

FAIR Taxes for ALL

Co-chairs: People For the American Way, American Federation of State, County & Municipal Employees, National Women's Law Center, Leadership Conference On Civil Rights, USAction, Campaign for America's Future

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Senate Budget Resolution Skews Priorities

Statement of Fair Taxes For All Coalition

(Washington, DC) While the Senate made some laudable changes to its budget resolution, the final Senate budget still demonstrates the wrong priorities and fails to serve the American people.

While we are dismayed that such a policy was considered in the first place, we commend Senators for approving Senator Baucus' amendment removing callous provisions that would have required cuts to Medicaid and tax *increases* on the working poor.

We also praise Senators for taking a step toward fair and meaningful fiscal discipline by adopting Senator Feingold's amendment to fully reinstate the pay-as-you-go requirement. This will help rein in our ballooning deficits by requiring that tax cuts -- as well as entitlement increases -- be paid for.

Despite these marginal improvements, however, the final Senate budget resolution still reflects skewed priorities.

Although the final resolution requires tax cuts to be paid for -- unless 60 senators vote to pass them without offsets -- it still authorizes additional tax cuts for the wealthiest Americans.

- The Senate budget resolution would repeal the estate tax in 2009. Under current law, in 2009 only those estates worth more than \$3.5 million for an individual and \$7 million for a couple will be subject to the estate tax. Repealing the estate tax in 2009 would benefit only estates with assets in excess of these amounts -- only the largest 0.5% of estates. This tax cut for millionaires would be provided reconciliation protection, which would prevent Senators from making amendments that could be helpful to American families.
- The Senate budget resolution also assumes that the capital gains and dividend tax cuts as well as the reduction in marginal tax rates -- cuts primarily benefiting the wealthiest Americans -- will be extended permanently.

At the same time, the final resolution would require draconian cuts in programs critical to the American people. Over the next five years, discretionary programs outside defense and homeland security -- including education, veterans' health care, environmental protection, health research, and housing vouchers, among others -- would be cut a total of \$113 billion.

We are disappointed that Senators chose to reject amendments that would better reflect Americans' priorities: for example, by closing corporate tax loopholes to generate more revenue to fund No Child Left Behind or trimming the tax cuts millionaires receive to restore funds for veterans' medical care.

We are disappointed the Senate voted to pass the budget resolution. Cutting taxes for the rich, while cutting programs important to the poor and the middle-class does not reflect the priorities of the vast majority of Americans. Unfortunately, the budget resolution that the House will consider is likely to be even more unfair and unbalanced. We oppose passage of any budget resolution that does not move us toward a fair and progressive tax system that generates sufficient revenue to adequately fund our shared priorities.

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The Fair Taxes For All Coalition is a massive coalition of organizations co-chaired by People For the American Way, National Women's Law Center, AFSCME, the Leadership Conference on Civil Rights, USAction, and the Campaign for America's Future. More than 325 national, state and local groups and coalitions – together representing millions of Americans – have pledged to defeat Bush Administration tax proposals that would take resources from health care, education, Social Security, and homeland security in order to give massive tax breaks to the very wealthiest Americans.