

## President Barack Obama attacks Mitt Romney over tax plan

By Toluse Olorunnipa and Marc Caputo

President Obama travels Thursday to Orlando where he'll challenge Mitt Romney on what's normally considered Republican ideological turf: debt and taxes.

Obama got considerable help — and new stump speech material — on Wednesday from a new study by the nonpartisan Tax Policy Center that showed those earning more than \$1 million could save about \$87,000 in taxes under Romney's plan, which reduces income tax rates by 20 percent across the board.

But those who earn less than \$200,000 would actually see their taxes increase by as much as \$1,339 under Romney's plan, the study estimated, because they could lose popular tax breaks for employer health insurance, mortgage interest and state and local taxes.

Obama's campaign hours later released a Florida-centric companion report, based on a previous Tax Policy Center analysis, that estimated Romney's plan would raise taxes on 7.6 million Florida households.

Romney's campaign disputed the reports and took issue with the Tax Policy Center's methodology because it didn't factor in the savings in Romney's proposed spending and it didn't analyze the positive economic effects of reducing corporate taxes.

Romney's policy director, Lanhee Chen, criticized one of the report's three authors, who had previously worked in the Obama White House.

"This is just another biased study from a former Obama staffer that ignores critical parts of Governor Romney's tax reform program, which will help the middle class and promote faster economic growth," said Chen said in a written statement.

"The study analyzes only half of Governor Romney's tax program," Chen said, "ignoring the reforms that would make America's corporations more competitive by moving from the highest corporate tax rate in the industrialized world to one that is comparable to our trading partners."

The Romney campaign hasn't always criticized the Tax Policy Center, which it cited in a November email for providing an "Objective, Third-Party Analysis."

Nor did the Romney campaign provide more details about specific spending cuts or the types of tax write-offs or subsidies it would eliminate to make Romney's tax plan revenue neutral and not add to the budget deficit.

While Romney has attacked Obama over tax increases in Obama's federal health care law and deficits under the president's watch, Obama has steadily stepped up his attacks on Romney for failing to disclose multiple years of personal income tax returns.

Stump speeches, interviews and a barrage of new television ads highlight Obama's overarching strategy: Paint Romney as an out-of-touch millionaire whose policies will help the rich at the expense of the middle-class.

"He's asking you to pay more so that people like him can get a big tax cut," Obama said Wednesday in a campaign speech in Ohio, referencing the Tax Policy Center study.

Romney aides said the president will have trouble persuading voters to believe the Republican is less trustworthy than the president, who promised to cut the deficit in half but failed.

The Tax Policy Center analyst who came under fire, Adam Looney, said the study isn't partisan. It was written with two other experts and was reviewed at the center, which is directed by a former economic advisor to Republican President George W. Bush.

"This isn't bias. These are numbers," Looney said. "It's pretty plain math. It really is just algebra."

Looney acknowledged that the study didn't examine Romney's proposed spending cuts, in great part because Romney hasn't specifically proposed them. Nor did the study analyze the effects of corporate-tax cuts because it assumed that the big business tax cuts Romney proposed would not add revenue to the budget.

Romney's campaign, however, pointed to a study from another group, the conservative-leaning Tax Foundation, which estimated that a 10 percent corporate tax cut would increase average wages by 9 percent.

But the campaign couldn't provide any analyses or studies of its own showing what effect a potential wage increase would have on Romney's plan.

Looney countered that major corporate tax cuts in the past didn't show the "substantial growth effects" being touted by Romney's campaign.

The core of the Tax Policy Center's analysis sought to examine the "trade offs" between Romney's proposal to cut income taxes and the revenue he could gain from broadening the base of the tax code by eliminating tax breaks and preferences.

In that light, the study said, Romney's plan to cut tax rates by 20 percent "would provide large tax cuts to high-income households, and increase the tax burdens on middle- and/or lower-income taxpayers."

Romney's tax reform plan keeps Bush-era tax cuts for all Americans, while Obama proposes eliminating those tax cuts on households earning more than \$250,000 a year. Romney also wants to slash corporate taxes, eliminate the estate tax and keep investment taxes from increasing.

Romney has indicated the plan would pay for the \$360 billion in annual tax cuts by eliminating tax breaks and by spending cuts. His campaign pointed out he would shave 5 percent from the non-defense federal budget his first year.

That could save about \$145 billion. Where would the other \$215 billion come from? The campaign won't say yet.

In the absence of those specifics, the Tax Policy Center report — and the Florida-specific paper from the Obama campaign — said all scenarios lead to a net tax increase for the vast majority of taxpayers.

Here's why: The rich pay more taxes and the major tax preferences disproportionately help the middle class relative to their incomes.

Conservatives defended Romney's plan by pointing out that most studies criticizing it do not take into account potential budget cuts, which would offset the need for eliminating some tax breaks. They also pointed out that Obama's tax plan would slam small businesses with higher costs, costing jobs.

Chris Edwards, director of tax policy for the conservative Cato Institute, said Romney's plan wouldn't necessarily shift the tax burden from the rich onto the middle class. Edwards said Romney could avoid that by coupling the tax cuts with adequate spending cuts.

"I'm in favor of the general approach of Romney's tax cuts — eliminating loopholes, lowering the rates," he said. "My angle on it would be it is Romney's responsibility to match that revenue loss with spending cuts."

Democrats counter with this argument: Romney's spending cuts would hurt the middle class and the poor as well because he would reduce big-ticket popular programs such as Medicare, Social Security and Medicaid. If Romney proposes cutting those, Obama's campaign will hammer him for hurting seniors and the poor.

Conservatives counter by saying Romney's tax plan will boost the economy and create jobs, allowing people to get off government subsistence.

Bob Sanchez, of the conservative Florida-based James Madison Institute, said Romney's tax cuts are modeled after Ronald Reagan's tax reform, which led to economic growth in the late 1980s. That economic growth helped boost revenue, and has helped advance the Republican argument that reducing taxes is good for the economy.

But several experts say it's unlikely that economic growth can make up a large enough impact to offset the revenue losses.

As a result, Romney's tax plan could produce a \$86 billion tax shift from higher-income earners to lower- and middle-income earners, the Tax Policy Center report states.

Those earning \$1 million or more would get an average tax cut of at least \$87,000 and those who make more than \$200,000 would get a tax cut of at least \$1,800. All others would see their taxes go up. Those earning between \$75,000 and \$100,000 face increases of \$884 and those earning \$100,000 to \$200,000 would see increases of \$1,339.

As Obama makes yet another campaign stop in Florida on Thursday, his campaign's policy paper offers a hint at what he might say:

“Romney’s plan threatens to raise taxes on hundreds of thousands of middle class Floridians in order to pay for tax breaks for the wealthiest Americans.”

Florida Senator Marco Rubio will be available in Orlando to represent Romney and push back at the Obama message. A political adviser to Rubio and Romney, Alberto Martinez, said Obama isn’t talking about the real world and he’s running from his tax-raising record.

“What is not theoretical is that a review of President Obama’s record suggests he is the last person to be challenging anyone on economic or tax policies,” Martinez said.