

Congressman Jim Jordan (R-OH), Chairman

April 22, 2009

March Deficit Comes to \$192.3 Billion

According to the Treasury Department, the federal government ran a \$192.3 billion deficit in March, which is the largest deficit incurred for that month in U.S. history, and \$143 billion or 291.8% higher than the deficit recorded in March 2008. Just through the first six months of FY 2009, the federal government has run a deficit of \$956.8 billion—\$643.8 billion or 205.7% above the level through the first six months of FY 2009. So far spending is up 32.9% compared to a year ago and tax collections are down 14.0%. With half of the fiscal year remaining, the federal deficit is already \$501.8 billion or 110.3% more than last year's \$455 billion deficit, which was the highest in U.S. history.

President Obama Proposes to Cut Federal Budget by 0.0025%.

On Monday, President Obama called on his cabinet to come up with \$100 million in savings. This amounts to 0.0025% of the 2009 federal budget, 0.0054% of this year's projected deficit, and 0.0128% of the so-called "stimulus" bill. The federal government spends \$100 million every 13 minutes. And as Brian Riedl of the Heritage Foundation points out, this is equivalent to a family with a \$40,000 annual budget setting a goal to reduce its spending by \$1 a year.

Americans Work 103 Days to Pay Their Taxes in 2009

April 13, 2009 was Tax Freedom Day—the day the Tax Foundation calculates Americans have finally earned enough money to pay their tax bills for the year and can start to work for themselves. The Tax Foundation calculates that Americans will work 103 days this year for the government, which is longer than Americans will work for food, clothing, and housing combined. The President and Congressional Democrats have proposed various tax increases to raise the tax burden on families and businesses, including:

Cigarette Taxes: The SCHIP reauthorization increased taxes by \$72.1 billion over ten years, including a 62 cent tax increase on cigarettes.

National Energy Tax (aka "Cap and Trade"): The President's budget proposes to raise taxes on energy usage by \$640 billion over ten years.

Higher Income Tax Rates: The President's budget reinstates the 39.6% and 36% income tax rates. In addition, Chairman Rangel introduced legislation to "pay for" AMT repeal by increasing the top income tax rate to 44.2% (including the effects of both allowing the 2001 and 2003 tax rates to expire and the new "surtax").

Death Tax: The President's budget reimposes the death tax, which under current law is eliminated in 2010. The President's budget would instead put the tax back into effect for 2010 with a 45% rate.

Capital Gains Taxes: The President's budget increases the top rate from 15% to 20%.

Charitable Deduction/Mortgage Deduction: The President's budget lowers the value of the charitable deduction (which will harm charitable giving) and the mortgage rate reduction (which will hurt housing prices) for taxpayers in the top two tax brackets.

Payroll Tax Increase: During the campaign, candidate Obama discussed increasing the Social Security tax on people making more than \$250,000 by eliminating the Social Security wage cap. In conjunction with allowing the 35% rate to go back up to 39.6%, this would cause the top marginal tax rate (not counting state and local taxes) to be 53.9%.

Health Benefits: OMB Director Orszag has proposed new taxes on employer-provided health benefits.

New Taxes on Driving: Chairman Oberstar is looking at various tax increases as part of the next highway bill including a new "miles-driven tax," as well as a higher gasoline tax.

***Quote of the Week:** "\$100 million there, \$100 million here — pretty soon, even here in Washington, it adds up to real money."*

-President Barack Obama

***Fact of the Week:** Less than 100 days into his presidency, President Obama has signed legislation that increases spending by nearly **\$1.6 trillion**.*

For more information, please contact Brad Watson at x69719