

Republican Motion #12

ENSURE UNDERSTANDING OF TRUE IMPACT OF \$3.5 TRILLION TAX & SPENDING SPREE

Offered by Representative Randy Feenstra (IA-04)

Mr. Feenstra moves that the Committee on the Budget direct its Chairman to request on behalf of the Committee that the rule providing for consideration of the bill shall make in order an amendment that would institute a pause in implementation of any provision of the legislation until such time as Congress is able to make an informed determination about the transitory or non-transitory nature of the current spike in inflation based on analysis from the Congressional Budget Office (CBO), until such time as Congress can certify through the Joint Committee on Taxation (JCT) that no provision of the bill will increase taxes on Americans making less than \$400,000 per year, and until such time as the authorizing committees subject to the reconciliation instruction's under S. Con. Res. 14 have held hearings and received CBO cost estimates on the budgetary impact of their respective pieces of the reconciliation legislation.

Background

- (1) Inflation is currently running at seven percent on an annualized basis—the highest rate in 40 years—which has adversely impacted every American:
 - a. The prices for goods and services that Americans depend on have increased:
 - i. Gas prices have increased by 64.5 percent.
 - ii. Meat prices have increased by 13.6 percent.
 - iii. Clothing prices have increased by 8.4 percent.
 - iv. Tobacco and smoking products have increased by 6.6 percent.
 - b. The prices for goods and services are growing faster than wages for American workers, eroding the purchasing power of the dollar:
 - i. According to CBO, the purchasing power of an hour of work has declined by 0.7 percent over the past year.
 - ii. In a letter dated September 1, 2021, CBO Director Phillip Swagel wrote to the House Budget Committee that “inflation has eroded the purchasing power of families.”
 - c. According to CBO, inflation increases taxes on both parents and seniors by eroding the value of the Child Tax Credit and subjecting more of Social Security benefits to taxation.
 - i. CBO estimates that a 1 percent increase in inflation would increase individual income taxes by 1.1 percent.
 - ii. Middle-income Americans are the most negatively impacted in terms of average tax rate as a result of inflation.

- (2) This legislation is calling for more than \$4 trillion in additional spending, which will undoubtedly result in the inflation crisis to persist and likely worsen.
- (3) Despite commitments from President Biden and Washington Democrats that this bill will not increase taxes on individuals making less than \$400,000 per year, on September 14, 2021, the nonpartisan JCT released an analysis showing that this bill will increase the tax burden on low- and middle-income American's making less than \$100,000 per year.
 - a. JCT found that Americans earning \$40,000 – only one-tenth of the minimum income in President Biden's pledge – or more will face higher average tax rates.
 - b. In a separate letter, JCT confirmed that 77 percent of the regressive tobacco tax hike, which Democrats are pushing, would fall on Americans making less than \$100,000.
- (4) The legislation currently numbers 2,465 pages – meaning members of the House and Senate have likely not had time to fully review the contents of the bill or develop a full understanding of the impact its various policies will have on the American people.
- (5) CBO has yet to provide a comprehensive cost estimate of this bill—leaving the Budget Committee unable to determine compliance with the budget resolution reconciliation instructions and depriving lawmakers a full accounting of the bill's proposed spending and tax increases.
 - a. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires committee reports accompanying legislation to include a cost estimate of such legislation.
 - b. According to the four individual cost estimates published to date from CBO, three committee submissions being considered under reconciliation are in violation of the reconciliation instructions provided in S. Con. Res. 14 as they increase the deficit more than authorized.
 - c. Budget Committee staff believe potentially as many as six out of the 13 committee bills being considered under reconciliation are in violation of the reconciliation instructions provided in S. Con. Res. 14 as they increase the deficit more than authorized.
- (6) There is a bipartisan, bicameral call for Washington Democrats to pause on consideration of this reconciliation bill, which would be the largest tax and spend legislation in the history of the United States, before there is complete information and transparency on the true budgetary and economic impacts of this legislation.
 - a. In an opinion piece published on September 2, 2021, in the Wall Street Journal, Senator Joe Manchin (D-WV) called for a “strategic pause” in consideration of the reconciliation package to provide Congress time to better assess the “trajectory of the pandemic” and “to determine whether inflation is transitory or

not” – noting that the current deadlines being demanded for passage were “artificial” and “political.”

- b. Similarly, Representative Stephanie Murphy (D-FL) was quoted in a piece published in Roll Call on September 9, 2021, saying that the existing deadline for drafting and marking up legislation of the reconciliation bill were “artificial” and “too rushed, driven by politics rather than policy.”