



Floor Speech of Sen. Chuck Grassley
Tax Cuts v. Tax Increases
Delivered Tuesday, Dec. 22, 2009

Yesterday's early morning vote brings the health care reform bill one step closer to final passage.

Regardless of whether the other side has 60 votes, my friends on the other side still have a problem.

The pending bill still raises taxes on middle-income Americans.

The Reid modification did nothing to reverse this fact.

Let me take a moment to illustrate the winners and losers under the bill.

I want to start by asking the following question: If a person is not receiving a subsidy for health insurance under the bill, how can the person receive a tax cut?

Why is this question relevant?

Because the White House and the Democratic Leadership continue to proclaim that the bill is a "net tax cut" for middle-class Americans.

For example, on Wednesday, December 16th, a senior White House aide wrote, "The bill being considered represents a substantial net tax cut for middle income families."

The statement begs more questions. Who do you believe? The White House? Or the non-partisan, independent experts – the Joint Committee on Taxation?

JCT tells us that in 2019 a little more than 13 million individuals, families, and single parents would receive the government subsidy for health insurance.

JCT also tells us that the total number of tax filers in 2019 would be 176 million.

That means that out of 176 million individuals, families, and single parents only 13 million of them would receive a government subsidy for health insurance.

That is only 7% of tax filers.

Let me repeat that. Only 7% of Americans will benefit from the subsidy for health insurance.

I have a pie chart here so my Democratic friends can see.

You can see here, out of 176 million tax returns, around 13 million of them get the government subsidy for health insurance.

This means that 163 million individuals, families, and single parents or 93% of all tax returns receive no government benefit under the Reid bill.

So what does this mean?

It means that there is a small beneficiary class under the Reid bill – 7% of Americans.

And a very large non-beneficiary class – 93% of Americans.

Is this non-beneficiary class affected in other ways?

Yes. While one group of Americans in this class would be unaffected – another group of Americans will see their taxes go up.

And this group won't have a tax benefit to offset their new tax liability.

That means that these Americans will be worse off under the Reid bill. What happened to their "net tax cut"?

What they will see instead is a net tax increase.

Based on JCT data, in 2019, 42 million individuals, families, and single parents with income under \$200,000 will see their taxes go up.

This is even after taking into account the subsidy for health insurance.

Again, this is on a net basis.

If we were to identify (1) those Americans who are not eligible to receive the tax credit and (2) those whose taxes go up before they see some type of tax reduction from the subsidy, this number climbs to 73 million.

I have a chart here that illustrates this:

The first bar illustrates what we've already established, but looks at Americans earning less than \$200,000.

Here, 13 million individuals, families, and single parents would receive the subsidy.

The middle bar shows the net tax increase number of 42 million Americans under \$200,000.

Finally, when we identify those Americans who get no benefit under the bill – and those Americans who see a tax increase – we find there are 73 million individuals, families, and single parents under \$200,000 in this category.

I want to close by referring to a final chart that illustrates the winners and losers under the Reid bill.

What we see here is that there is a group of Americans who clearly benefit under the bill from the government subsidy for health insurance.

This group, however, is relatively small – 8% of Americans if you look at those earning less than \$200,000.

There is another much larger group of Americans who are seeing their taxes go up. This group is not benefiting from the government subsidy.

Also, there is another group of taxpayers who are generally unaffected.

But, JCT tells us that this group may be affected by tax increases like the cap on FSAs or the individual mandate penalty tax.

The bottom line is this. My Democratic friends (1) cannot say that all taxpayers receive a tax cut and (2) cannot say that the Reid bill does not raise taxes on middle-income Americans.

JCT tells us differently.

No one can dispute the data.

I yield the floor.