



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 1, 2011
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 1931 – Temporary Tax Holiday and Government Reduction Act

(Sen. Heller, R-Nevada)

In the American Jobs Act, the President proposed to continue and expand the payroll tax cut in place this year to help provide relief to working families and boost the economy and proposed a payroll tax cut for America's small businesses to help them grow. Passage of S. 1917, the Middle Class Tax Cut Act of 2011, would enact these tax cuts into law and fully pay for them by asking the Nation's wealthiest to contribute a small percentage more.

The Administration recognizes that S. 1931 would at least continue this year's payroll tax cut. However, the Administration opposes S. 1931 because, by contrast to S. 1917, it provides one-third less tax relief for America's workers, does not help America's small businesses, and is paid for by unbalanced cuts that would break a bipartisan deal achieved in August and would undermine the Nation's ability to invest in areas that are key to America's future, to maintain core government functions, and to defend the United States.

If the Congress does nothing, the typical working family earning \$50,000 will see its taxes go up by \$1,000. Under the American Jobs Act and S. 1917, that family's tax cut would be increased from \$1,000 to over \$1,500. By contrast, S. 1931 does not expand the current payroll tax cut at all, thus providing one-third less tax relief to 160 million American workers. In addition, S. 1917 offers relief to America's small businesses by cutting their payroll taxes in half and offering them a complete holiday for adding new payroll. S. 1931 offers none of this relief.

While S. 1917 proposes to fully pay for the tax cuts in a balanced and fair way by asking those earning over a million dollars a year to pay their fair share, S. 1931 would almost entirely pay for the payroll tax cuts by breaking the bipartisan deal achieved in the Budget Control Act. It would add new cuts on top of the \$1 trillion in reductions to defense and non-defense spending under the Budget Control Act and the additional \$1.2 trillion in cuts that could automatically go into place because of the failure of the Joint Committee on Deficit Reduction. The additional spending cuts under S. 1931 would mean further reductions in areas like education and energy, reducing core government functions ranging from services for this Nation's veterans to border security, and further cutting back spending on the Nation's defense.

The President is committed to providing tax relief to America's workers and small businesses next year and fully paying for this relief in a way that is fair. The Administration strongly supports S. 1917 and opposes S. 1931.

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