

TEA PARTY TALKING POINTS

Don't Borrow, Spend, and Tax Away Our Future

The President's Plan

- **Blames Bush:** President Obama correctly points out that he inherited a projected \$1.2 trillion deficit in 2009 from President Bush and a Democratic Congress. However, his budget adds an additional \$659 billion to that deficit, pushing it above \$1.8 trillion. Although Obama has pledged to reduce the budget deficit to approximately \$600 billion by 2012, that would still be \$150 billion above pre-recession levels. Quadrupling the deficit and then cutting it in half is not “change.”
- **Increases Spending, Again:** After an \$800 billion stimulus bill, the Obama budget increases spending by \$1 trillion over 10 years, includes an additional \$250 billion placeholder for another bailout, and calls for a Pay-As-You-Go (PAYGO) law while astonishingly violating that rule by \$3.4 trillion.
- **Expands Government:** The 25% spending increase in the Obama budget represents the largest non-war government expansion since the New Deal.
- **Leaves Deficits:** The Obama budget leaves permanent deficits averaging \$600 billion even after the economy recovers and doubles the publicly held national debt to over \$15 trillion (\$12.5 trillion in 2009 dollars).
- **Cuts Defense:** The Obama budget fails to fully fund the core defense needs of the United States. About \$30 billion more is needed in the base defense budget.
- **Puts Government in Charge:** The \$634 billion for health care reform in the Obama budget is only a “down payment” on an eventual government-run system. Experts believe the actual cost could reach \$1.6 trillion over 10 years. This is in addition to the trillions already spent on health care this year in the stimulus and SCHIP bills.

The President's \$1.4 Trillion Tax Increase

Proposal	Ten-Year Revenue Impact (in billions)
Raise income tax rates for upper-income taxpayers	\$339
Raise capital gains and dividends rates for upper-income taxpayers	\$118
Reinstate the personal exemption phaseout and limitation on itemized deductions for upper-income taxpayers	\$180
Limit itemized tax deductions to 28% value for upper-income taxpayers	\$318
Cap-and-trade energy tax	\$646
International enforcement, reform deferral, and tax reform	\$210
Other business, financial, and energy tax increases	\$143
Make R&E (Research and Experimentation) tax credit permanent	-\$74
Modify FAA financing	-\$77
New low-income tax cuts (revenue impact)*	-\$444
Other proposals	-\$4
Total Tax Increase	\$1,354

* Would also increase outlays by \$316 billion.

Taxes, Taxes, Taxes

- **Energy Taxes:** The Obama budget proposes a \$646 billion cap-and-trade tax that White House officials admit could actually generate \$1.9 trillion in tax revenue over eight years. This tax would cost each American household between \$650 and \$2,000 annually in new energy costs, even though President Obama promised that “electricity rates would necessarily skyrocket” under this cap-and-trade program (January 2008).
- **Oil and Gas Taxes:** The Obama budget would collect \$31 billion in new oil and gas tax revenue. These industries are already taxed above the industrial average, and increasing the burden would be detrimental to increasing or even maintaining domestic supply.
- **Death Taxes:** The estate tax is set to expire in 2010, but the Obama budget and liberals in Congress are proposing keeping it between 35% and 45%.
- **Tobacco Taxes:** The largest tobacco tax in history is three times as likely to affect low-income Americans, who are more likely to smoke, as it is to affect high-income Americans.

There Are Alternatives

- **Lower Taxes:** Senator Jim DeMint's “American Option” offered during the stimulus debate would have reduced business taxes from 35% to 25% to spur rapid growth in wages, jobs, and business incomes. It also would have permanently repealed the Alternative Minimum Tax and reduced the individual tax rate to three levels—10%, 15%, and 25%—giving Americans more of their own money to fuel the economy and increasing disposable income for the average family of four by up to \$4,500 by 2013.

Obama Budget vs. a Conservative Alternative

Obama's Budget	“Path to American Prosperity”
Raises taxes by \$1.4 trillion	Avoids all tax increases and even simplifies the tax code
Does nothing to address the unsustainable costs of Social Security and Medicaid	Begins to reform these programs without changing the program for current retirees
Permanently raises federal spending to nearly 23% of the American economy	Lowers spending to pre-recession levels at 20% of the American economy

For more information, please visit: <http://blog.heritage.org/2009/04/03/tea-party-talking-points>.