

WHAT EVERY STATE SHOULD KNOW ABOUT THE PRESIDENT'S BUDGET

Job-Killing Tax Increases, Health Care Cuts, Record Borrowing

Job-Killing “Cap-and-Trade” Energy Tax

- The Obama budget establishes a new national “cap-and-trade” energy tax that will cost the average household in every state up to \$3,128 annually for using electricity, driving a car, or relying on energy in any way.
- The new cap-and-trade energy tax scheme will cost every state thousands of jobs, particularly states that rely on coal to meet their energy needs. A detailed study of last year’s Lieberman-Warner bill – which is likely far less aggressive than the proposed Obama plan – is a warning sign for every state because it:
 - Costs jobs and economic growth
 - Significantly raises energy prices
 - Impacts state budgets and infrastructure projects
 - Disproportionately harms low-income families

Get state-by-state analysis by clicking [here](#).

Health Care

- The budget includes a cut in home health payments by \$37 billion over 10 years. Of that, \$1.1 billion comes from Ohio alone. Millions of beneficiaries could lose home health services they enjoy today, and be forced into more expensive institutional settings. Get state-by-state analysis by clicking [here](#).
- The President’s budget cuts funding for 10 million seniors that are enrolled in Medicare Advantage. In the state of Ohio, for example, almost 500,000 seniors may be forced to pay more for their current health care plan. During this economic downturn, it is not prudent to undermine the coverage and health care choices that our nation’s seniors rely upon.
- The President’s budget does not include full funding for the State Children’s Health Insurance Program (SCHIP) over the 10 year budget window. While the baseline funding is extended over the 10 year window, the budget contains a “cliff,” requiring a cut in the program without Congressional action. This potentially hampers the ability of states to allocate already scarce resources as they make their own budget projections. The President’s budget doesn’t show whether or not states will be forced to remove children from the program entirely, or if they will be moved to Medicaid.

Tax Hikes

- The Administration’s budget contains \$1.4 trillion in tax increases – tax hikes that will impact everyone, from small businesses, charities, and seniors to everyone who owns a 401(k) and anyone who flips on a light switch.
- The Administration’s budget reduces the itemized deduction of state and local taxes for those with incomes in excess of \$200,000. The deduction is estimated to be a federal tax expenditure of \$242 billion (FY 2008-2012), and over half of that amount is claimed by those specifically

targeted by the budget's tax increase. The deduction limitation, for example, would [impact](#) 82,500 filers who earn 24 percent of all taxable income in California.

- According to [data](#) compiled by the Urban-Brookings Tax Policy Center from IRS data, 50.3 percent of all filers in the top bracket, filers targeted for a significant tax increase in the budget, earn at least 25 percent of their income from business activities. 40 percent of the small businesses hit with this tax increase are large small business employers (between 20-249 employees).
- The budget will raise gasoline and energy prices by singling out oil and gas production in the Gulf of Mexico with a new \$5.3 billion excise tax, and raising taxes on oil and gas exploration and extraction by more than \$30 billion.

Record Borrowing

- The Administration's projected budget deficit of \$1.75 trillion in FY 2009 is higher than the last five years of deficits combined, and under this plan, we will see three consecutive trillion dollar deficits between now and FY 2012.
- While it was purported to cut the budget deficit in half – from \$1.2 trillion in FY 2010 to \$533 billion by FY 2013 – this budget projects higher deficits in FY 2014 (\$570 billion), FY 2015 (\$583 billion), and FY 2016 (\$637 billion). In FY 2019, the final year in the budget, the deficit is projected to be \$712 billion.
- Including the recently-enacted trillion-dollar “stimulus” spending bill, discretionary spending will soar by 24 percent this year under this budget.

*Prepared by the Office of House Republican Leader John Boehner
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