Washington, D.C. - This evening the House of Representatives approved H.R. 4853, the Middle Class Tax Relief Act of 2010. Rep. David Price (D-NC) gave the following statement for the record during debate on the legislation:

"Madam Speaker, I rise in qualified support of this tax cut agreement. I do so only after carefully weighing its positive elements against its severe flaws and with a realistic sense of the dire consequences should the measure fail.

"This conclusion says as much about the gamesmanship of our colleagues on the other side of the aisle – and, I'm afraid, about what we can expect in the next Congress – as it does about the contents of the legislation. No program or priority has been too sacred for House and Senate Republicans to hold hostage in their fervor to extend President Bush's tax cuts for the wealthiest Americans, regardless of how many hard-working families have had to suffer in the process. Programs that have always enjoyed strong bipartisan support – such as unemployment insurance and small business tax credits – have suddenly become 'Democratic' priorities, fair game to be stonewalled by Republicans until they could squeeze every last concession out of this deal.

"The disconnect between what they say and what they do should be painfully obvious to the American people. How does their support for tax cuts for millionaires and billionaires square with their stated priorities of balancing the budget and growing the economy? Spending $130 billion over the next two years alone on tax cuts for the richest two percent of Americans – without paying for a cent of it – is certainly a strange way to demonstrate their fiscal discipline. And it's also the least effective step we can take to spur the economy. If economic recovery were really the goal, they would have extended unemployment insurance the first chance they had, because nothing plows money back into the economy more effectively.

"If this is where the Republican Party's true priorities lie, then I have never been prouder to be a Democrat. I have never been prouder to stand up for hard-working Americans who have lost their jobs and cannot find a new one by assuring them that their unemployment insurance will not expire. I have never been prouder to stand up for middle-class families who have seen their savings depleted and cannot afford to have their taxes raised during an economic downturn. To stand up for small businesses by giving them the certainty and support they need to grow and prosper. And to stand up for future generations by allowing expensive tax cuts that benefit only the wealthiest while doing nothing to stimulate the economy to expire on schedule, so that we can finally get back on track toward a balanced budget.

"Two weeks ago, this House approved, with my strong support, a bill that would have done all of these things. This earlier version of the legislation before us today would have given all American families a permanent tax cut on the first $250,000 of their income, including capital gains and dividends; it would have extended AMT relief, the enhanced EITC, and the enhanced child tax credit; and it would have maintained critical expensing provisions to encourage small businesses to invest. Simply put, this bill would have provided tax relief to those who need it most, and with the maximum economic impact. Yet our Republican colleagues dismissed it as a 'symbolic' vote.

"Since then, the measure has been amended substantially to reflect the negotiations that have occurred between the White House and Congressional leaders. The result is a much more expansive package that has many positive elements but also major negative ones. It is also an expensive package, adding over $850 billion to the deficit over the next decade. This cost is only justifiable to the extent that the legislation is both effective as an economic stimulus and equitable in its benefits, and each of its provisions should be subjected to these criteria.

"On the positive side, the measure will extend unemployment insurance through the end of next year. This is both a moral obligation and a sound economic decision: there is perhaps no greater return on our investment in the short run than to ensure that Americans who have lost their jobs and cannot find another one can continue to make ends meet. At the same time, they put almost all of this money back into the economy, maintaining aggregate demand for goods and services – in stark contrast to tax cuts for the wealthy.

"The agreement maintains the historically low tax rates that lower- and middle-income Americans have enjoyed for the past decade for two more years. While doing so will not be cheap, we cannot afford to raise taxes on working families during the current downturn, and the stimulative impact of these extensions will be significant. It also extends several tax credits targeted directly at lower- and middle-income Americans, including the refundable child tax credit, the enhanced Earned Income Tax Credit, and important credits or deductions for child care, education, and other essential services. The fact that the child tax credit is refundable for low-income people whose income tax liability is limited will provide a particularly important boost to them and to our economic recovery.

"In addition, the package offers critical relief to small businesses, including an extension of the bonus depreciation provision included in the Recovery Act, a two-year extension of the Research & Development tax credit so critical to the Research Triangle, and several important

renewable energy incentives. These and other provisions will provide business owners with the stability and support they need to expand their operations, hire new workers, and continue the economic recovery.

"Finally, the legislation includes a payroll tax holiday that will result in a lower tax burden for all American workers next year. Some respected advocates, in North Carolina and elsewhere, have argued that this provision could in fact hurt lower-income workers, compared to the Making Work Pay tax credit that expires this year. Some have also claimed that this provision would threaten Social Security by temporarily reducing payments to the Social Security trust fund.

"To be clear, if I had my choice I would prefer to be voting for an extension of Making Work Pay instead of a payroll tax holiday – but that is not the choice we face today. The choice is between a payroll tax holiday and nothing, and the simple fact is that if we do nothing, then lower-income workers will be much worse off than they are now: their income taxes will be higher; they will lose the many other benefits this bill provides, such as enhanced EITC; and they won't receive any form of payroll tax relief. Moreover, because the benefits of a payroll tax holiday will be more broadly shared, the stimulative impact of a payroll tax holiday will be more broadly felt. And as for its impact on Social Security, both the President and the AARP have assured us that the diversion of funds will be both temporary and repaid in full. There are reasons to be concerned about threats to Social Security's future, but this should not be one of them.

"Now, these positive elements must be weighed carefully against the major concessions that were made to Republicans during the negotiations that produced this bill. I am referring, of course, to the extension of the Bush tax cuts on income over $250,000, which will add over $100 billion to the deficit over the next two years while doing almost nothing to stimulate the economy. This isn't simply my personal opinion or the view of the Democratic Party: it is a fact confirmed by the Congressional Budget Office and any number of respected economists, and well understood by the American people. As I have already stated, the fact that the Republican leadership held this entire package hostage so that millionaires could get an average tax break of $100,000 per year tells us exactly where their true priorities lie: Tax cuts for the wealthy are clearly the 'holy grail' of their economic policy, to which all other policy outcomes are subjugated.

"I am equally disappointed by the inclusion of an estate tax proposal that is little more than a gratuitous giveaway to some 6,600 wealthy families. We hear a lot of dire warnings about the impact of the estate tax on small farmers and business owners, but even to the extent that they would be affected, the compromise estate tax proposal passed by the House last December

was more than sufficient to protect them. Now, we are considering a proposal that costs $23 billion more than the 2009 proposal and will have no economic impact at all aside from letting a few thousand millionaires and billionaires keep even more of their inherited wealth—an average windfall of $3.5 million per family.

"As the details of these provisions have become known, I have actively engaged in discussions here and at home, doing everything within my power to oppose the inclusion of giveaways to the wealthiest Americans in the package. I have joined my colleagues in sending two separate letters to the House leadership opposing the inclusion of upper-income tax cuts and a third letter arguing against the gratuitous estate tax provision, and last week I voted for the House's middle class tax cut package which omitted these giveaways. I have also signed several letters arguing for a more sensible package of energy incentives in the legislation, including a reduction of the ethanol credit that was added by the Senate at the last minute. I was a strong supporter of the 2009 estate tax compromise offered by Rep. Earl Pomeroy, which unfortunately failed to pass the Senate, and I will be voting for it again tonight.

"While I am deeply disappointed that these efforts have not been more successful, we are now called upon to evaluate this package as it is, not as we would like it to be. The bottom line is that the positive impact of this package for working- and middle-class Americans and our economic recovery outweighs its negative impact on the deficit and its unjust giveaways to the wealthy.

"We must also consider the consequences of failing to enact this legislation today. Deferring action on these expiring tax provisions until next year would not only create chaos for American taxpayers; it would also likely result in a package that is nowhere near as generous or as equitable, given the extreme views of the incoming Republican majority on many of its provisions. Republicans leaders openly state that their chief concern in the 112th Congress is not economic recovery, not putting Americans back to work, but ensuring President Obama is a one term President. While their stated goals may be grossly misguided and narrow, mine will not be. Scuttling this package would mean foregoing what will likely be our last opportunity to provide any stimulus to the economy, given that the Republicans have made clear their opposition to additional aid to states, infrastructure investments, and other countercyclical programs. The need to maintain demand and stimulate growth has not fully abated—this economy is not yet out of the woods. The question is not whether the package before us is the most effective one conceivable—it is not—but whether we will do anything to keep the recovery going before the next Congress shuts the door entirely.

"Under these circumstances, I support this legislation despite its flaws. I cannot in good conscience cast a 'no' vote that, were it to prevail, would expose working Americans to tax

increases and end the EITC and child credit provisions that have benefitted so many people. I cannot in good conscience cast a vote that would rip away the safety net for those not yet able to find work, and in the process hobble an economic recovery. We risk all of these if this bill fails. Our good conscience also causes us to question this bill's violations of tax fairness and fiscal prudence; I have worked and will continue to work to change these things. But tonight we must vote while we have the chance to do so, and on the only vehicle available to us, to protect the vast majority of our constituents and to bring this economy back to health."

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