



April 28, 2009

An Update on the Tax and Budget System

The House and Senate negotiators have reached an agreement on the federal budget, so now it is time to turn our focus to long-term federal efforts to craft policies that support a balanced tax system and ensure that revenues are used to protect programs that lift low-income families out of poverty. This update includes current information on the budget resolution and climate change.

Federal Tax and Budget Update

The Federal Budget Resolution

On April 27, Senate and House negotiators reached an agreement on a budget plan for fiscal year 2010 that embraces the priorities of the President's budget. The full House and Senate are each expected to vote on the fiscal year 2010 budget conference agreement this week.

The budget's framework is designed to cut the deficit by nearly two-thirds by 2013 while increasing investments in programs that support low-income children and families like health care reform, child care, and Head Start. The agreement also includes tax cuts of more than \$1.7 trillion over the next ten years for middle-income Americans and permanently extending the middle-income tax cuts adopted in 2001 and 2003. It also extends estate tax exemptions at the 2009 levels, which would preserve \$36 billion dollars in revenue over a 10-year period if made permanent.

Further, the budget's reconciliation instructions ensure that health care reform can move through Congress with a 51-vote majority instead of a 60-vote majority.

We would like to thank Reps. Ross, Snyder and Berry for supporting the House budget resolution which the agreement most closely follows. We would also like to encourage Sen. Mark Pryor, Sen. Blanche Lincoln, and Rep. John Boozman to support the final budget resolution by voting for the agreement in this week's vote.

Climate Change

The House of Representatives Subcommittee on Energy and Environment is discussing the development of a “cap-and-trade” system to address the cause and consequences of climate change as a policy component of the *American Clean Energy and Security Act of 2009*. Because a cap-and-trade system will tightly squeeze the household budgets of low- and moderate-income families, AACF’s tax and budget team will follow this legislation to advocate for provisions to protect low- and moderate-income consumers. Rep. Mike Ross will play an integral role in the development of this legislation because he serves on the House Energy and Commerce Committee. We encourage you to follow and weigh-in with us.

A cap-and-trade system places restrictions on greenhouse-gas emissions to avoid the environmental and economic consequences from global warming. Those restrictions would work by raising the cost of activities that produce such emissions. The added costs are ultimately passed on to consumers, who will pay more for home energy, gasoline, and a broad array of goods and services whose production and transportation to market are energy-intensive.

The committee, which Congressman Ross serves on, is vetting various methods to implement such a system. We encourage him to support the method that would allow the government to sell the emissions allowances to the electricity generators, petroleum refiners, and other entities and then to use the revenue to provide rebates to low-and moderate income consumers to offset rising energy costs.

To learn more, see these reports:

- **[American Clean Energy and Security Act of 2009 Discussion Draft Full Text](#)**
- **[American Clean Energy and Security Act of 2009 Discussion Draft Summary](#)**
- **[American Clean Energy and Security Act of 2009 Discussion Draft Section by Section Summary](#)**

To learn more about why we support providing rebates to low- and moderate-income consumers, see **[“Holding Down Increases in Utility Bills Is a Flawed Way To Protect Consumers While Fighting Global Warming Direct Consumer Rebates a Better Approach.”](#)**

State Tax and Budget Update

Please visit **[AACF’s website](#)** to learn more about the **[Kids Count Coalition’s](#)** post-legislative conference to be held across the state: May 5 at the Jones Center for Families in Springdale, May 14 at the Pulaski Heights United Methodist Church in Little Rock and May 21 at St. Bernard’s Auditorium in Jonesboro.

100 people for 100 days event

Several local organizations are holding a rally at the Arkansas State Capitol at **10 a.m. Wednesday, April 29** to thank the Arkansas Congressional Delegation and President Obama for successes in the first 100 days of the new administration. They include extending health insurance to 4 million more children, passing the Lilly Ledbetter Fair Pay Act and passing the American Recovery and Reinvestment Act to stimulate the economy and save jobs.

The event will be hosted by AFSCME, ACORN, AACF and others. They are encouraging 100 people to stand in support of the progress that has been made.

*If you would like more information on the topics discussed above, please contact **Candice Smith**, our federal tax and budget policy director, at csmith@aradvocates.org or **Pat Bodenhamer**, our state tax and budget outreach director, at pbodenhamer@aradvocates.org. If you would like to subscribe to **Moving Families Forward**, which provides updates and alerts on state and federal tax and budget issues, please email csmith@aradvocates.org.*