U. S. SENATOR ★ COLORADO

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Senator Allard

Fiscal Responsibility Floor Statement

Mr/s President:

One of my goals for this debate is to fight what I see is an erosion of fiscal discipline in the budget. I think that we need to work harder to tie what is in this budget with what is actually going to be spent by the United States Government.

As a component of that work, I want to add an amendment -- an amendment I intend to vote against, but an amendment that I think needs to be a part of the process – that will budget for some of the rhetoric we are hearing on the campaign trail. Three of these amendments could be offered, but I am just going to do one.

Sen. Obama has offered 188 campaign proposals that would add up to at least $300 billion in new annual spending. That has a 5-year cost of more than $1.4 TRILLION.

Of the 188 new spending proposals, the $300 billion price tag only covers 111 proposals. There are another 77 proposals with unknown cost estimates that will add billions to this number.

This new spending, if enacted, would represent an almost 10% increase over the President's FY 2009 budget.

To put this in perspective, this $300 billion spending proposals would cost more than 42 states' budgets combined (general fund expenditures). It is more than the United States spent last year on imported oil ($294 billion net). It is more than 60% larger than any one-year federal spending increase, ever.

Who will pay for the proposed $300 billion increase in spending? Middle-class American taxpayers and small businesses (which are the engine of growth for our economy), that's who. Raising taxes on just the "rich" simply won't cover it.

Under Pay-Go budget rules, new spending or tax cuts are paid for by spending cuts or tax hikes. The CBO budget baseline already incorporates the extra revenue due to higher tax rates, so the end of the Bush tax cuts won't pay for the proposed spending and still satisfy Pay-Go.

Senator Obama has promised to pay for his record new spending increases with a tax increase on families making $250,000 and over. However, this increase would only yield $225 billion over 5 years, a far cry short of the $1.4 trillion required under his new spending plan.

So we will need to raise taxes on the middle-class and small businesses, or deficit spend.

According to CBO, President Clinton's 1993 tax increase raised taxes $240.6 billion over five years. The late Senator Patrick Moynihan (D-NY) called it the "largest tax increase in the history of public finance in the United States or anywhere else in the world." But this proposal will increase spending $300 billion in a single-year!

To finance the first year of this proposed spending ($300 billion), Congress would need to increase taxes on the top 1% of taxpayers by 57%. Under that scenario, taxpayers with incomes over $365,000 would see a tax hike of at least $40,300 on top of what they currently pay!

That is simply not realistic. So if Congress decides to widen the pool of taxpayers footing the bill, it would have to raise taxes on the top 5% by 38%; or the top 10% by 32%; or the top 25% by 26%; or the top 50% of taxpayers by 23%.

The top 50% of American taxpayers, who already pay 96.9% of all federal income taxes, are those who earn $31,000 (AGI) or more.

To translate this point into language everyone can understand: if you have an income of $104,000 or more, the plan will cause your tax bill to go up at least an additional $5,300 a year; if you have an income of $62,000 or more, the plan will cause your tax bill to go up at least $2,300 a year. This is on top of the $2,300 increase already assumed by the failure to extend current tax policy.

But we are not just looking at new spending. He also wants to balance the budget and stop spending the Social Security Surplus. If he follows through with these promises it would mean:

The average taxpayer earning $62,000 would see their income tax bill rise $5,300 (61%); or

The average taxpayer earning $104,000 would see their income tax bill rise by $12,300(74%)

The average taxpayer earning $365,000 would see their income tax bill rise by an astounding $93,500 (132%)!

Keep in mind all these tax increases would be on top of the:

$2,300 tax increase 43 million families will feel when the current tax policy expires,

$2,200 tax increase seniors will experience when the current tax policy expires, and

$4,100 tax increase small business will have to pay when the current tax policy expires.

If such a massive hike is deemed politically un-doable, all of this staggering spending would simply be added to the federal debt each year, to the tune of over $1.4 trillion over five years. That debt would be passed along to our children and grandchildren, with interest.

I will oppose this. But I think we need to include these proposals in our budget debate.

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