

Crapo Statement at Hearing on President's FY 2025 Budget

March 21, 2024

Washington, D.C.--U.S. Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) delivered the following remarks at a hearing on the President's fiscal year 2025 budget with U.S. Department of Treasury Secretary Janet Yellen.

As prepared for delivery:

"Thank you, Mr. Chairman. Secretary Yellen, thank you for being here.

"Last week, President Biden released his staggering \$7.3 trillion budget proposal. As expected, it was filled with familiar partisan tax-and-spend proposals, doubling down on an agenda that was rejected even when Democrats had majorities in the Senate and House.

"The President proposes nearly \$5 trillion in new and increased taxes.

"Tax increases of that magnitude will affect all Americans through lower paychecks and higher household expenses.

"However, the most notable tax increase Americans would face under the Biden budget is one that went conspicuously unmentioned: the tax increase that would result for households earning less than \$400,000 if the tax cuts from Republicans' Tax Cuts and Jobs Act (TCJA) are not extended.

"While the Administration continues to spread misleading information about the TCJA, they cannot deny that if the TCJA individual tax cuts are not extended, individuals making less than \$400,000 would face a more than \$2 trillion tax increase, breaking President Biden's pledge.

"As many TCJA provisions are set to expire after next year, the differences between Biden's plans and Republicans' actions have never been starker.

"The TCJA led to one of the strongest economies in generations. Prior to the pandemic, the TCJA's pro-growth policies translated into wage increases, record low unemployment, higher incomes, stronger wage and wealth gains for lower-income Americans than higher-income Americans and reduced inequality. In fact, the largest wage gains were concentrated in the bottom quarter of the wage scale.

"For American businesses, TCJA introduced competitive tax rates while broadening the base, including by enacting the first global minimum tax of its kind, GILTI, and putting an end to corporate inversions. It also led to record-high corporate tax receipts, both nominally and as a share of gross domestic product.

“Instead of taking note of TCJA’s successes, President Biden, for the fourth time, proposes trillions of dollars of tax hikes on American businesses. Biden proposes increasing the corporate tax rate to 28 percent, which, according to the Tax Foundation, would result in the U.S. having the second-highest combined rate among developed countries.

“Economists agree that a tax increase on American businesses will be passed on to working families in the form of higher prices and lower wages.

“The Administration’s failure to prioritize American businesses and workers extends to its international tax negotiations: instead of defending the U.S. global minimum tax, GILTI, the Administration again uses the OECD’s global tax code to justify hiking taxes on American companies at rates far exceeding those imposed by other countries.

“Even more unfathomable is the Administration agreeing to a deal that punitively treats vital congressionally-enacted investment incentives—like the R&D credit—while blessing identical activities if delivered as government subsidies.

“But the global tax code is not the only concerning part about the international tax negotiations: the Administration should have deep reservations about signing on to the OECD’s global tax treaty at month’s end. The Joint Committee on Taxation’s recent analysis indicates the deal reduces revenue, fails to provide certainty or stability and would not halt discriminatory taxes targeting American companies, which was the sole impetus for entering the negotiations.

“The list of tax increases goes on—tax hikes on American energy production that would decrease our energy independence and eliminate good-paying jobs; a tax hike on savings and investments; a tax hike on generational family businesses.

“While the list of tax increases grows, so does one tax giveaway—the green energy tax incentives included in the Inflation Reduction Act, which benefit China and foreign manufacturing, and have ballooned from an estimated cost of \$270 billion over ten years to \$663 billion.

“In stark contrast to the Republicans’ achieved objective of lower taxes and competitive rates, President Biden’s vision for American workers and companies is clear: higher taxes and uncompetitive rates for the majority to support government subsidies for a few.

“Thank you for your service, Secretary Yellen. I look forward to your testimony.”