

[By Ben Conarck](#)

While no one described it as a silver bullet for the country's economic woes, federal lawmakers from Vermont and New Hampshire yesterday said that the last-minute tax compromise reached by Congress earlier this week was nonetheless a far better outcome than the alternative of fiscal cliff-diving.

All but one of the Twin States' seven-member congressional delegation voted in favor of the legislation that delayed for two months across-the-board spending cuts and permanently extended Bush-era tax rates for individuals making less than \$400,000 a year, as well as couples making less than \$450,000 a year.

"It's a small step but it's a step in the right direction," said U.S. Rep. Peter Welch, D-Vt., yesterday. "And it's a step we made, rather than a stumble we sustained."

The deal, which passed the House late Tuesday night, raised rates on the top bracket of wage-earners to 39.6 percent, representing the first major tax increase since the early 1990s — but it also ended the payroll-tax holiday, triggering a 2 percent rate increase for social security payments that is estimated to add about \$1,000 on average to the total amount of annual taxes wage-earners pay to the federal government.

Both U.S. Rep. Frank Guinta and US. Rep. Charlie Bass are New Hampshire Republicans who lost their seats in the November election. But while Guinta represented the only "no" vote from the Twin States delegations, Bass called the bill a "great demonstration of bipartisanship."

"I think that Democrats gave up an enormous amount for the first time since 2001," he said. "We've actually made some of these tax relief measures permanent."

Bass said that the threshold of \$400,000 in annual salary was reasonable, and that while there were still major issues to be resolved — such as the debt ceiling limit, the growth of entitlement

spending, and "real tax reform" — he said it was a "mistake" for 151 House Republicans to vote against the legislation.

"Although it didn't represent the big solution that I've been looking for, it's part of it, and it's an important part of it," said Bass. "It eliminates an element of insecurity in the American economy."

Welch, a Norwich resident, also said the deal is a "long way from the grand bargain that we need, but we did avert the meltdown that would have awaited us had we failed."

With the deal, he said, Democrats "broke the iron grip of (tax lobbyist) Grover Norquist on Republican Party tax orthodoxy."

"That will create some space to have a much more sensible, practical discussion and debate on revenues and spending," said Welch.

Some Republicans, such as U.S. Sen. Kelly Ayotte, R-N.H., justified their vote by framing it as a tax decrease rather than increase, given that the Bush-era tax rates technically expired a few hours before the vote took place.

"While the president was insistent on raising taxes, I voted to spare as many Americans as possible from getting hit by tax increases," she said in a statement emailed to the media.

U.S. Sen. Bernie Sanders, I-Vt., was also critical of the compromise despite voting in favor of it.

"It's not a good piece of legislation by any means," he said. "I gave some thought to voting against it, but upon reflection, it's clear to me that the alternative would have been a lot worse."

At the very least, Sanders said, the compromise spared middle-class Americans from tax increases and continued unemployment benefits for those who are out-of-work, as well as veterans' benefits for those who have served in the military, while putting off for at least two months potential cuts to Medicare, Medicaid, and Social Security.

But Sanders said that he and Democrats alike are in a "very dicey moment" when it comes to safeguarding federal entitlement programs from spending cuts down the line.

In his speech immediately following the tax compromise, President Obama mentioned entitlement reform as part of a "balanced approach" to deficit reduction.

While Sanders said the president does appear to be open to reforming entitlement programs, he called that approach "dead wrong."

"I think Social Security has nothing to do with the deficit," he said. "We can make Medicare and Medicaid more efficient in terms of the delivery, but it would be absolutely wrong to be cutting Social Security, Medicare, and Medicaid. And if that's what the president wants to do, I think he's wrong too."

Sanders said that he planned to introduce legislation that would close tax loopholes and raise corporate tax rates in the next session.

"What was not discussed very much in this whole 'fiscal cliff' business was corporate taxes," he said. "That was kind of off-the-table, but it's going to become-on-the table right now, and I'll be working very hard on that."

Welch, too, voiced disappointment with some aspects of the bill. For instance, he said he would have stuck with the \$250,000 threshold for tax increases that the president campaigned on.

"He won on that issue," said Welch. "And (Republican presidential candidate Mitt) Romney

voters in exit polls indicated that even they supported it."

While many Democrats would have preferred less compromise on tax rates in the weeks following the president's election victory, Welch said the deal needed to be done when the opportunity arose to make certain that tax rate increases were included in the country's still-developing long-term debt reduction plans.

One major aspect of debt reduction that remains to be decided will come to fruition in about two months when the federal government hits the next "debt ceiling," requiring Congressional approval to pay back the loans it has incurred.

Welch said he is confident that Obama would not "play the game" of negotiating on the debt limit.

"Bottom line, if the Republicans play it and they don't negotiate in good faith, then the president will have to make a very tough decision about, in my view, using the 14th amendment to make certain that reckless congressional conduct doesn't have catastrophic consequences on the economy," he said.

In the 2011 debt ceiling crisis, Welch spearheaded a charge to urge President Obama to use Section 4 of the 14th Amendment, which states: "The validity of public debt to the United States, authorized by law, including debts incurred for payments of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned."

In that vein, some who advocate using the amendment for that purpose argue that since "public debt" cannot be "questioned," the debt ceiling itself could be viewed as unconstitutional. White House Press Secretary Jay Carney early last month said the amendment "does not give the president the power to ignore the debt ceiling."

Bass said that he didn't think debt ceiling negotiations were "necessarily unusual or bad."

"All the major structural reforms that have occurred in the legislative and executive branches that relate to spending have occurred in the shadow of a debt limit increase," he said. "It is legitimate when you contemplate raising the nation's debt to contemplate how we're doing it, there's nothing with that."

Bass added that while the president "will cry of this being hostage-taking, it's not."

"Democrats have done this as well, it's a legitimate forum to have the debate," he said.