



Today on the Senate floor, there was debate over whether the Senate-passed health care reform bill cuts taxes or raises taxes. Senator Grassley entered the following statement into the record in response. Senator Grassley has taken to the Senate floor numerous times since December 2009 on this tax question. The text of the speech follows, and corresponding charts are attached to this email.

Floor Statement of Senator Chuck Grassley
Tax Cuts v. Tax Increases in Senate-Passed Health Care Reform Bill
March 4, 2010

I want to resolve a dispute that arose on the floor earlier this morning.

There was differing opinions on whether the Senate-passed health care reform bill cuts taxes or raises taxes.

During the month-long floor debate on health care reform – ending with a final vote on Christmas Eve – I took to the floor on five occasions to address this question.

Let me top-line it for my Senate colleagues and my friends in the media.

According to the Joint Committee on Taxation, **ONLY** about 7% of Americans would actually receive the government subsidy for health insurance under the Senate-passed health care reform bill.

The remaining 93% of Americans would **NOT** be eligible for a tax benefit under the bill.

How can a person receive a tax cut if they do not receive a tax benefit?

Here is another powerful statistic that every policymaker needs to know:

While **ONLY** about 7% of Americans under \$200,000 would actually receive the subsidy for health insurance, 25% of Americans under \$200,000 would see their taxes **GO UP**.

This is even **AFTER** taking into account the government subsidy.

This means that for every 1 middle class family that would receive the government subsidy, 3 middle class families would pay higher taxes.

Again, this is all according to the Joint Committee on Taxation, the non-partisan experts.

Now, let's get to specifics.

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 about 7% of tax filers.

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

I have a pie chart here so my 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 tax benefit under the Reid bill.

So what does this mean?

It means that there is a small beneficiary class under the Reid bill – about 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.

JCT data backs up this claim.

Specifically, 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.

Now, 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 – about 7% of Americans.

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 other 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.