

These un-distributed tax increases include, among others, the cap on FSAs and the tax on cosmetic surgery – or the BO-TAX.

My friend from Idaho recently received a letter from JCT stating that this additional group exists, and many in this group make less than \$250,000.

So you see, my Democratic friends cannot (1) say that all taxpayers receive a tax cut and (2) say that middle-income Americans will NOT see a TAX INCREASE under the Reid bill.

I yield the floor.