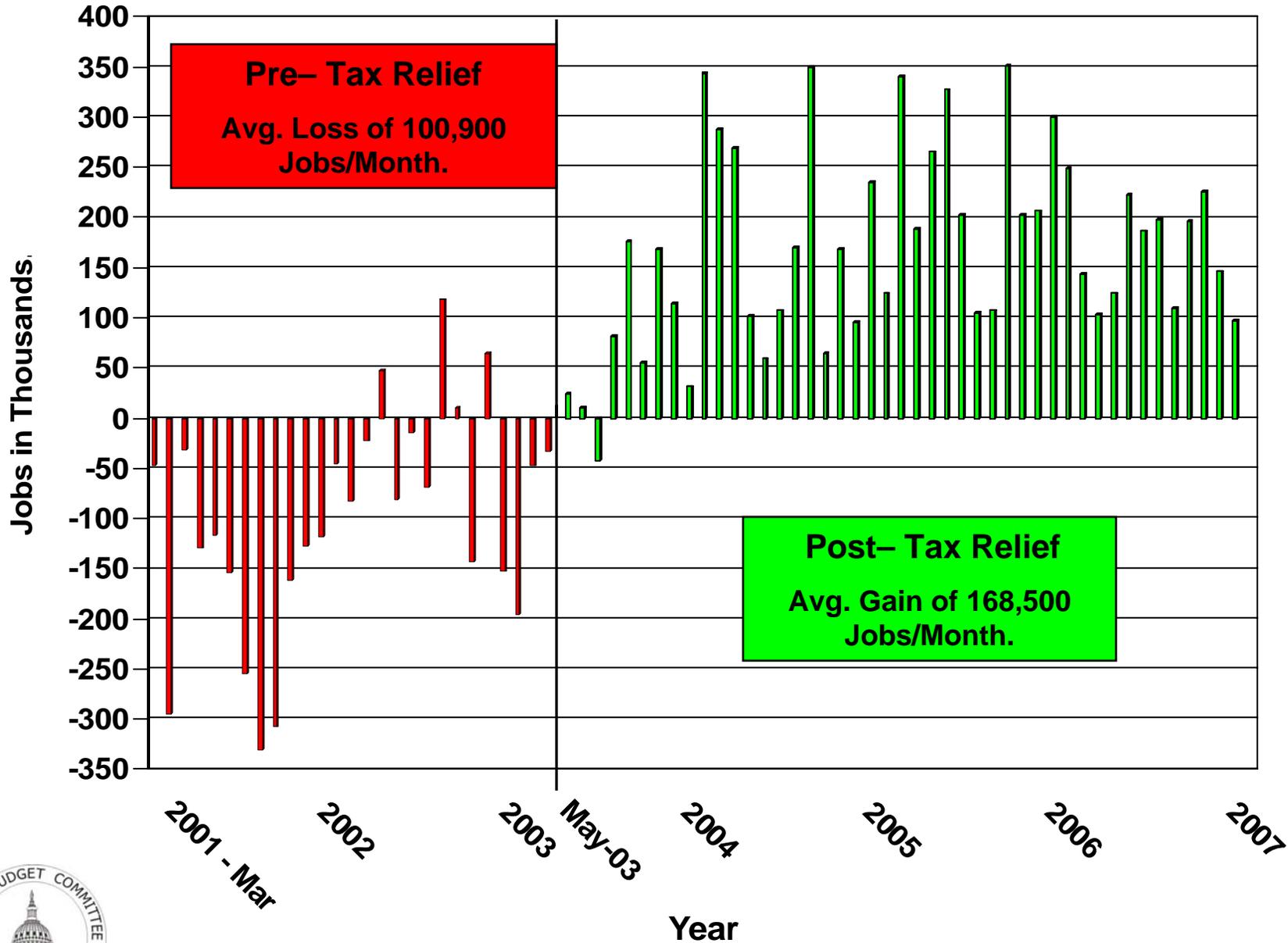
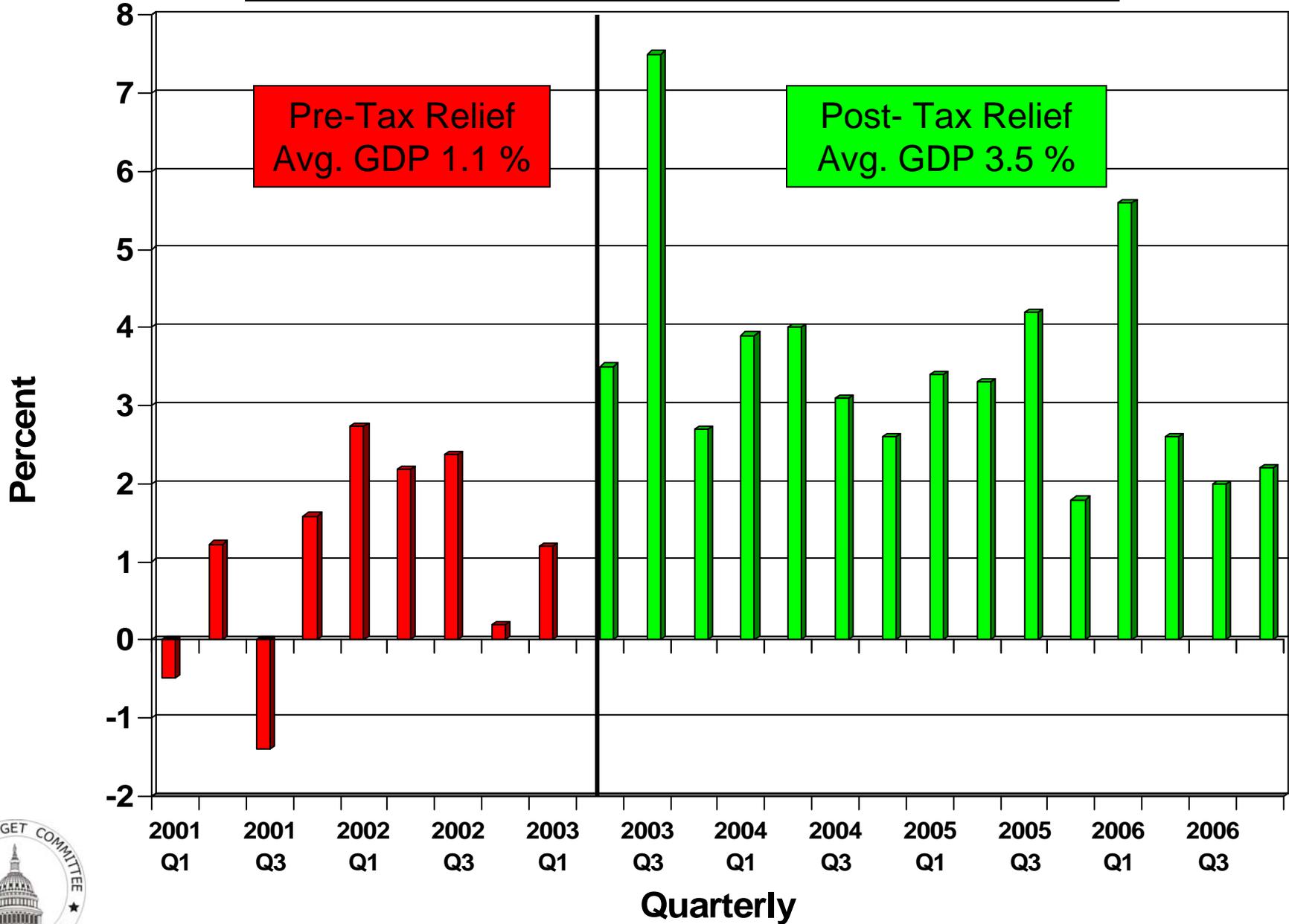


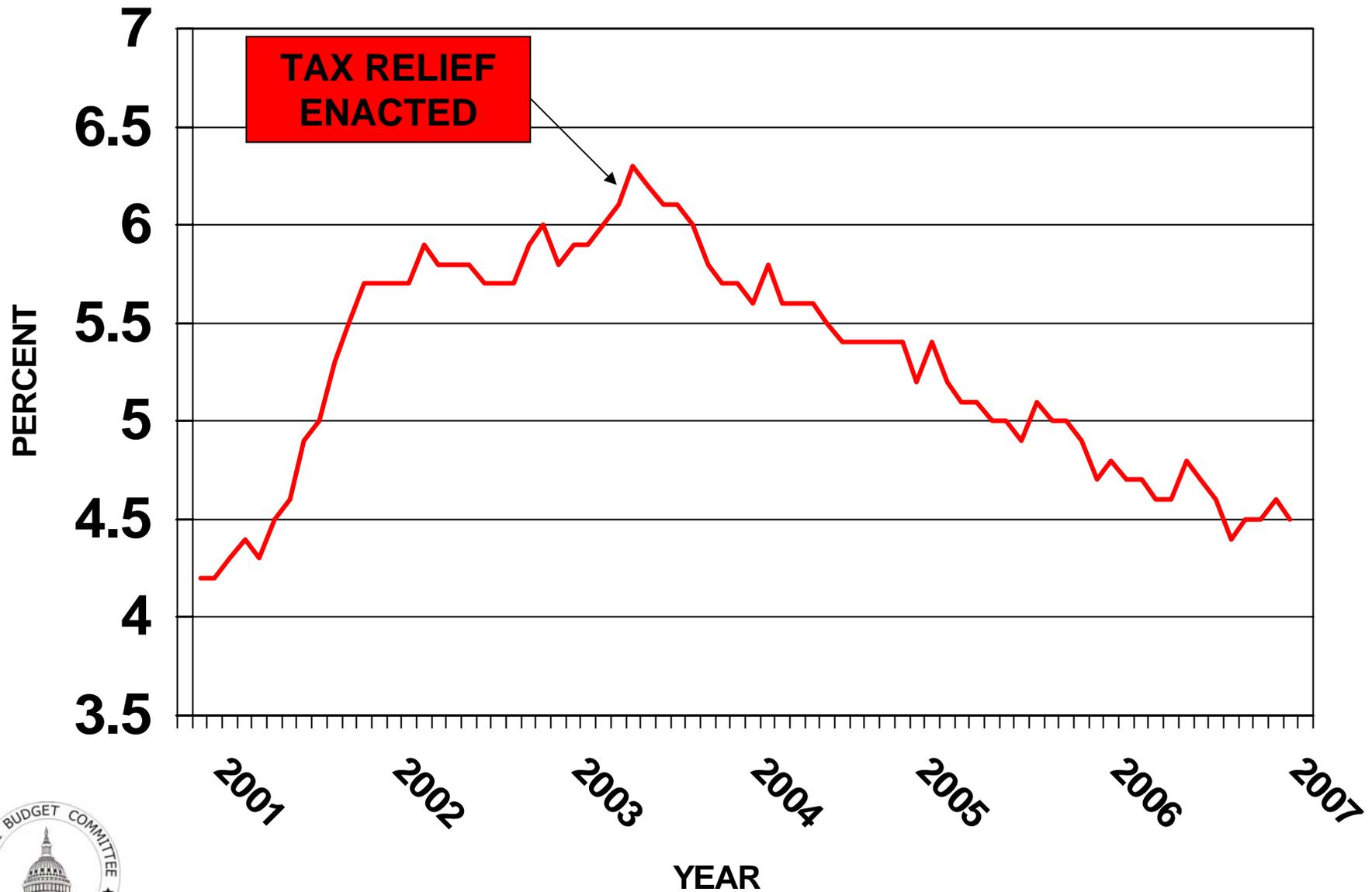
# Job Creation: Before and After Tax Relief



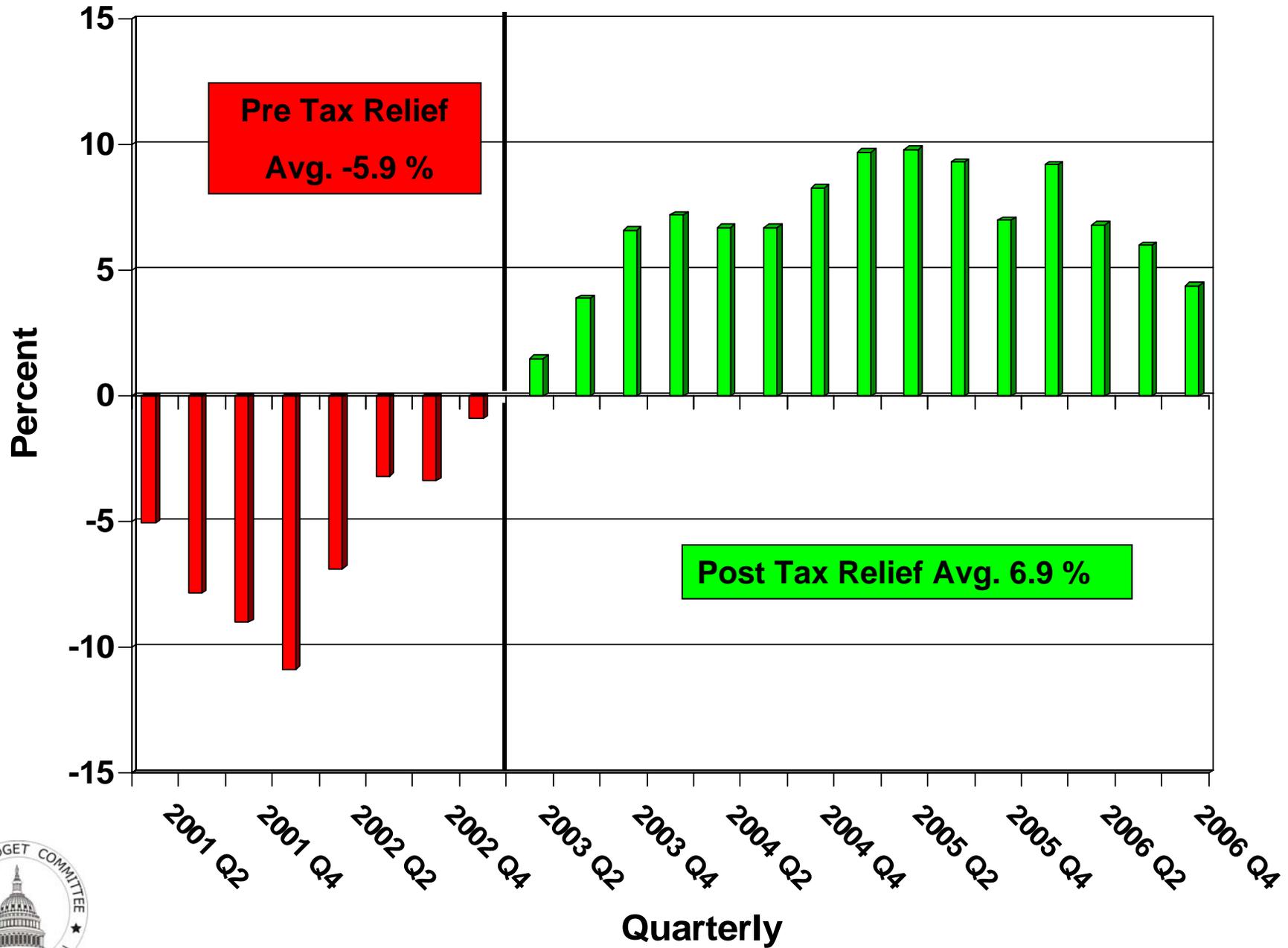
# GDP: Before and After Tax Relief



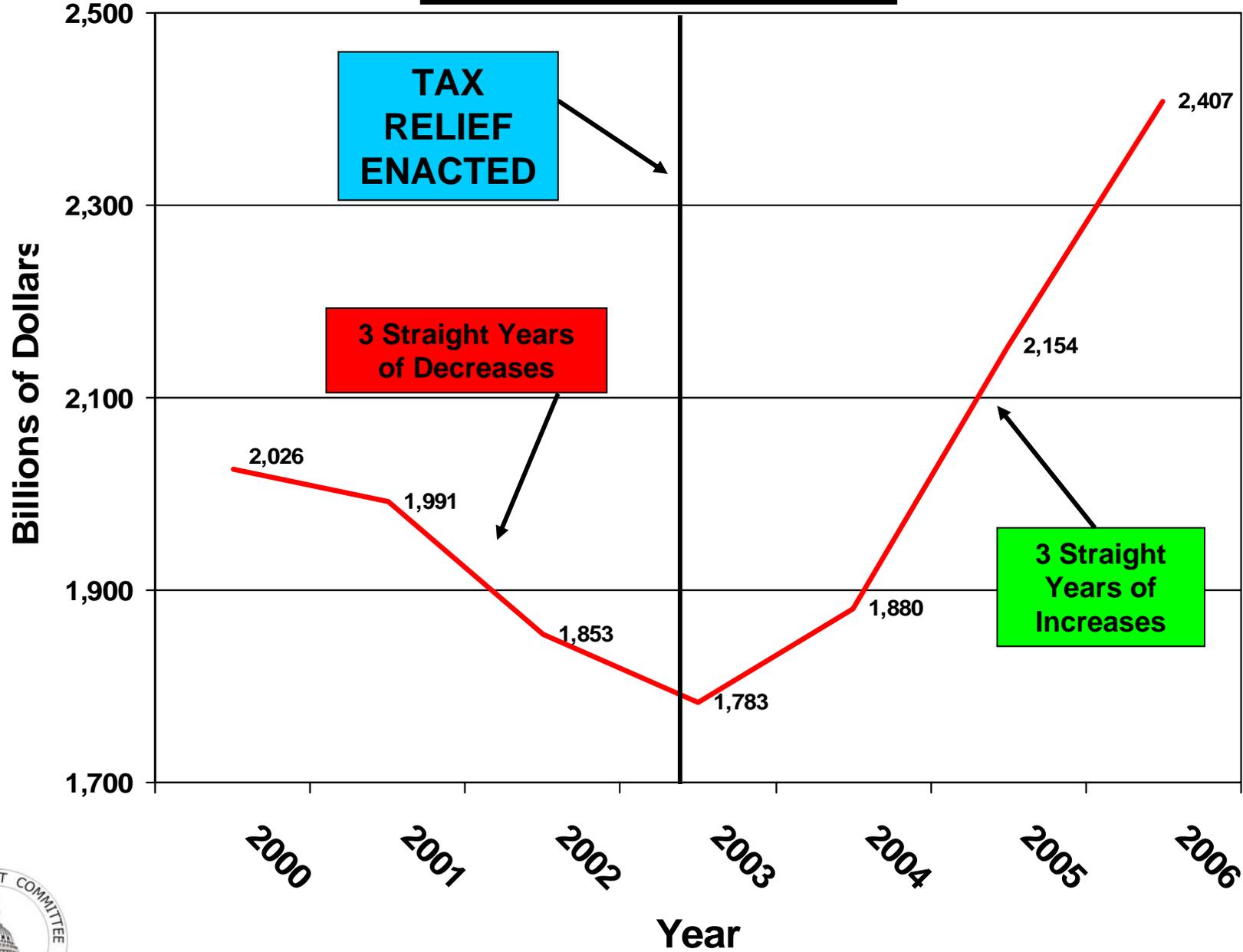
# Unemployment Rate



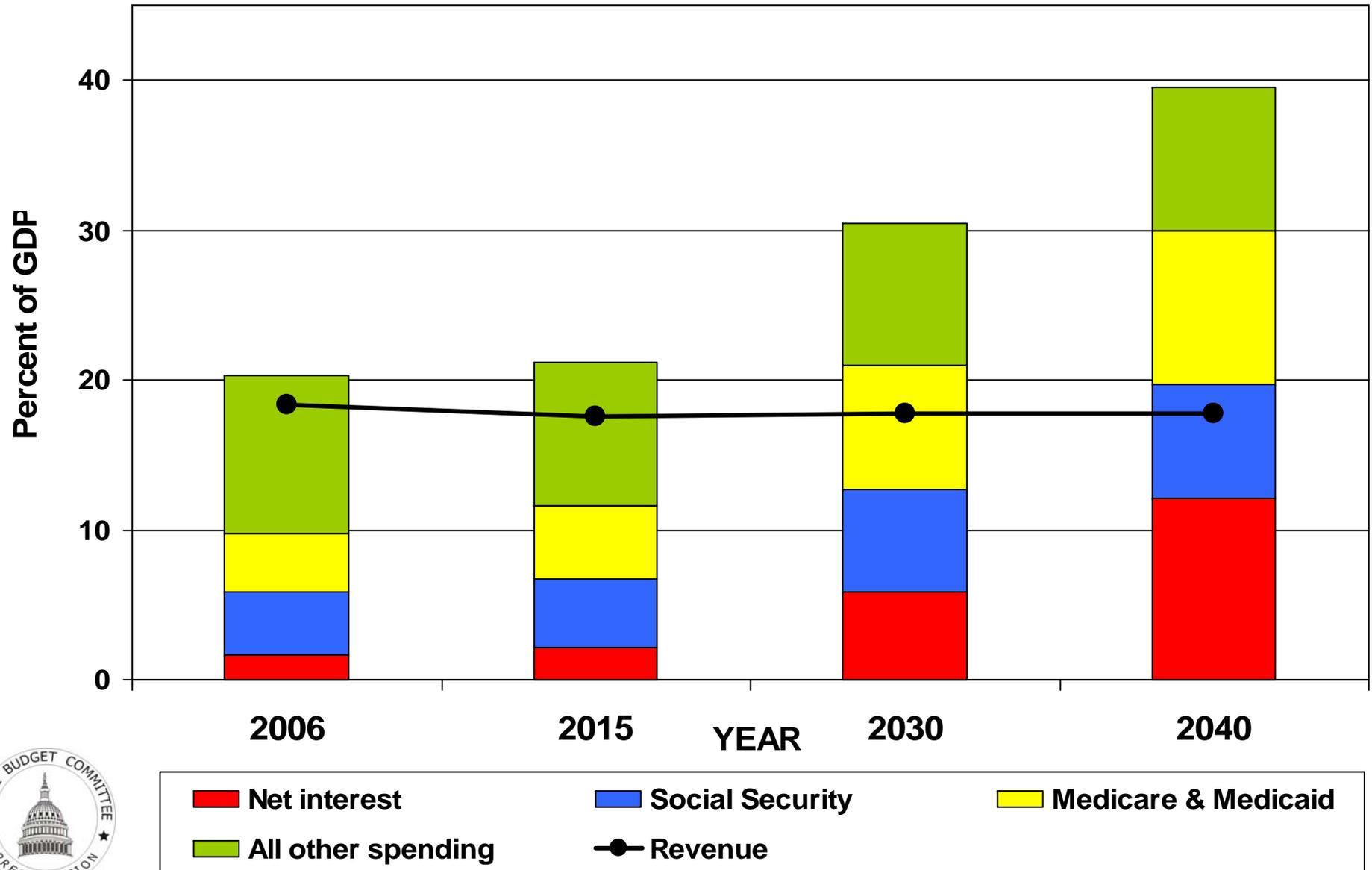
# Business Investments: Before and After Tax Relief



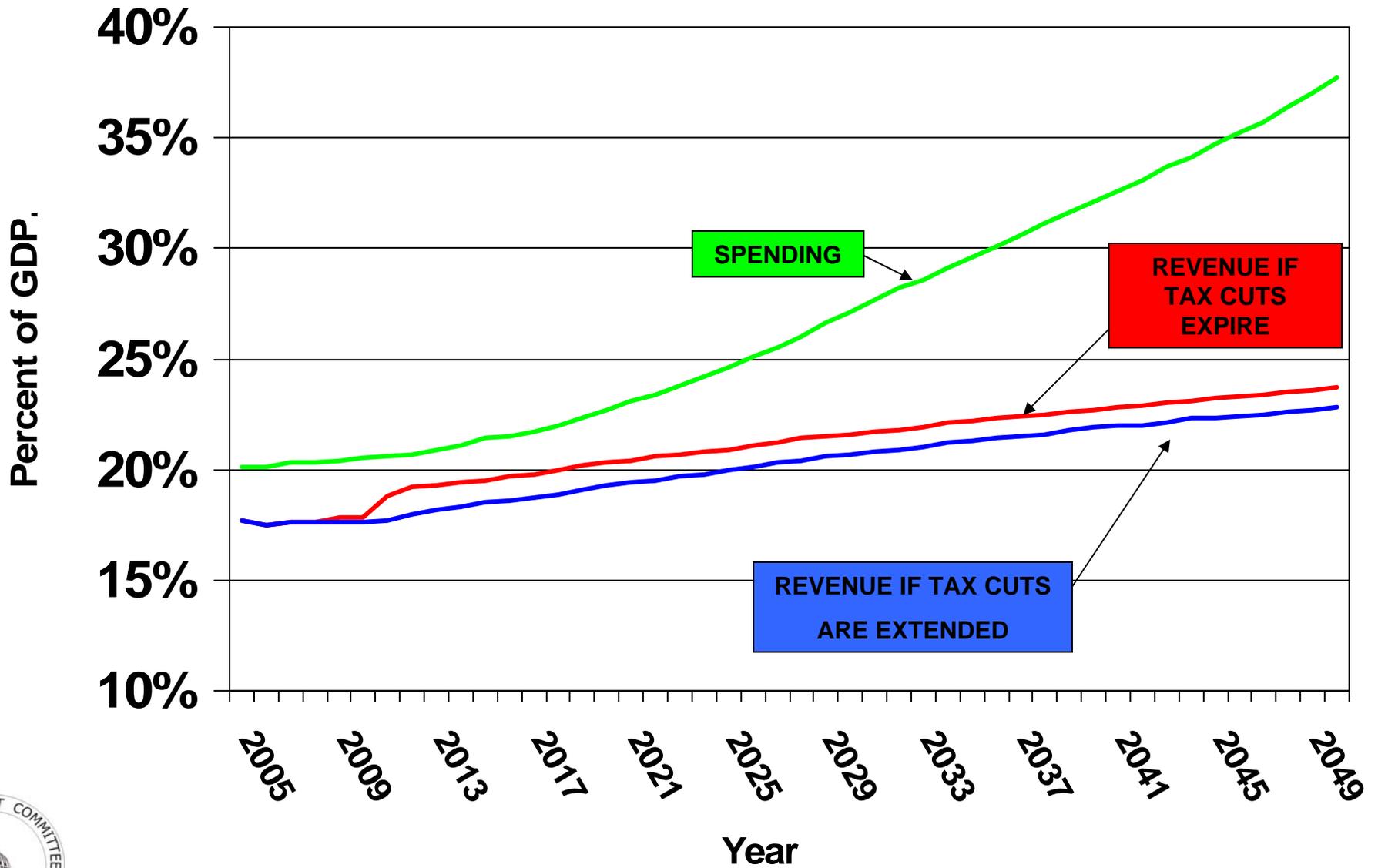
# Federal Revenues



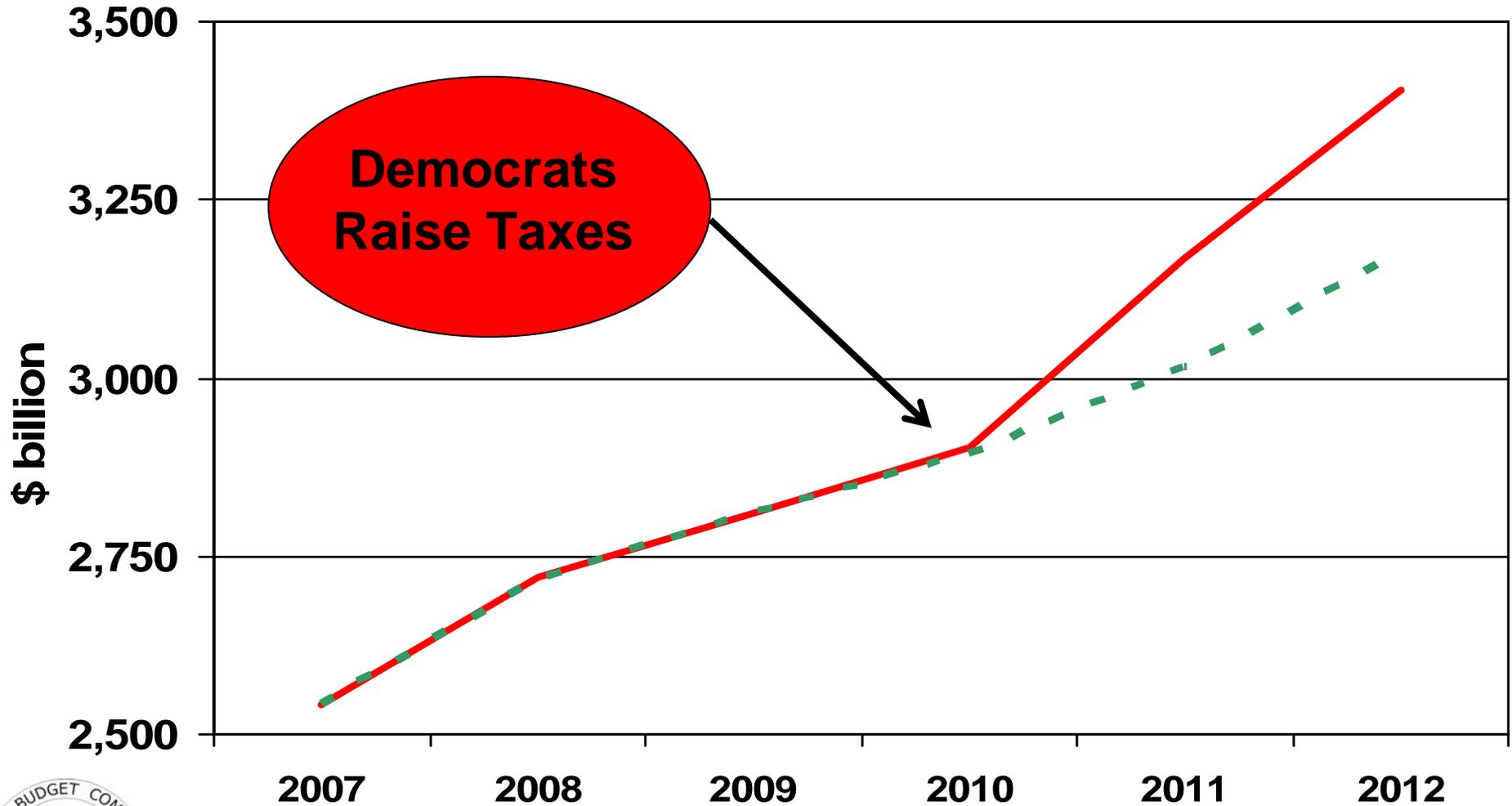
# Composition of Spending as Share of GDP



# Spending Drives Long -Term Budget Problems



# Democrat Budget Assumes \$392.5 Billion Tax Increase <sup>8</sup>



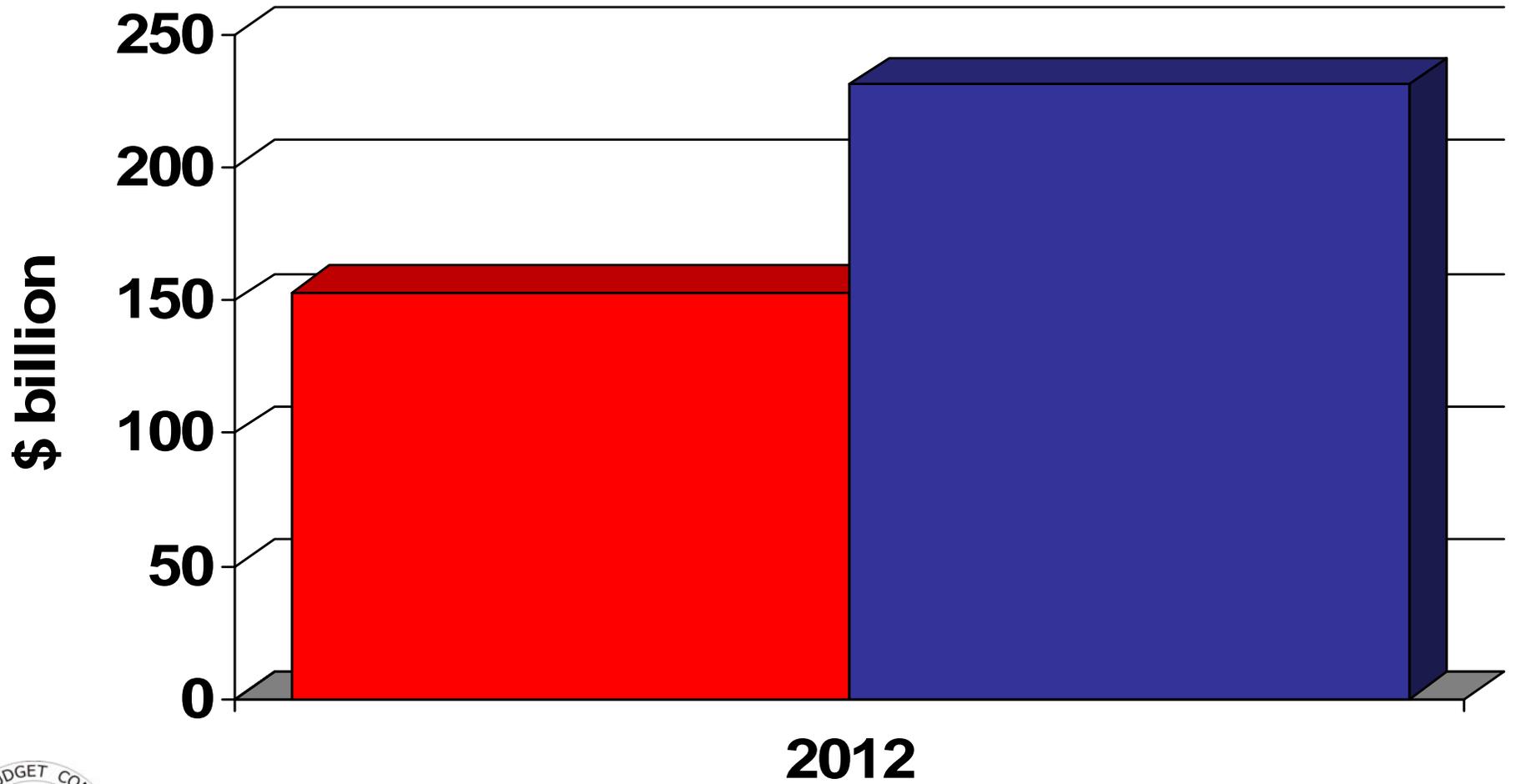
**— CBO Baseline = Democrat Budget    - - - Tax Relief Extension**

# Over \$600 Billion in Hollow Promises

	\$ Billions
<b>AMT</b>	<b>\$344</b>
<b>Child Tax Credit</b>	<b>\$27</b>
<b>Marriage Penalty Relief</b>	<b>\$13.1</b>
<b>10% Individual Income Bracket</b>	<b>\$78</b>
<b>Death Tax</b>	<b>\$91</b>
<b>Research and Experimentation Tax Credit</b>	<b>\$30</b>
<b>Deduction of State and Local Sales Taxes</b>	<b>\$10.4</b>
<b>Deduction of Small business Expensing</b>	<b>\$11.5</b>
<b>Tax Credit for School Construction Bonds</b>	<b>?</b>
<b>Total</b>	<b>\$605</b>

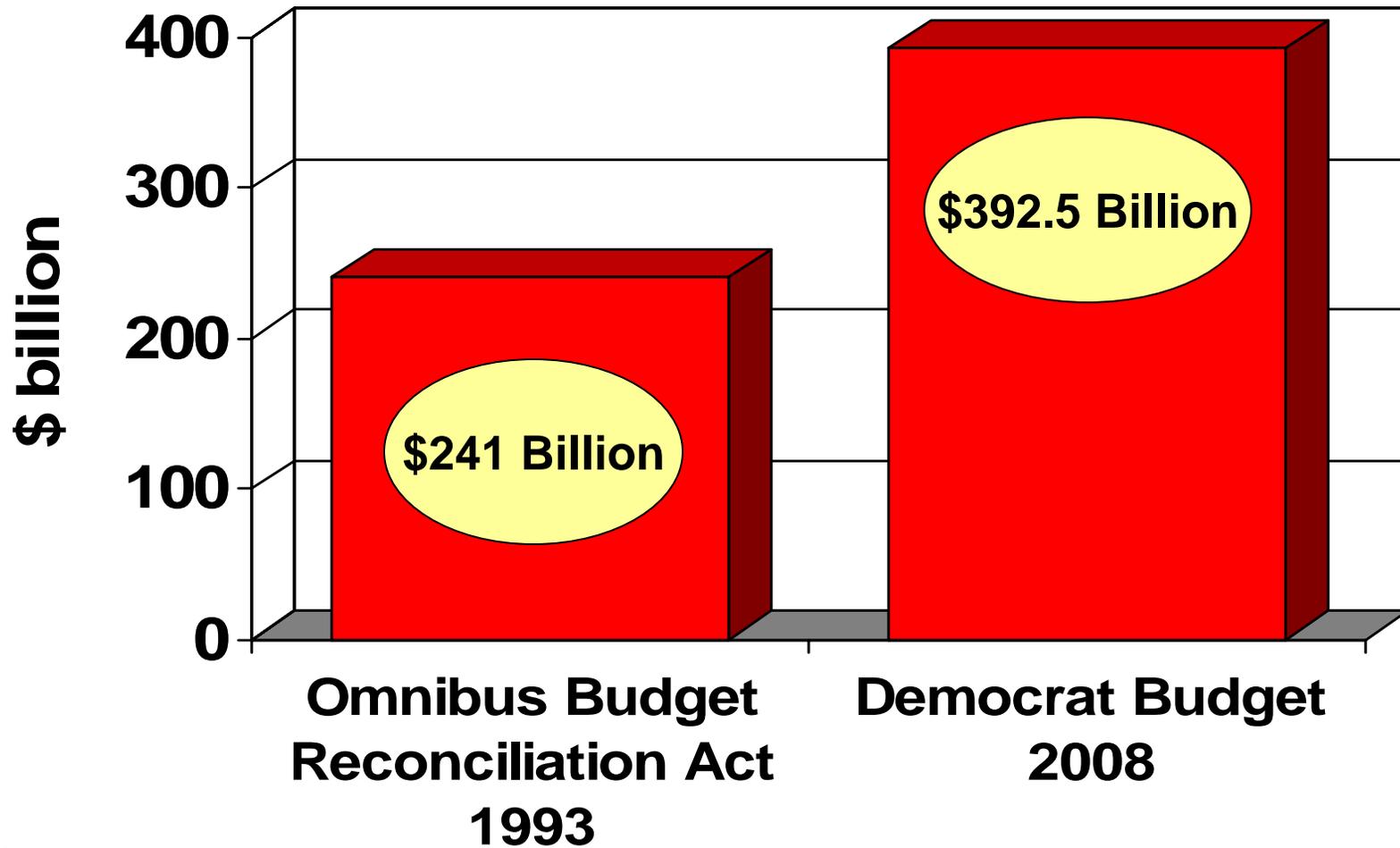


# Overtaxing



**Democrat Surplus** **Democrat Tax Increase**

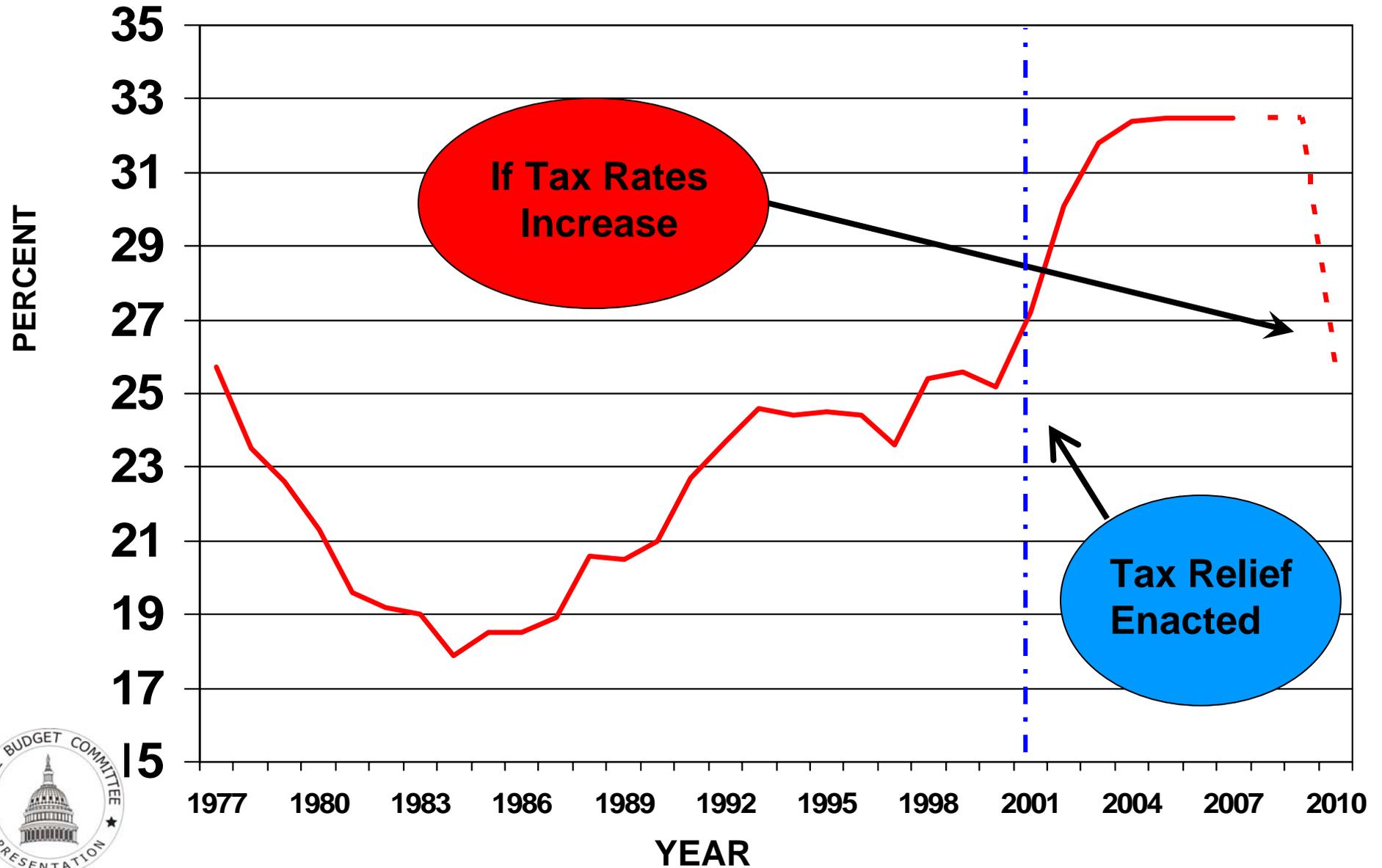
# Taxing Then .... *More Taxing Now*



**Tax Increases Over 5 Year Period**

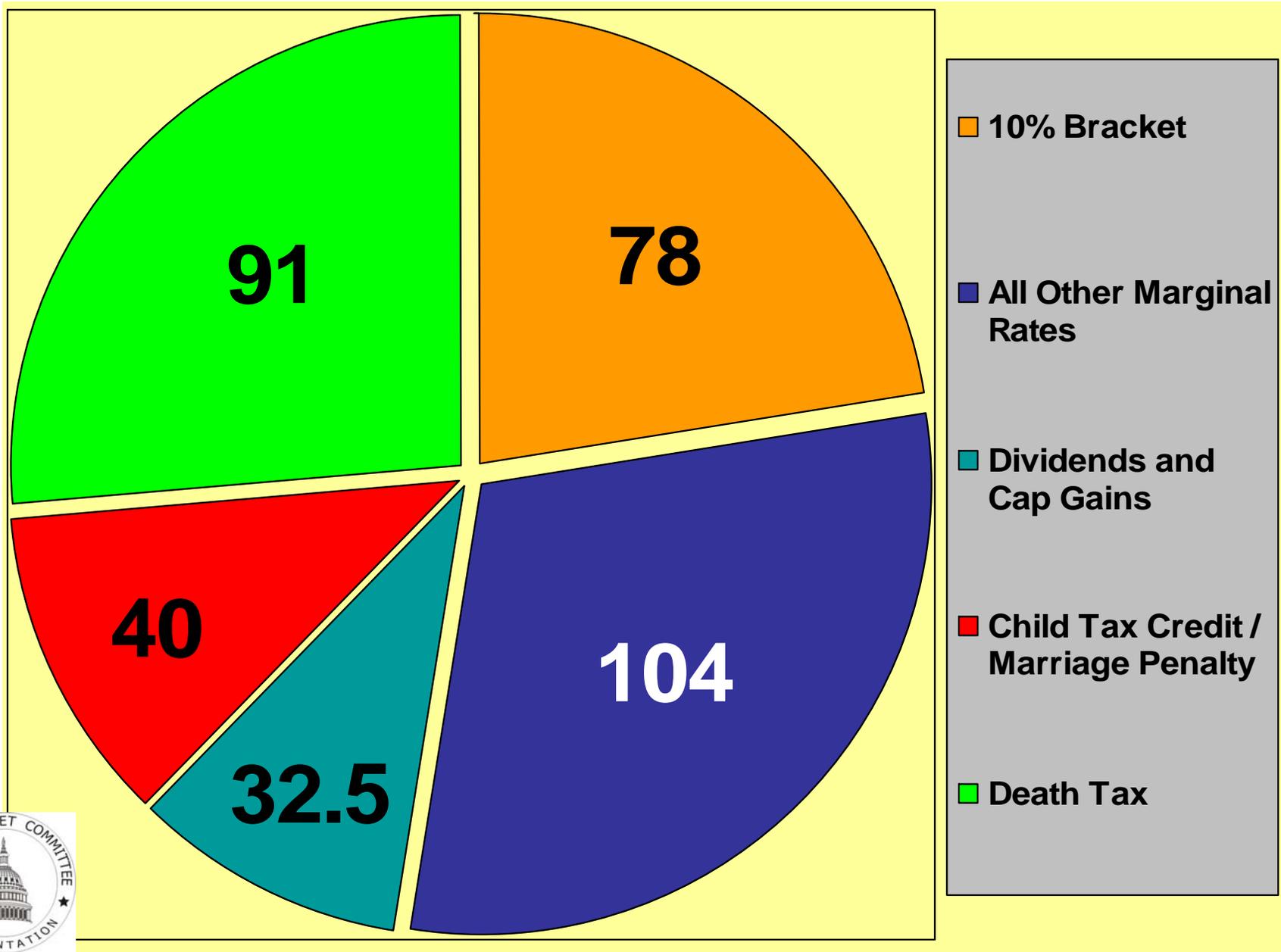


# Low Income Earners Taken Off the Tax Rolls



# Who Will Pay Higher Taxes?

(\$ Billions)



# Democrat Tax Increases

	2010	2011
<b>The Top Tax Rates Move Higher:</b>		
<b>Ordinary Income...</b>	<b>35%</b>	<b>39.6%</b>
<b>Capital Gains...</b>	<b>15%</b>	<b>20%</b>
<b>Estates...</b>	<b>0%</b>	<b>55%</b>
<b>Child Tax Credit...</b>	<b>\$1,000</b>	<b>\$500</b>
<b>Lowest Tax Bracket...</b>	<b>10%</b>	<b>15%</b>



## **ENTITLEMENTS: THE URGENCY OF REFORM**

- **“Health care is the number one fiscal challenge for the Federal and State governments... If there is one thing that can bankrupt America, it is health care. We need dramatic and fundamental reforms.  
- Comptroller General Walker 1/23/2007**
- **The rising costs of government entitlements is a “fiscal cancer” that threatens “catastrophic consequences for our country” and could “bankrupt America.”  
- Comptroller General Walker on *60 Minutes* 3/4/2007**



## **ENTITLEMENTS: THE URGENCY OF REFORM (Cont.)**

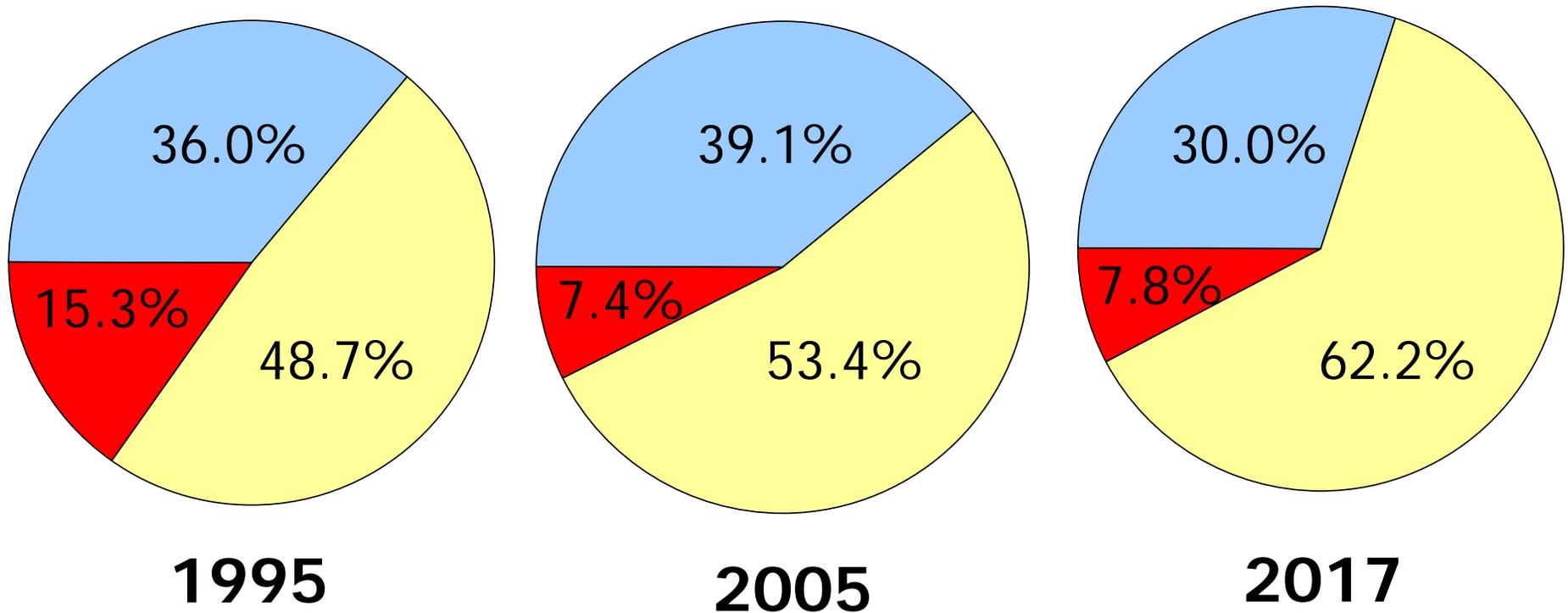
- **Without “early and meaningful action” to address entitlements, “the U.S. economy could be seriously weakened, with future generations bearing much of the cost.”**

**- Federal Reserve Chairman Bernanke 2/28/2007**



# Mandatory Spending Growth, 1995, 2005, 2017

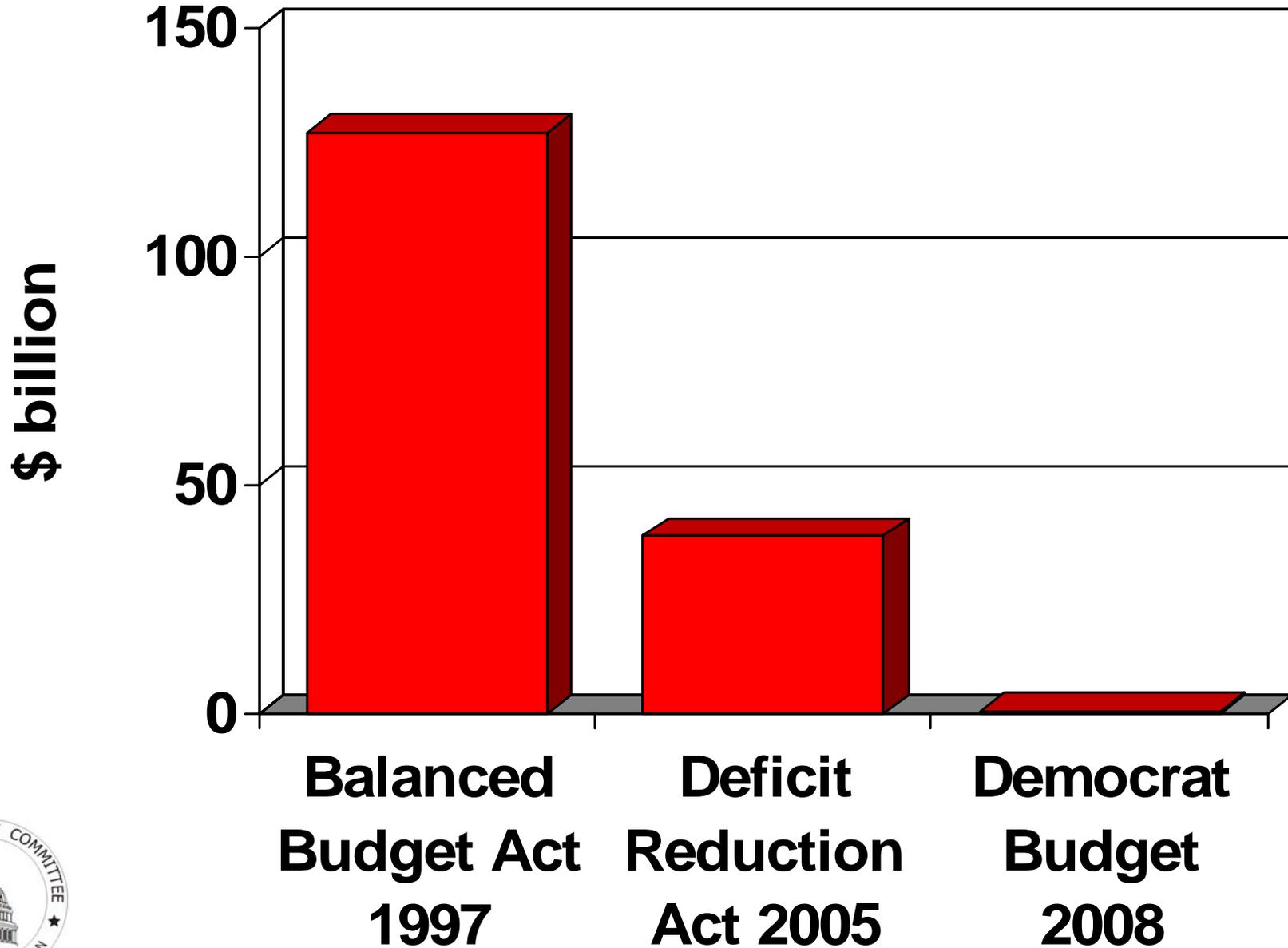
Discretionary Mandatory Net Interest  
*Fiscal Year Outlays*



Projections are CBO Baseline adjusted to continue 2001 and 2003 tax relief, and assume no supplemental appropriations beyond those already enacted.

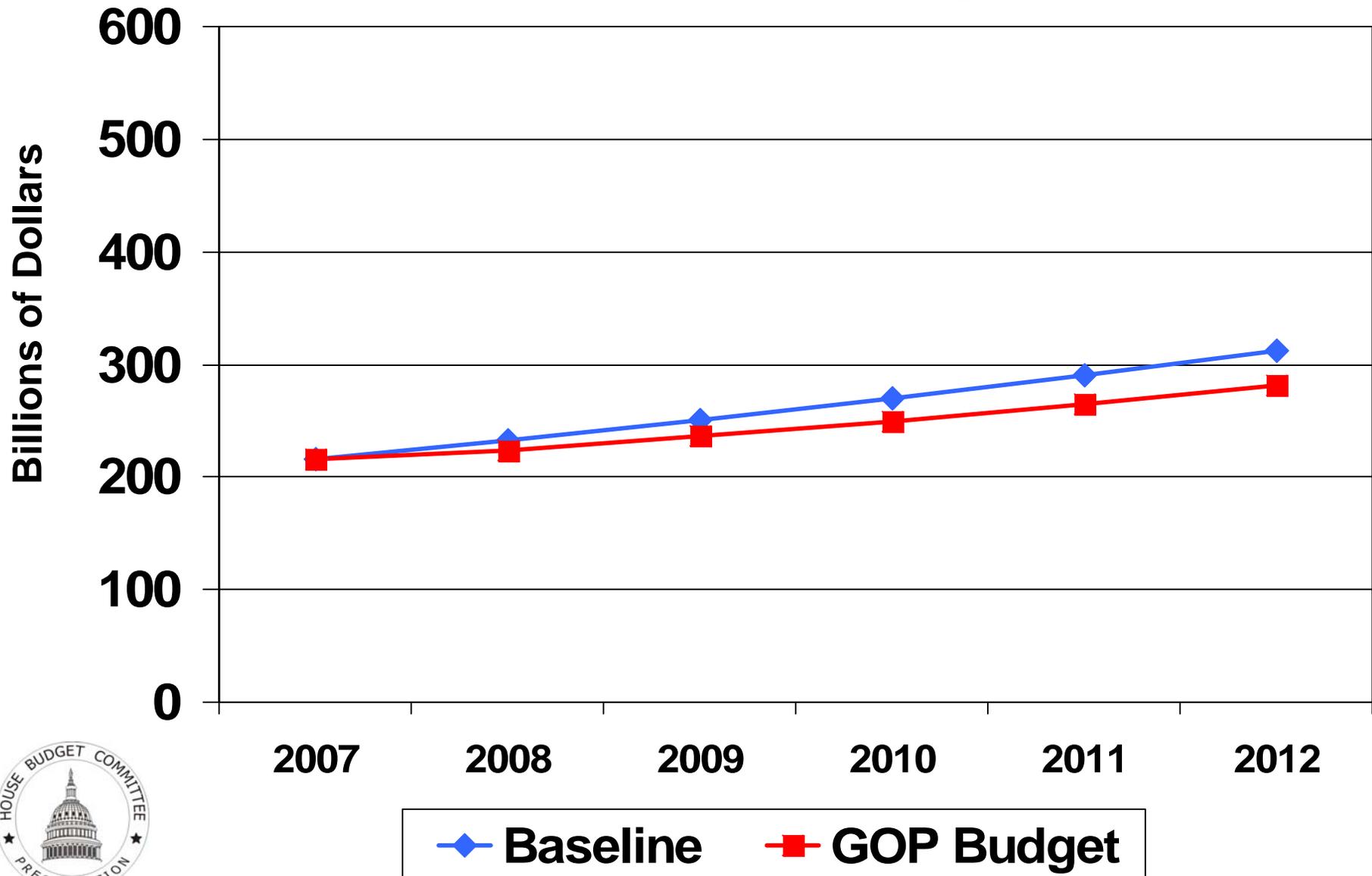
Prepared by the House Committee on the Budget.

# Ignoring Entitlement Reform



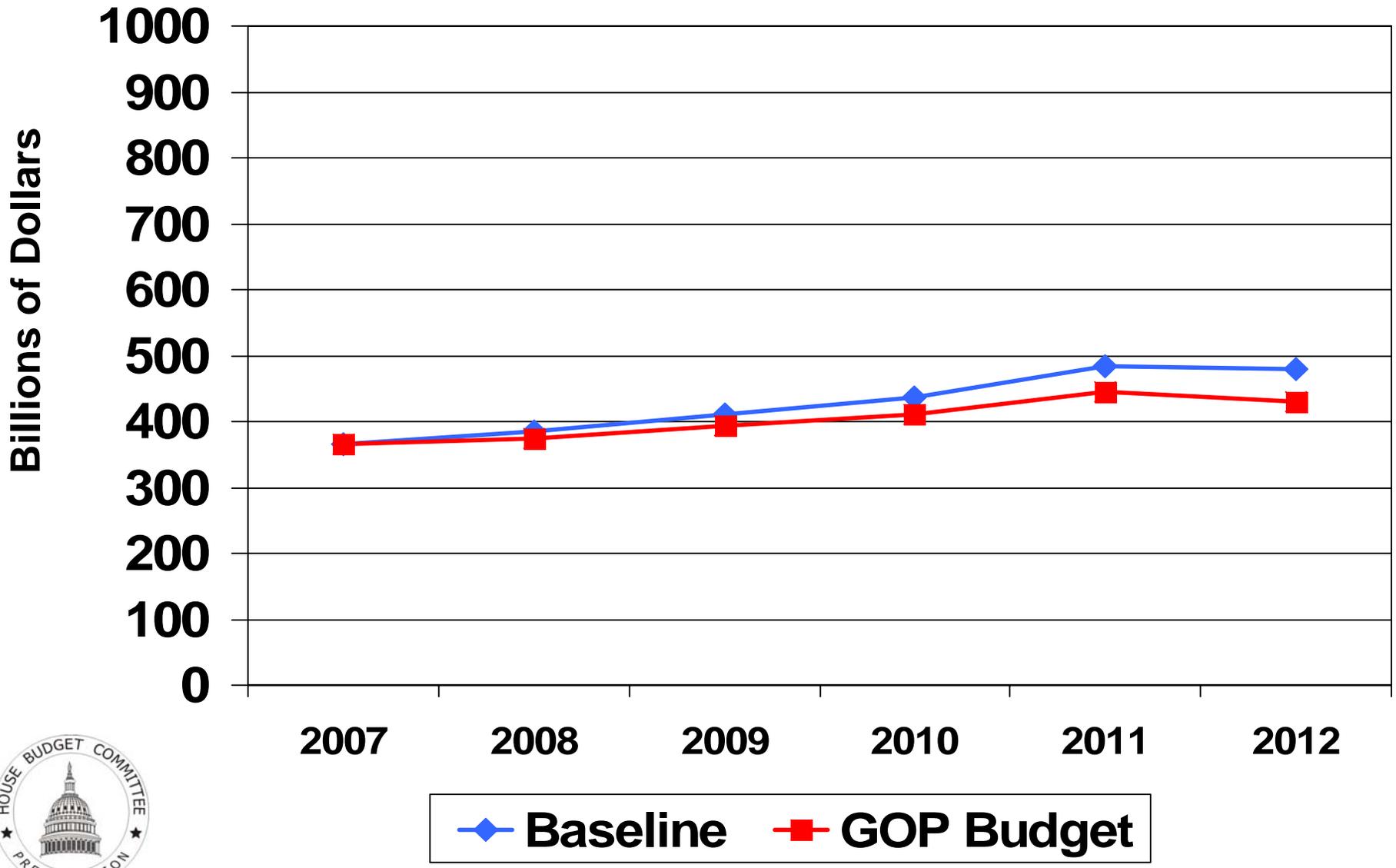
# Medicaid Spending Growth

## Base vs. GOP Budget



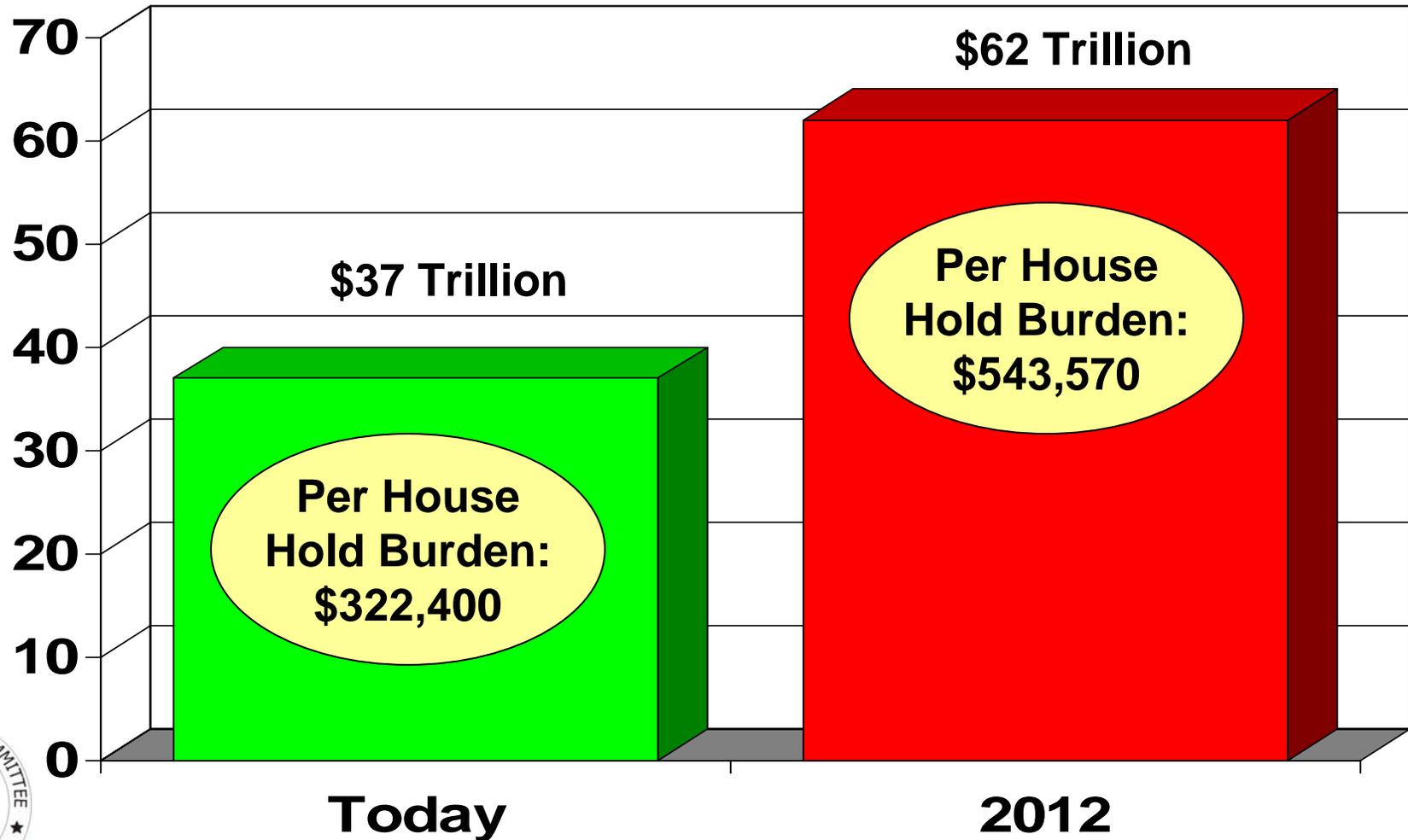
# Medicare Spending Growth

## Baseline vs. GOP Budget



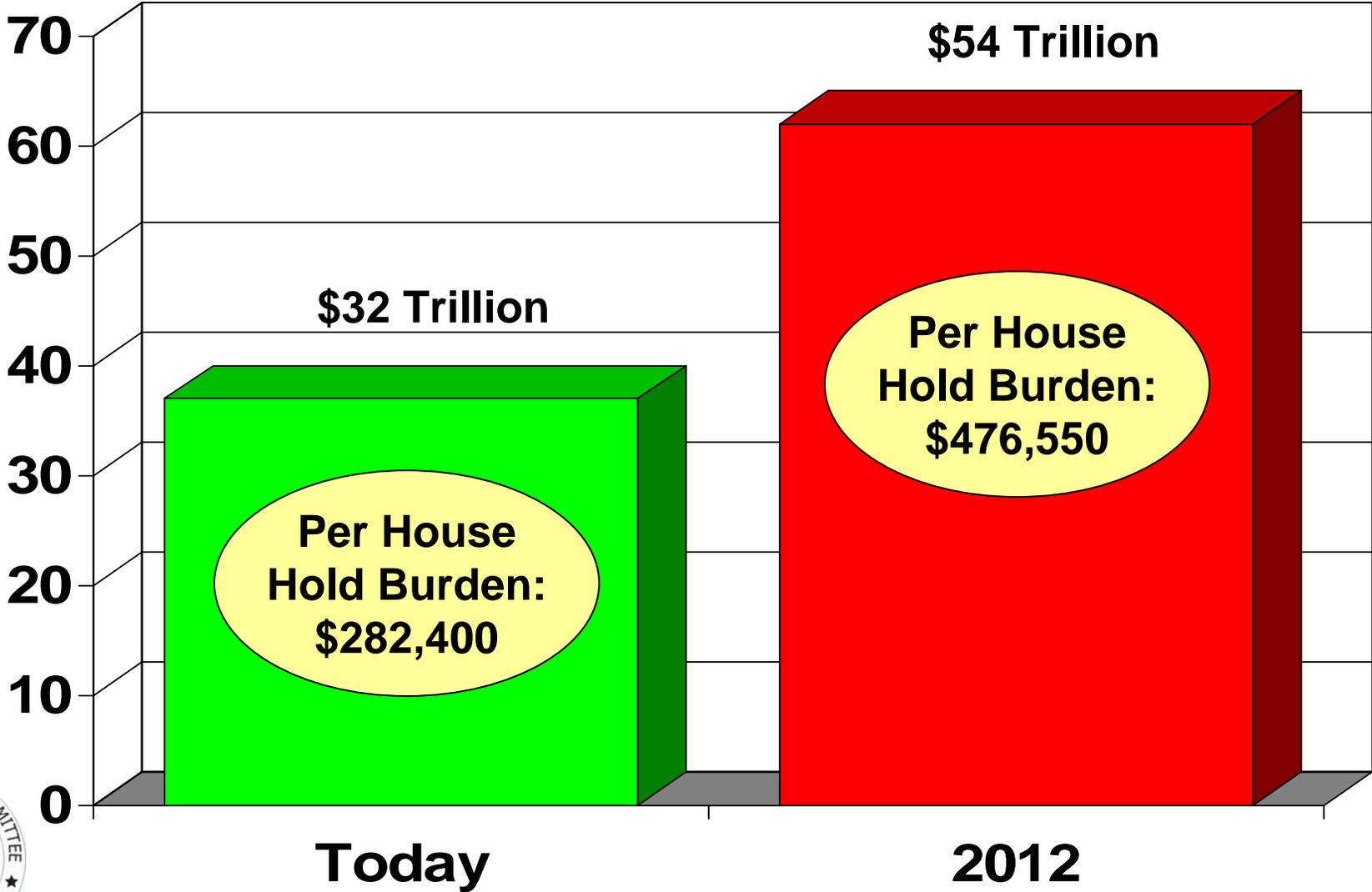
◆ Baseline    ■ GOP Budget

# Unfunded Liability of Social Security and Medicare (Over 75 Years)



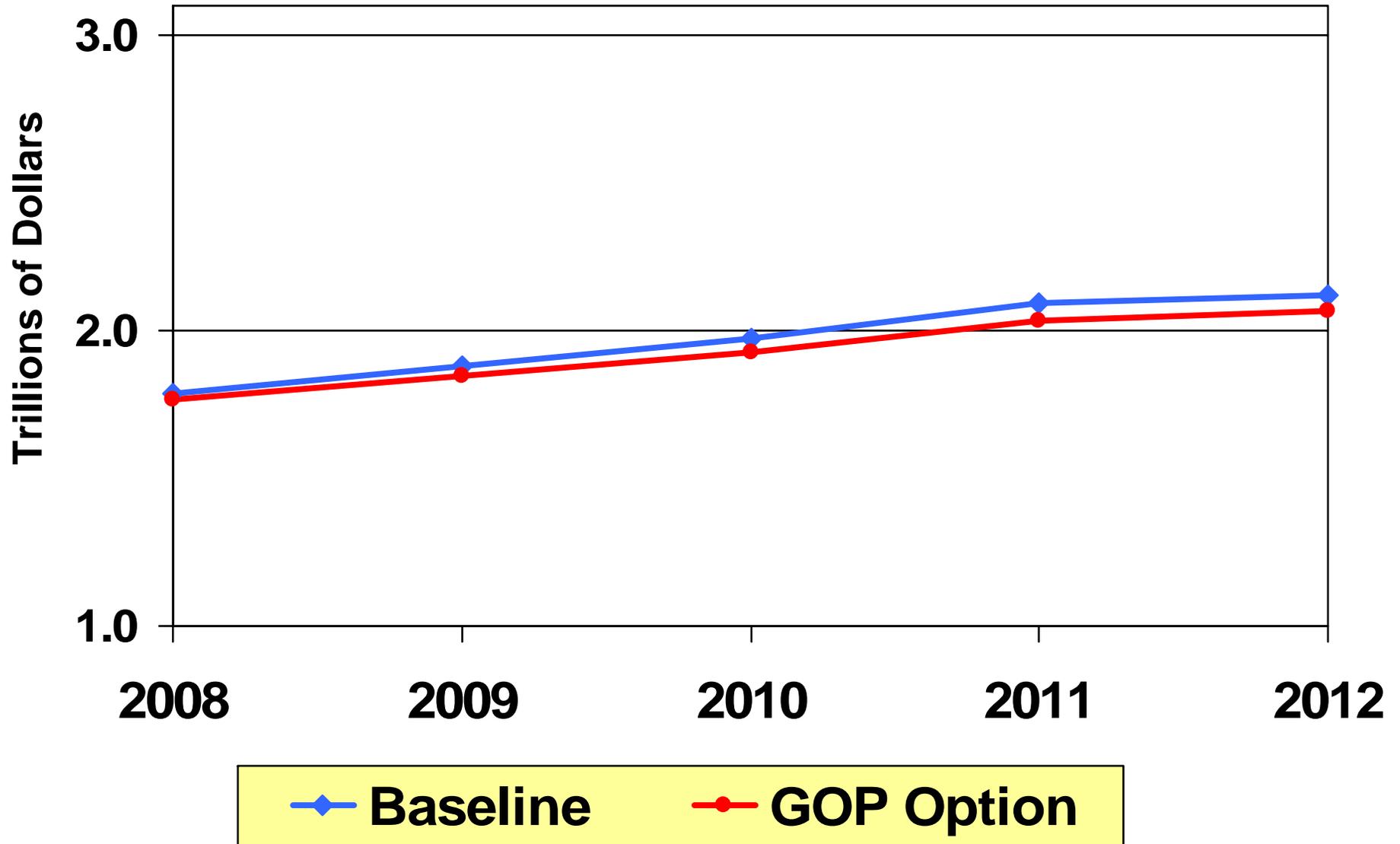
# Medicare's Unfunded Liability

(Over 75 Years)



# Change in Entitlement Spending

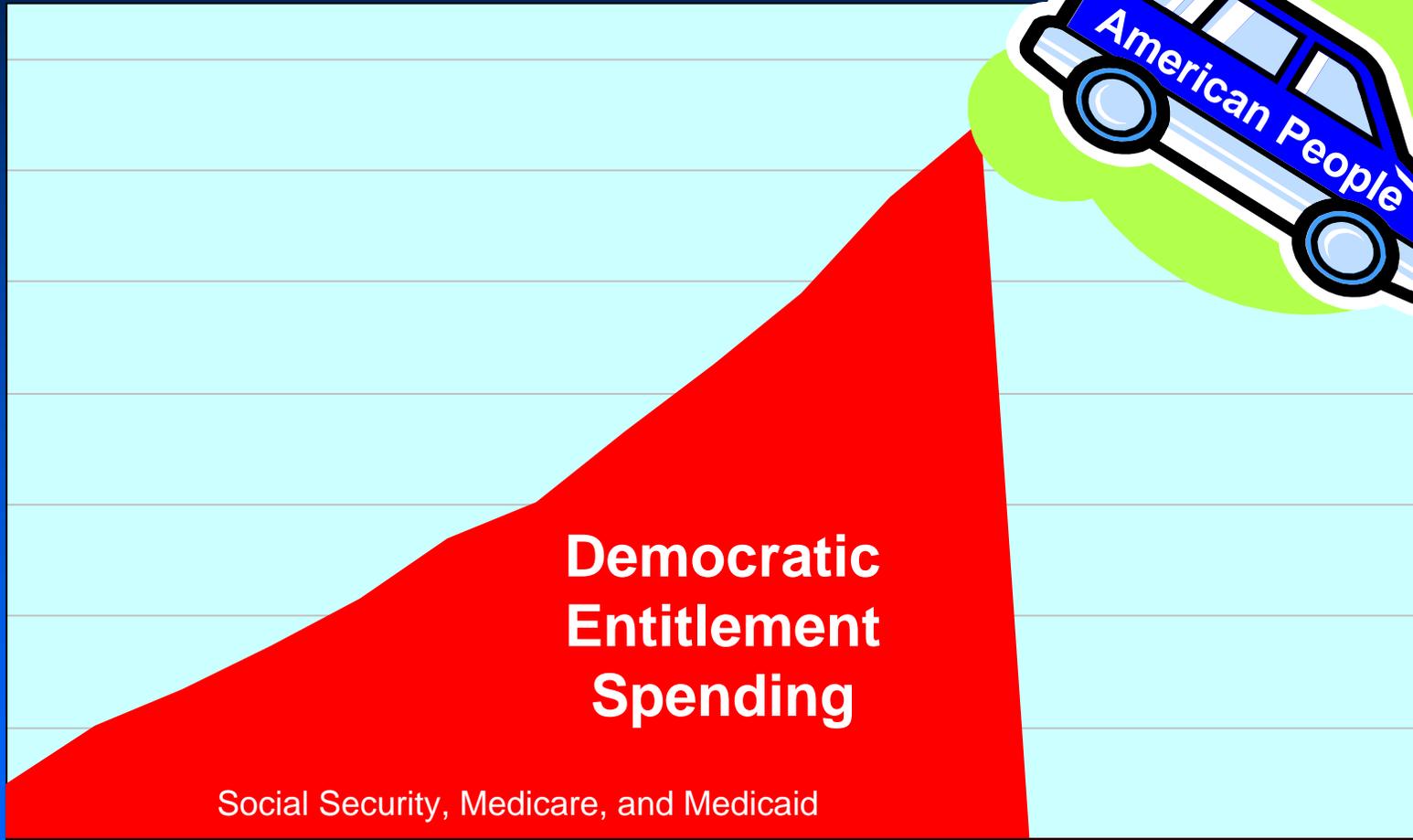
## Baseline vs. GOP Budget



# Democratic Entitlement Spending Out of Control

\$ Trillions

2.4  
2.2  
2.0  
1.8  
1.6  
1.4  
1.2



# Budget Committee Markup FY08

## DEMOCRATS VOTED UNANIMOUSLY TO:

-  Increase the Marginal Tax Rates
-  Eliminate the \$1,000 Child Tax Credit
-  Eliminate the Marriage Penalty Tax Relief
-  Eliminate Capital Gains and Dividends Relief
-  Eliminate State and Local Tax Relief
-  Bring Back the Death Tax
-  Prevent an Increase to SCHIP Funding

“And while House Democrats say they want to preserve key parts of Bush’s signature tax cuts, they project a surplus in 2012 only by assuming that all of these cuts expire on schedule in 2010.”

- *The Washington Post* – March 29, 2007

“The budget plan expresses support for certain cuts, including the expanded child credit and elimination of the marriage penalty and the 10 percent tax bracket, that would require another reserve fund to be filled with hundreds of billions of dollars in tax increases to cover the cost.”

- *The Washington Post* – March 29, 2007