

Unless Congress acts, beginning in January the average American family earning \$50,000 a year will face a \$1,000 tax increase. I am fighting to ensure that this does not happen to 160 million Americans next year.

The payroll tax holiday that was enacted in early 2011 reduced the Social Security payroll tax to 4.2 percent of wages from 6.2 percent. This tax cut has benefited 16.7 million Californians and made a significant difference to middle class families struggling to make ends meet in this economy. However, this tax provision is set to expire at the end of this year.

In his American Jobs Act, President Obama proposed extending and expanding the payroll tax cut by reducing it to 3.1 percent of wages. Under this plan, the average California family would save \$1,740 in a year. Additionally, the proposed measure would also reduce the payroll tax paid by employers on the first \$5 million of taxable payroll to 3.1 percent from 6.2 percent. Right now, employers are exempt from the payroll tax holiday. But this proposal would cut the payroll tax in half for more than 98 percent of businesses and put \$85 billion back in their hands to help them expand and hire.

The President's plan, which I support, will not add to our deficit because it is paid for by raising taxes on millionaires. The millionaire surcharge would raise \$250 billion in new tax revenue, more than enough to offset the cost of both the extension and expansion of the tax cut, and will affect less than .1% of Sacramentans or only 200 families. And Social Security will be protected because the increased revenue from our nation's wealthiest will go towards replenishing its funds. This is a win-win for the middle class, for seniors and for our economic recovery.

Not only is an extension of the payroll tax holiday critical for America's middle class and its expansion important to America's small businesses, this is also extremely important for the health of our economy. Moody's Analytics estimates that if the payroll tax is not extended, the economy could lose 1 million jobs next year. With 14 million Americans still unemployed, we cannot allow this to happen.

Unfortunately, my Republican colleagues are fighting against the provision that would raise taxes on millionaires, even though it would pay for the tax cut and ensure we do not run up a higher deficit while trying to give our middle class families some relief.

Please know that I will continue working to see that America's middle class, small businesses, and seniors are all protected as we work to extend and expand the payroll tax cut. As always, please do not hesitate to contact me at 916-498-5600.