



AMERICANS
for TAX REFORM

ATR SUPPORTS HOUSE CONSERVATIVE BUDGET

Most Free Market Solution Yet Proposed This Year

April 1, 2009

The House Republican Study Committee (RSC) today released their budget alternative to the Pelosi-Reid-Obama budget. This most free-market of budget plans is a winner for taxpayers in many ways:

- It prevents a massive tax increase in 2011 by keeping the top rate at 35 percent and the capital gains/dividends rate at 15 percent. The Pelosi-Reid-Obama budget hikes the top rate to nearly 40 percent, and the capital gains/dividends rate to 20 percent
- If the Joint Tax Committee adopts “dynamic scoring” (i.e., a realistic assessment of how tax increases or cuts affect revenues given economic feedback effects), the Budget Committee shall be compelled to use these reality-based numbers
- For 2009 and 2010, the House RSC budget cuts the capital gains/dividends tax rate to 0 percent in order to boost our sagging economy. The Pelosi-Obama-Reid budget does nothing to increase incentives to create jobs and wealth
- All told, taxes would stay below their modern historical levels as a percent of the economy. It’s important to keep taxes low so that America’s economy can recover from wasteful Washington bailouts and other economic shocks caused by politicians. The Pelosi-Reid-Obama budget actually pegs the tax burden *slightly higher* than the long-run average, killing hopes for strong growth
- Spending as a percent of the economy would fall from 27.6 percent of GDP in 2009 to 17.9 percent of GDP in the last year of the budget window. This brings federal spending in line with a common-sense tax burden to achieve budget balance. In contrast, the Pelosi-Obama-Reid budget calls for federal spending to hit nearly 25 percent of GDP, well above levels seen since World War II

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