

Battle Zone: Making the Tax Cut Permanent

Fox News Network

SHOW: HANNITY & COLMES, August 2, 2001 Thursday

GUESTS: Kenny Hulshof, Janice Schakowsky

BYLINE: Alan Colmes, Sean Hannity

BODY:

THIS IS A RUSH TRANSCRIPT. THIS COPY MAY NOT BE IN ITS FINAL FORM AND MAY BE UPDATED.

COLMES: Welcome back to HANNITY & COLMES. I'm Alan Colmes.

Coming up, it's not your father's prom. Should sexually-explicit dancing be banned from schools?

First, in the "Battle Zone" tonight, House Republicans and business lobbyists are pushing to make the recently passed \$1.35 trillion tax cut permanent, giving it life after its 2010 expiration date, even if it adds \$112 billion to the cost. Is it really necessary? Joining us now on Capitol Hill is the bill's sponsor in the House, Republican Congressman Kenny Hulshof, and also on the Hill is Democratic Illinois Congresswoman Jan Schakowsky.

No fighting. I know you're very close there.

Congressman Hulshof, I -- as I understand it, the -- bound by the budget resolution -- you are bound by the resolution to limit the revenue lost to \$1.35 trillion over 10 years, and since that number could not be met, they made the bill expire at the end of nine so the numbers could match up. Is that pretty much what happened here?

REP. KENNY HULSHOF (R), MISSOURI: Well, essentially, what happened was because of some procedural roadblocks that Senate Democrats threw up, they put this sunset on the tax cut.

And yet as -- from a public-policy perspective, the fact that we've worked very hard to get rid of

the marriage penalty, that we're killing the death tax, we have some good savings opportunities for education, for pensions, and for other retirement options.

And yet just as the American people are getting ready and these checks are going out in the mail to millions of mailboxes all across the country, we're getting ready to pull the rug out from underneath the American taxpayers in 2011.

COLMES: That check, which is not -- which is not a rebate but an advance on next year's tax cut, by the way -- they keep...

HULSHOF: You are right.

COLMES: ... calling it a rebate, which it isn't. But you -- you want to take a shot there at the Democrats.

Congresswoman Schakowsky, was that a fair shot? Wasn't this trying to make that number match, \$1.35 trillion? The only way to do it was to have that sunset provision, and that's why they had to cut it off after nine years. Now they want to change it.

REP. JANICE SCHAKOWSKY (D), ILLINOIS: Well, you -- well, you're absolutely right.

In fact, though, we had to borrow this -- we're going to have to borrow about \$51 billion just to pay for the tax rebate. In other words, that surplus really isn't there, and what American family would say that they have a surplus, if they didn't have a decent roof over their head or a prescription-drug benefit for their -- the seniors or if they had to dip into their retirement because we're going to have to dip into Social Security in order to pay our bills.

That surplus just isn't materializing the way they projected that it would.

COLMES: Now we're finding out, Congressman Hulshof, that the economy slowdown, the rebate checks, which are not -- it's not really a rebate. It's going to force the government to borrow \$51 billion by September, an about-face from previous predictions, \$38 billion of that -- of the \$51 billion has to pay for that tax rebate that's not really a rebate.

So it's already costing money. It's going to cost money to borrow that money so this phony tax cut's already costing us money.

HULSHOF: Alan, you've fallen into this Washington method of accounting, and the fact is...

COLMES: Tell me where I'm wrong here. Where did I make a mistake?

HULSHOF: Well, the fact is that we have a tight budget, and the only thing that is causing that tight budget some problems is this penchant for more spending and, in fact, last week, the highest-ranking Democratic member of the Appropriations Committee in the House said that the American taxpayer should delay their tax relief for next year and that that money should be collected for more government spending programs.

COLMES: But we're talking about already borrowing in order to meet these checks that have gone to every American. We're already borrowing to pay for this tax cut \$51 -- to the tune of \$51 billion.

HULSHOF: We're -- actually, what...

SCHAKOWSKY: Well, not only...

HULSHOF: ... we're doing, Alan, is that we are still paying down the debt. It's going to be the second largest buyback of debt obligations in the history of our country when this fiscal year is over.

We are not going into the Social Security trust fund. We are locking up every penny. We will have room for a Medicare prescription-drug benefit, so long as we don't -- we can resist this temptation to just have...

HANNITY: Absolutely.

HULSHOF: ... out-of-control spending.

HANNITY: Representative...

SCHAKOWSKY: Well, that's not -- that's actually not true at all. Instead of paying down about \$57 billion in debt, we're going to have to borrow to pay for those -- those checks that are coming in the mail.

HANNITY: Rep -- Representative...

SCHAKOWSKY: By the way, about 20 -- about 21 percent of Americans aren't getting that check whatsoever. I actually...

HANNITY: Because they don't pay.

SCHAKOWSKY: Let's postpone this.

HANNITY: But, Representative, the only reason they're not getting the check -- every American that pays taxes gets a rebate.

SCHAKOWSKY: No, no, no.

HANNITY: If you don't pay...

SCHAKOWSKY: No. You're talking about income taxes. These people pay...

HANNITY: That's right. If you pay income taxes -- because we -- if you're going to mention Social Security taxes, that's a separate benefit that people pay into that they get back when

they retire. But if you pay income taxes -- every American gets it back, Congresswoman.

SCHAKOWSKY: Well, let's be clear, though. We have already not paid for bills that have passed this House of Representatives. Tom DeLay wanted disaster assistance. We can't even pay for it because...

HANNITY: Listen, I -- I...

SCHAKOWSKY: ... we don't have the money to do it.

HANNITY: ... agree. Actually, that \$500,000 for swine waste- management research -- I think we don't need that type of pork spending in Washington.

SCHAKOWSKY: Even the energy bill, though -- we don't have the money. It is not paid for. Even the so-called phony patients' bill of rights that's passing right now -- we don't have the money to pay for the cost of it.

HANNITY: You know, I read -- this -- this is your press release that says family needs first, delay tax cuts for the rich. Is that yours, Congresswoman?

SCHAKOWSKY: Yeah, that -- exactly. I want to say...

HANNITY: All right. Wait a minute. Hang on.

SCHAKOWSKY: ... first things first.

HANNITY: You -- what you say here is no family should have a surplus if they're unable to pay for health care, education for their kids, adequate retirement. You talked about prescription drugs, a roof over their head.

SCHAKOWSKY: That's right.

HANNITY: Is that your vision for the role of government to provide all those things for people, or do you believe in the concepts of our founders, limited governments and greater freedoms?

SCHAKOWSKY: It seems to me that the government does have some role. We've already acknowledged our role in paying for retirement benefits, that we do have a role to play with prescription drugs. Seniors all over this country are waiting for us to do something...

HANNITY: All right.

SCHAKOWSKY: ... because it's been promised by this president, and there's no money to do it.

HANNITY: Let me ask you both a final question then. Let me -- let me ask you both a final question.

Congresswoman, I'll start with you. In terms -- give me a final number beyond which, in your mind, we'll tax the American people too much. State, local, federal taxes. The American people should not pay above this -- what percentage of their income? What percentage?

SCHAKOWSKY: Well, I -- I don't know a percentage. I think...

HANNITY: Off the top of your head.

SCHAKOWSKY: ... it depends on who has really benefited the most. Right now, we're...

HANNITY: Thirty? Forty?

SCHAKOWSKY: No, I don't...

HANNITY: Fifty?

SCHAKOWSKY: I don't know. I don't know. You pick a number.

HANNITY: All right. Congressman, we'll give you --

We'll give the congressman a shot, if you don't want to take a shot at it.

Congressman?

HULSHOF: Well, I think the guest that you had on before talking about state taxes, we are paying more in federal, state, and local taxes right now for government services than we as a family pay for our food, for our clothing, for our shelter. We are overtaxed. When tax increases are permanent, we think it's time that these tax cuts should be made permanent. It's good public policy.

COLMES: All right, Kenny, can you come up with a number? Can you come up with a number either?

HANNITY: I got one.

HULSHOF: I support President Bush's plan for a maximum rate of 35 percent.

COLMES: All right. Thank you both. All right. Thank you both very much, Congressman and Congresswoman.

SCHAKOWSKY: Thank you.