

TALKING POINTS  
**THE DEMOCRATIC BUDGET**  
FISCAL YEAR 2009

**1. Tax Increases**

- Largest Tax Increase in History. Raises taxes by \$683 billion over 5 years by claiming automatic, scheduled increases in marginal rates (including elimination of 10-percent bracket), higher taxes on marriage and children, higher taxes on investments, small businesses, and estates, and other tax hikes (current record tax increase is held by the 1993 Clinton tax increase of \$240.6 billion over 5 years).
- Holds AMT Fix Hostage to \$70-Billion Tax Hike. Contains no permanent AMT fix; and while claiming to protect 26 million additional taxpayers from the AMT for 1 year, the budget merely shifts the scheduled \$70-billion tax increase to the subsequent 4 years.

**2. Higher Spending**

- Adds \$276 billion to the President's budget over 5 years. With \$3 trillion plus in annual spending, the Democratic budget solution is to increase discretionary spending above the President's budget by \$22 billion in FY 2009 and by \$276 billion over the five year period.
- No Earmark Reform. Last year's appropriations bills included 11,737 earmarks with a \$16.9 billion price tag. The Democratic budget responds to this problem by funding all existing earmarks, adding \$22 billion in FY 2009 spending and proposing no earmark reforms.
- 16 Tax and Spending "Reserve Funds". Includes 16 reserve funds, which are mechanisms to increase taxes and spending above the levels proposed in the budget resolution. Last year, House Democrats used reserve funds to pass legislation that would increase spending by \$200 billion over 10 years above the budget resolution's levels.

**3. Fails to do Anything to Rescue Social Security, Medicare & Medicaid**

- Does nothing to address Social Security and Medicare's unfunded liabilities of about \$38.7 trillion and fails to address the Medicare trustees' recent warning. By 2013, under the Democrats' budget, unfunded liabilities grow to roughly \$52.5 trillion

**4. No Reform, Deficit Spending & Record Debt**

- Abuses Fast-Track Reconciliation as follows: 1) jams a \$70-billion tax increase to "pay for" a one-year AMT "patch" – though the patch only *prevents* exposing 26 million *additional* taxpayers from this tax for 1 year; 2) provides a nominal \$750 million in 5-year savings to leverage unspecified Medicare changes with no real reform.
- Deficit Spending. Based on the analysis that the Democrats applied to the President's budget, it does not balance the budget and leaves a deficit of \$70 billion in 2012.
- Record Debt. Raises the debt this year by \$646 billion, the largest annual increase in the debt subject to limit in history.