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Taxes: Chris Van Hollen Plans to Raise Them

By **MICHELLE HIRSCH**, The Fiscal Times April 12, 2011

Not content to wait for President Obama to put Democrats back into the **deficit reduction** conversation—one which the GOP has owned since Rep. Paul Ryan, R-Wis., released his controversial “**Path to Prosperity**” plan—Rep. Chris Van Hollen, D-Md., said today that he’ll release his own 2012 budget on Wednesday. It will include a mix of tax increases and spending cuts, he said.

At the Center for American Progress, a liberal think tank, Van Hollen lambasted Republicans for keeping tax increases out of their plan and said that any viable deficit reduction package has to include a revenue component. “Until Republicans are more afraid of the deficit than they are of **Grover Norquist**, we will not be able to put together a responsible, balanced plan,” he said, referring to the leader of the anti-tax group, Americans for Tax Reform. Though the plan has little chance of passing the Republican-led House, it could give Democrats ammunition in the 2012 elections for matching the Republicans’ zeal in proposing ways to tackle spending and **taxation issues** to reduce the nation’s \$1.6 trillion deficit.

Van Hollen’s plan would bring back Clinton-era tax rates on the rich, target tax breaks for high-income individuals and corporations, and propose “non-health mandatory spending cuts,” such as cuts to farm subsidy programs, Van Hollen said. He also said the plan will pick up savings from security-related discretionary spending. He gave no specifics, however, on whether his proposal would address **entitlement programs**, an area the GOP has routinely criticized Democrats for skirting.

When President Obama addresses the nation on Wednesday, he’s expected to offer support for some of the measures endorsed by his fiscal commission late last year and the effort underway by the **Gang of Six**— three Democrats and three Republicans in the Senate – that aims to cut \$4 trillion from the debt over the next decade.

Political Posturing

Van Hollen said his proposal would get the budget into a primary balance by 2018, as a proxy to Ryan’s plan that would reduce the deficit over the next decade by revamping **Medicare and Medicaid**. The Ryan plan would also extend the Bush-era tax cuts and lower the top tax rate for the wealthiest Americans.

Some conservatives say the Democrats’ alternative plan will be ineffective in the long run, and is nothing more than political posturing to enter the deficit reduction conversation.

“This is more of a line in the sand—a suggestion of where Democrats want to go on policy but little else... I don’t know why they are bothering,” said Tad DeHaven, a budget analyst at the libertarian Cato Institute. But the plan does give Democrats the opportunity to lead on making defense cuts, which could marry well with the Republicans’ proposed entitlement reforms, he said. “That combination might be able to yield a bipartisan package.”

Van Hollen repeatedly dismissed Republican proposals as a transfer of financial burdens from the wealthy to the **middle class**—a phenomenon he says his proposal will try and balance. “When you strip away the sweet-sounding talk of reform, at its core, the Republican budget is the same tired formula of extending tax breaks to the very wealthy and powerful at the expense of the rest of the country, except this time, it’s on steroids,” said Van Hollen, who was the Democratic Congressional Campaign Committee Chairman during the 2008 and 2010 elections.

Van Hollen faces an **uphill battle** in convincing his Democratic colleagues to rally behind the plan. If he calls for large spending cuts, he could risk alienating liberal Democrats, and if he doesn’t take a strong enough hand in reducing the deficit, the fiscally-conservative Blue Dog members could reject it. Van Hollen will meet with members of his caucus late Tuesday or early Wednesday to hammer out the details, his spokesman said.

Related Links:

[Van Hollen: House Dems Will Embrace Simpson-Bowles](#) (Daily Kos)

[Tax Hike, Defense Cuts in House Democrats’ Budget](#) (Reuters)

[House Democrats Plan to Introduce Alternative 2012 Budget](#) (FOXNews)