



Written by [Raven Clabough](#) on December 20, 2011

## Congress Locked in Heated Payroll Tax Cut Debate

Debate over the payroll tax cut remains heated as House Speaker John Boehner (R-Ohio, left) demanded from Senate Majority Leader Harry Reid (D-Nev.) a year-long tax cut. The challenge threw another wrench into the negotiations on the deal, which, if not reached by the New Year, will result in an increase in payroll taxes as the present payroll tax reduction expires.



According to California Healthline:

Last week, the House [voted](#) 234-193 to pass a GOP bill that would extend for one year a \$1,000 payroll tax break that is set to expire at the end of this month and stave off a nearly 30% cut to Medicare physician rates that is scheduled to take effect on Jan. 1, 2012. Instead, the legislation would increase reimbursement rates by 1% over the next two years.

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The Senate did not take up that legislation, but instead voted 89-10 on Saturday to approve a two-month version of the payroll tax break and Medicare “doc fix” measure.

The measure engages in some slight-of-hand shuffling of revenue as it would raise fees on new mortgages backed by Fannie Mae and Freddie Mac. The GOP bill also includes a provision forcing the President to make a decision on the construction of the Keystone XL oil pipeline within the next 60 days.

“I know how difficult and hard it is for people to accept our way of doing business. But if you look back over the time we’ve been a country, it’s worked out pretty well,” Reid said on the floor. “People may be disturbed about some of the stuff here on the floor but ... it was true legislation, because it was compromise.”

But the House warned it would reject the Senate-approved two-month measure, demanding instead a long-term fix to the problem.

The Senate has remained steadfast that it will oppose any renegotiations on the payroll tax cuts until the House first approves the short-term version of a payroll tax cut extension and unemployment coverage that has been overwhelmingly approved by the Senate, 89-10, with just seven Republicans voting against the measure.

Massachusetts Senator Scott Brown is one Republican (though of the Northeastern liberal variety) who voted in favor of the Senate’s short-term measure. In a statement, he called Boehner’s challenge “irresponsible and wrong” and asserted that it “threatens to increase taxes on hard-working Americans



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and stop unemployment benefits for those out of work.” He continued:

I appreciate their effort to extend these measures for a full year, but a two-month extension is a good deal when it means we avoid jeopardizing the livelihoods of millions of American families. During this time of divided government, both parties need to be reasonable and come to the negotiating table in good faith. We cannot allow rigid partisan ideology and unwillingness to compromise stand in the way of working together for the good of the American people.

Reid maintained that the House should find the spirit of compromise and pass the short-term measure until a long-term agreement can be reached. “This is a question of whether the House of Representatives will be able to fulfill the basic legislative function of passing an overwhelmingly bipartisan agreement in order to protect the economic security of millions of middle-class Americans,” he commented in a written statement.

As Boehner warned, however, the Senate bill was [rejected](#) in the House. House Republicans indicated that their opposition was based on the measure’s lack of any serious spending cuts and was for too short a time period. “Americans are tired of Washington’s short-term fixes and gimmicks and fixes,” Boehner insisted. “We oppose the Senate bill because doing a two-month extension instead of a full-year extension causes uncertainty for job creators.”

He called the short-term fix simply “punting the problem into next year,” and pointed out that on December 2 even President Obama had urged, “Congress needs to extend the payroll tax cut for working Americans for another year.”

“The president has said repeatedly that no one should be going on vacation until the work is done. Democrat leaders in the House and Senate have said exactly the same thing, so I think it’s time for the Senate Democrat leaders to follow the president’s example, put their vacations on hold and work in a bipartisan manner to fix the nation’s business,” Boehner declared. “I’ve been here for a while. I’ve seen Congress kick the can down [the] road, [and] kick the can down the road. It’s time to stop the nonsense.”

Boehner still remained confident, however, that a deal could be reached between the two parties. “We can resolve these differences and we can do it in a way that provides certainty for job creators and others,” he maintained.

House Majority Leader Eric Cantor also asserted that a deal can be reached, insisting that lawmakers will not allow the taxes to increase. “We are going to stay here and do our work until we guarantee that no one faces a tax increase in the year ahead,” he declared.

Exactly how this will happen remains unclear. After the Senate approved the two-month extension, it adjourned for the holidays, hoping that the House would be forced to approve the extension. However, the House is planning to shelve the legislation and demand instead that the Senate return to the Capitol for negotiations.

Federal News Radio [reports](#):

Instead of accepting a two-month stopgap Senate measure that would ensure fighting continues into February, Republicans said they would move Tuesday to set up an official House-Senate negotiating panel known as a conference committee. The Senate’s top Democrat said he would refuse to negotiate until the House passes the short-term version.

Both sides insist they want to extend the provisions before a Dec. 31 deadline, but that will prove



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difficult. After overwhelmingly passing a two-month extension Saturday, senators raced for the exits in the belief that the House would see no alternative but to go along. The Senate isn't scheduled to resume legislative work until Jan. 23.

"When there's a disagreement between the two chambers, we sit down as a conference and resolve those differences, and that's exactly what I believe the House will do," Boehner stated.



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