



washington dc update

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Megabuses, Tax Extenders, Merry Christmas

The prospects for a Merry Christmas and an adjournment of the Congress just dimmed today inside the Beltway. Here's what is going on:

- House and Senate Appropriators have completed work on the FY12 "Megabus" which contains the nine unpassed Appropriations bills. There is a bi-partisan consensus that this legislation will pass with ease.
- Last Friday, House Republicans unveiled HR3630, their so called "Tax-Extenders" bill titled "the Middle Class Tax Relief and Jobs Creation Act." The bill has gone from being introduced at noon last Friday to being considered on the House floor today where it will certainly pass.

What's not to like about this? For Democrats, HR3630 also expedites consideration of the Keystone XL pipeline. For another, it contains provisions limiting EPA's ability to issue air regulations. And yet another is a two year freeze on the pay of Federal employees lasting through 2013.

Democrats in the Senate and the Obama Administration have signaled that HR3630 is not acceptable to them. So negotiations are about to begin that will seek a way to extend the Payroll Tax cut for Social Security, extend unemployment benefits, fix the Alternative Minimum Tax [yet again] and do so in a way that the Congressional Budget Office will score as "budget neutral."

Senate Democratic Leader Harry Reid has noticed Members are anxious to pass the FY12 Megabus but that reaching accommodation on the "Tax Extenders" bill may be much more elusive. So he has ordered that the FY12 Megabus be put on the slow track in the Senate while negotiations continue on the Tax Extenders legislation.

What's going to happen? Republicans will say that they have been challenged to compromise on big issues like job creation and unemployment insurance. So they're going to say; "we gave you what you have been asking for and all we are asking in return is just a little give on your part with regard to issues like the Keystone Pipeline."

Democrats are going to reply; "the other side is going to raise taxes on all working Americans and ensure that unemployment benefits end for many early in the New Year."

The bottom line is yet another FY12 Continuing Resolution to keep the Federal government open through Friday, December 23rd. The extra week will be used to try and reach accommodation on these issues.

Would anybody like to bet on the outcome? If not, we can understand why.



Summary & Take Away

This is apparently not the season for compromise as the HR3630 heads for a stone wall with the Senate Democrats and the Administration. At stake, on the horns of this reindeer, is loss of a tax-break and loss of jobs for building a mega-pipeline.

Will a compromise be reached the Hill before Christmas?!

Tis' certainly the Season and tis the time for some good will among politicians!

Hurry!!
Congress needs this present before Christmas!



Compromise Bus

