

Prepared Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing on “The Rich Get Richer, Deficits Get Bigger: How Tax Cuts for the Wealthy and Corporations Drive the National Debt”
Wednesday, May 17, 2023

[VIDEO](#)

Mr. Chairman, thank you for holding today’s hearing. It’s a welcome break from the series of climate change hearings. However, today’s hearing title suggests we’re likely to hear some misleading narratives about tax relief measures enacted into law since 2001. As the Senate author of at least two major bipartisan tax relief measures, let me set a few things straight.

First, the last time we had a balanced budget, revenues were 18.9 percent of our gross domestic product (GDP). Last year, federal revenues were 19.6 percent of GDP – the fourth highest level on record. Yet, last year’s deficit still came in at a whopping \$1.4 trillion.

The problem isn’t tax cuts, but unchecked spending. Over the next decade, spending is projected to average 24.1 percent of our economy, a level previously reserved for times of war or recession.

Even if we managed to sustain revenues at their historical peak, \$2 trillion deficits would still become the norm within a matter of years.

Second, if Democrats are concerned about tax cuts for the rich and corporations, they ought to reconsider the ones they enacted in last year’s so-called Inflation Reduction Act. Those partisan tax subsidies are now expected to cost hundreds of billions, if not trillions, more than initially expected. And they disproportionately benefit large corporations and wealthy investors.

So, who just gave billions of tax benefits to the rich that they’re now complaining about? The Democrats and President Biden. Now, that’s rich.

Third, the past 20 years of Republican-led tax cuts have benefitted Americans across the board. And low-to-middle income Americans have seen their tax burdens reduced the most.

According to the Congressional Budget Office (CBO), the bottom 20 percent of households have seen their average federal tax rate slashed from 7.2 percent in 2000 to only 0.5 percent in 2019. In contrast, the top 1 percent have seen theirs drop just 2 percentage points, from 32 percent to 30 percent. We’ve made the tax code more progressive, not less.

I say “we” because many of my friends across the aisle have supported most of the tax relief measures enacted into law. Let me remind folks, the Bush-Obama tax cuts were bipartisan. Democrats in both the House and Senate voted to enact them. Democrats voted to extend them. And not that long ago, a majority of Democrats voted to make most of them permanent.

Have Democrats moved so far to the left they’re having second thoughts about the last 23 years of mostly bipartisan tax relief? Do Democrats want to repeal these changes and send us back to last century’s tax code?

Doing that means raising the lowest marginal tax rate from 10 percent to 15 percent. It means slashing the child tax credit, which I thought Democrats said they supported, from \$2,000 per child to just \$500. It also means subjecting an ever-increasing share of families to the alternative minimum tax.

The nonpartisan Tax Foundation estimates taking tax rates and the child tax credit back to pre-2001 levels would disproportionately hit low-and-middle income Americans.

I've been on the Senate Budget Committee for decades. Before this committee started focusing almost exclusively on climate change, it heard regular warnings from CBO and other nonpartisan experts about the long-term debt problems facing our nation. That was the case even when the budget was temporarily in surplus.

The Biden Administration has made our structural deficits worse. Thanks to the President's poor fiscal stewardship, CBO tells us deficits through 2031 will be \$6.1 trillion higher than what the agency expected when he took office.

Last week, CBO put out their latest budget outlook and the Government Accountability Office released their annual report on the nation's fiscal health. If this Committee is interested in examining our rising debt, we ought to bring in the nonpartisan heads of these agencies to give us the straight facts. Let's put the demagoguery aside and have a serious discussion about our fiscal problems.

I welcome today's witnesses. I look forward to hearing each of your testimonies.

