

Dissenting Views on H.R. 1619

The House Republican Leadership is following a strategy of weekly tax cut bills that quickly is becoming a parody of its own party. For every issue that concerns the American public, the House Republican Leadership responds with another weekly tax cut bill that may or may not have any relevance to the real economic problems being faced by the country. For example:

- Virtually all of the \$5.6 trillion in surpluses projected last year have disappeared. Instead we will experience deficits for the foreseeable future. That has occurred even without any major increase yet in spending for war, the military, or homeland defense. The response of the House Republican Leadership is a series of weekly tax cut bills that would only worsen budget deficits.
- The country is faced with the prospect of war with Iraq and a long struggle against terrorism. Instead of asking all Americans to share in the cost of those struggles, the House Republican Leadership seems willing to put our military personnel at risk at the same time that they are providing more tax cuts to the wealthiest in our society.
- Both the Republicans and Democrats committed to walling off the Social Security and Medicare surpluses so that they will be available when the baby boom generation retires. Now, Social Security and Medicare will be raided for the foreseeable future and the House Republican Leadership would increase the raids on Social Security and Medicare through unfunded tax reductions for wealthy investors.
- The Republicans are unwilling to fund the large promises for increased education spending made in the No Child Left Behind Act. They argue that there are not sufficient resources available for education, but this week are willing to pass tax bills, H.R. 1619 and H.R. 5558, providing in total \$65 billion of tax relief for investors. They say there

are inadequate funds for a meaningful medicare prescription drug benefit, but here are more tax cuts.

- Millions of Americans find their retirement security is at risk because of stock market losses within their 401(k) plans. The Republicans respond to that problem with a tax cut that helps only individuals with losses on investments outside their retirement plans. Rank-and-file workers with pension account losses get nothing because the tax treatment of these accounts has nothing to do with capital gains or losses.
- Millions of American investors have lost trillions of dollars because of the stock market decline. The Republicans respond to that problem with a tax bill that could create further losses in the stock market by encouraging sales of stock to take advantage of the higher limitation on the allowance for capital losses.
- Millions of Americans may lose their unemployment benefits through Congressional inaction. Rather than act on the real problems faced by those Americans, the House Republican Leadership wants more tax cuts for wealthy investors.
- As this Committee continues to report more tax cuts, the House Republican Leadership can't get around to acting on eight unfinished regular appropriations bills for the fiscal year that has already begun.

The Treasury Department seems reluctant to be involved in the weekly charade of tax cut bills being considered by the House. Breaking with a long tradition, the Treasury is no longer represented in Committee markups, presumably to avoid a public position on the Committee bill.

Assistant Secretary for Tax Policy Pam Olson issued a fairly ambiguous statement on the bill. In it she stated that she looks forward to “continued work with the Committee in consideration of these ideas, as well as others which can address investor relief and economic growth.” We join with her in indicating our willingness to consider ideas to reach those goals. However, we demand that the consideration be serious and the proposals be relevant to the problem. The Committee bill fails to meet both of these tests. Therefore, we cannot support it.

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To amend the Internal Revenue Code of 1986 to increase the
limitation on capital losses applicable to individuals

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Sander Levin

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Robert D. Matsui

Mike Mansueti

Ben Cardin

Frank Lautenberg

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