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THE HOUSE DEMOCRAT BUDGET FISCAL SLEIGHT-OF-HAND: DEMOCRAT BUDGET GIMMICKS AND HYPOCRISY

23 March 2007

The Democrat budget resorts to a variety of much-used gimmicks that undermine its credibility, and it commits many of the same sins for which Democrats have constantly criticized Republicans. Here is a sampling:

NO ACCOUNTABILITY

- **Retains Bias Favoring Higher Spending, Higher Taxes.** The Democrat budget assumes that tax relief expires – causing automatic tax increases – but spending programs continue indefinitely.
- **Fails to Strengthen PAYGO.** It retains the weak House pay-as-you-go [PAYGO] rule, which allows Democrats to chase higher spending with higher taxes, and to enact spending increases immediately with savings that do not occur until later.
- **No Emergency Provision.** The budget eliminates the domestic emergency reserve fund contained in the current budget resolution, and provides no criteria for domestic emergency spending – which is exempt from budget disciplines.
- **The Mystical ‘Tax Gap.’** The budget includes budget enforcement language allowing an unspecified amount of increased appropriations to improve tax compliance – apparently seeking to close the so-called “tax gap.” The Commissioner of the Internal Revenue Service has testified the IRS could collect, at best, about \$20 billion of these taxes 5 years *after* implementing specific policies recommended in the President’s budget. Yet the Democrats, during markup, insisted that closing the mystical tax gap could prevent many of the \$392.5 billion in tax increases their budget contains.

GIMMICKS

- **Straw Man Reserve Funds.** Instead of providing funding for promised initiatives, the budget includes 10 reserve funds that promise extra funding for pet initiatives if offsets are included. The reserve funds have no real effect because budget rules already permit initiatives not assumed in the budget to be financed by offsets.

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- **No Defense Firewall.** By not imposing a firewall around defense, the budget allows Democrats to continue moving money from defense to nondefense, as they did with Base Realignment and Closure [BRAC] Commission funding.

DOUBLE STANDARD

- **No AMT Reform.** After repeatedly blasting Republicans for failing to provide a permanent reform of the alternative minimum tax [AMT], the Democrat budget *fails to provide even a one-year patch*. Instead the budget employs a “reserve fund” that allows AMT relief only if offset by equivalent tax increases or spending cuts – which are not spelled out.
- **No Additional Iraq Funding.** The budget adopts the President’s requested levels for Iraq funding. Yet after criticizing the President for showing no Iraq funding after 2009, the budget adopts the same policy.