



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

December 19, 2012
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

House Amendment to the Senate Amendment to H.J. Res. 66 – Middle Class Tax Cut Act (Rep. Boehner, R-OH)

The Administration strongly opposes House passage of the Middle Class Tax Cut Act (the Congressional Republican "Plan B" legislation), which would continue large tax cuts for the very wealthiest individuals while raising taxes on 25 million students and working families by an average of \$1,000 each. In addition, the House amendment would immediately cut off unemployment assistance to two million Americans struggling to find a job, end critical tax incentives for the Nation's businesses such as the Research and Experimentation tax credit, and cut reimbursements for doctors treating Medicare patients. The deficit reduction is minimal and accomplished solely through tax increases, with no spending cuts. This approach does not meet the test of balance.

The House amendment would extend all of the high-income tax cuts on the first \$1 million of annual income. The legislation would continue large tax cuts for the very wealthiest individuals – on average, these individuals would see a tax break of \$50,000. Under the Middle Class Tax Cut Act, 25 million working families – including tens of millions of parents of children and millions of college students, all of whom earn less than \$250,000 a year – would see their taxes increase next year by an average of \$1,000 each. Additionally, two million Americans trying to find jobs would lose their emergency unemployment benefits in January. The House amendment would fail to continue critical tax incentives for business and would heighten uncertainty for families and businesses by leaving in place the threat of default on the national debt. The deep and indiscriminate spending cuts under sequestration would be allowed to take effect in January, undermining national security and devastating key national priorities like research and education. In addition, reimbursements for doctors seeing Medicare patients would be cut by nearly one-third.

The Administration believes this moment presents an opportunity to reach a significant, balanced deal that is good for American families, the economy, and the Nation's future. In contrast to the minimal and unbalanced deficit reduction envisioned by the Middle Class Tax Cut Act, the President has offered a balanced, reasonable proposal that achieves significant deficit reduction and reflects real compromise on revenue increases and spending cuts. The parameters of a deal are clear, and the Administration is willing to continue to work with Republicans to reach a bipartisan solution that averts the fiscal cliff, protects the middle class, helps the economy, and puts the Nation on a fiscally sustainable path.

The Administration will not accept a deal that asks too little of the very wealthiest to increase revenue and instead shifts the burden to the middle class and seniors. Instead of working together to find a balanced approach that can pass both Houses of the Congress, the House amendment will not protect middle class families and does little to address the Nation's fiscal challenges as it includes no

spending cuts. The Administration believes that it can work together with the Congress to resolve remaining differences and not miss this opportunity to avert the fiscal cliff.

If the President were presented with the House amendment to the Senate amendment to H.J. Res. 66, he would veto this legislation.

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