

**STATEMENT ON THE TAX CUT PACKAGE
Senator Al Franken**

M. President, I rise today to speak about my decision, after a lot of serious contemplation, to support this legislation. I believe that Minnesotans deserve a better deal than the one before us today, but unfortunately this is the one we have. For Minnesota's middle class, there's a lot in this bill that will not only be helpful, but is critical. It stops their taxes from going up on January 1st. It provides a payroll tax holiday that gives families making \$50,000 a \$1000 tax break.

And for Minnesotans who are truly suffering right now—men, women, and children on the edge of economic disaster—it reinstates emergency federal unemployment benefits that expired at the end of last month. Not restoring these benefits would be devastating to Minnesota families and to our economy, leading to a lot more pain for working families, a lot more homeless kids spending Christmas in a shelter or a car.

I came here to make people's lives better, and so I must vote to pass this legislation. But this was perhaps the hardest vote I've taken so far as a senator, and I'd like to tell you why.

We've spent the better part of a year talking about the ballooning deficit. Republicans and Democrats agree—in every decision we make, every penny we spend, we need to keep in mind that it will be added to our national debt. At the same time, we need to be mindful of our fragile economic recovery. Are we spending in the most efficient, responsible way possible—to get people back to work, and get the economy back on track?

I was hoping to see a tax package that would reflect these priorities—mindful of the debt, helpful to our economic recovery, fair to the American people. But instead, this legislation spends billions of dollars on the wealthiest two percent of Americans. These are the Americans who have prospered in recent years. According to the Economic Policy Institute, during the past 20 years, 56 percent of all income growth has gone to the top one percent of households.

Even more unbelievable—a third of all income growth went to just the top tenth of one percent. At the same time, middle class families have done decidedly worse. When you adjust for inflation, the median household income declined over the last decade. During those years, while the rich were getting richer, the rest of working America was struggling to keep up. We've been growing apart.

We should be tackling this kind of inequality, not exacerbating it. And that's what I find frustrating about this legislation. It keeps our country on this same path of widening inequality. We're securing tax cuts for millionaires and billionaires twice as long as we're maintaining federal unemployment benefits. The bill's estate tax provisions provide a windfall for the richest fraction of one percent of Americans. And in these tough economic times, and with these current deficits, we should be spending money only on those policies that will create the most jobs.

But as I mentioned, and despite the concerns I have about this bill, it undeniably provides essential help to Minnesota's families. This package reauthorizes emergency unemployment benefits through the end of next year. They are a vital lifeline for families in need and a vital lifeline for our economy. I meet people back in Minnesota who tell me that even though they hate accepting unemployment benefits, they would have lost their home without them. Unemployment benefits can yield \$2 in demand for every dollar spent, according to a new report from the Department of Labor. This is a very effective way to stimulate our economy and create jobs.

The same holds for the payroll tax holiday that's included in this package. This is going to put real dollars in the hands of millions of Americans—dollars they are going to spend. I strongly support extending the expanded earned income tax credit, which helps about 6.5 million working parents. I am glad this legislation includes the American Opportunity Tax Credit, making college tuition more affordable for 8 million students. This bill also extends the Renewable Energy Grant Program, the R and D credit, the ethanol credits—all provisions I strongly support. Voting no on this legislation would be voting no on all of these vital programs.

The economists are in general agreement—this legislation will help the economy. Mark Zandi, on whose economic analysis I've frequently relied in the past, has encouraging projections. He sees this package adding a full percentage point to economic growth next year. He is especially optimistic about the new business investment deduction's potential to spur spending. In fact, he predicts that employment will reach below 9 percent by the end of next year, and will close in on 7.5% by the end of 2012. These figures are all significantly better than what we'd expect without this legislation.

This wasn't the bill I would have wanted. If there were a better way, I would do that in a heartbeat. But today we are forced to decide between taking a stand against irresponsible tax cuts for millionaires versus helping struggling families. And given that choice, I simply can't turn my back on all the Minnesotans that desperately need the help this bill will provide.