



Senators Feinstein and Kerry Seek to Roll Back  
Tax Cuts for Millionaires  
November 17, 2005

**Washington, DC** – U.S. Senators Dianne Feinstein (D-Calif.) and John Kerry (D-Mass.) today sought to roll back tax cuts for millionaires until the budget deficit is eliminated, which could increase revenue to the federal treasury by more than \$100 billion over five years.

**“The Federal budget deficit will reach \$515 billion this year when all trust funds are included. This means over half a trillion dollars will be added to our Nation's debt -- a national debt that has already exceeded the \$8 trillion mark,”** Senator Feinstein said while introducing the amendment to roll back the millionaire tax cuts during times of deficits.

**“Instead of improving our economic future, the tax cuts have weakened the nation’s financial stability in order to give tax breaks to the wealthiest Americans. In fact, the average millionaire receives more than \$100,000 in tax cuts every year from this Administration while the average American worker receives \$742.”**

The Feinstein-Kerry amendment to the tax reconciliation bill was defeated 40-59.

**The following is Senator Feinstein’s floor statement:**

I have never had a millionaire come to me and say: I need a tax break. I have had them come to me and say: “Frankly, the \$100,000 I get a year is de minimis to me. It doesn't make a difference to me.”

So I wonder, when we are cutting Medicaid, when we are cutting virtually every domestic program we can cut, why millionaires get \$100,000 in tax breaks a year. It does not make sense. They do not ask for them. They do not need them. It does not really make a difference to them.

Our amendment directly targets the budget deficit. It says if the budget is not in balance, tax rates for income, capital gains, and dividends will return to previous levels, and deduction limits, for taxpayers earning more than \$1 million. So those taxes would be reinstated only for people earning more than \$1 million. According to the Joint Committee on Taxation and the Tax Policy Center, this amendment could increase revenues by more than \$100 billion over 5 years.

When I came to the Senate in 1992, the debt was \$4 trillion. In the 1990s, we put it down, and by 1998, we achieved the first budget surplus in 29 years. By 2001, the 10-year projected

surplus was \$5.6 trillion. Now, it has been said on this floor over and over again that projected surplus has been turned into a major projected long-term deficit.

The Federal budget deficit will reach \$515 billion this year when all trust funds are included. This means over half a trillion dollars will be added to our Nation's debt -- a national debt that has already exceeded the \$8 trillion mark. Yet millionaires get a \$100,000 tax break a year, which they have told me they don't need, it doesn't make a difference. At the same time, this debt and deficit will fuel a rise in interest rates. There have already been a dozen hikes. It will eventually slow down the economy, and it will certainly limit job creation.

In order to cover the costs of our debt, this Senate cut \$10 billion in health care spending for the poorest Americans. To make matters worse, the temporary relief for physicians in the spending bill is borne on the backs of Medicare beneficiaries in the form of higher Part B premiums. The spending cuts will directly increase, by \$2.90, the amount Medicare beneficiaries pay each month in premiums in 2007. That is a 33-percent increase in monthly premiums. While it is vital that Congress prevent future cuts in Medicare reimbursement to physicians, the spending cuts amounted to a \$1.4 billion tax on seniors. This is simply unacceptable.

I do not think it is a bad idea to say that millionaires might be willing to help people on Medicare. They might be willing to provide some support for Medicaid so that the poorest Americans could receive health care.

So here is the bottom line: Realistically, there are very few millionaires in my State. There are about 28,000 -- 28,000 out of 37 million people. The number of people on Medicare and Medicaid affected by these cuts is in the millions. That is the difference. So if you restore this tax for millionaires, it essentially covers the cuts on Medicare and Medicaid.