

## **Remarks on Tax Relief**

*April 15, 2009*

Good morning. I decided not to bring Bo today because he stepped on my economic speech yesterday. [Laughter] Good morning. I know that April 15th is not exactly everyone's favorite date on the calendar, but it is an important opportunity for those of us in Washington to consider our responsibilities to the people who sent us here and who pay the bills. And I've brought some friends of mine who sent me here and pay the bills.

Across America, families like the people who join me have had tough choices forced upon them because of this economic downturn. Many have lost a job; many are fighting to keep their business open. Many more are struggling to make payments, to stay in their home, or to pursue a college education. And these Americans are the backbone of our economy, the backbone of our middle class. They're the workers, the innovators, the students who are going to be powering our recovery. So their dreams have to be our own. They need a government that is working to create jobs and opportunity for them, rather than simply giving more and more to those at the very top in the false hope that wealth automatically trickles down.

And that's why my administration has taken far-reaching action to give tax cuts to the Americans who need them, while jump-starting growth and job creation in the process. We start from the simple premise that we should reduce the tax burden on working people, while helping Americans go to college, own a home, raise a family, start a business, and save for retirement. Those goals are the foundation of the American Dream, and they are the focus of my tax policy.

First, we've passed a broad and sweeping tax cut for 95 percent of American workers. This tax cut was a core focus of my campaign, it was a core component of the American Recovery and Reinvestment Act, and it is the most progressive tax cut in American history. And starting April 1st, Americans saw this tax cut in the extra money that they took home with each paycheck.

Make no mistake: This tax cut will reach 120 million families and put \$120 billion directly into their pockets, and it includes the most American workers ever to get a tax cut. This is going to boost demand, and it will save or create over half a million jobs. And the Congressional Budget Office has found that tax cuts like these for American workers are more than three times more effective in stimulating recovery than tax breaks for the very wealthiest Americans.

This tax cut also keeps a fundamental promise: that Americans who work hard should be able to make a decent living. It lifts more than 2 million Americans out of poverty. And together with the child tax credit, it ensures that a working parent will be able to support their family.

Second, we are helping small businesses keep their doors open so they can weather this economic storm and create good jobs. Instead of the normal 2 years, small businesses are now allowed to offset their losses during this downturn against the income they've earned over the last 5 years. And this could provide a record number of refunds for small businesses, which will provide them with the lifeline they need to maintain inventory and pay their workers.

Third, we are helping Americans get the education they need to succeed in a global economy. For years we've seen the price of tuition skyrocket at the same time that it became

more and more important to earn a college degree. And that's why we are making college more affordable for every American that needs a hand. That is why we are committed to simplifying the student loan process so more families can get the help they need. And that's also why our \$2,500 tax credit for all 4 years of college will help us reach a goal that will help our country lead in the 21st century: By 2020, Americans once again will have the highest proportion of college graduates in the world.

Fourth, we are helping more Americans purchase homes that they can afford. Just as we must put an end to the irresponsible lending and borrowing that created the housing bubble, we must restore the home as a source of stability and an anchor of the American Dream. That's why we're providing a tax credit of up to \$8,000 for first-time home buyers, which will put a home within reach for hardworking Americans who are playing by the rules and making responsible choices. And by the way, there are at least a couple of folks here who have already used that \$8,000 credit, and I think it's wonderful to see that this is already prompting some willingness for people to go ahead and make that first-time purchase where they thought maybe it was out of reach before.

Fifth, we know that tax relief must be joined with fiscal discipline. Americans are making hard choices in their budgets, and we've got to tighten our belts in Washington as well. And that's why we've already identified \$2 trillion in deficit reductions over the next decade. And that's why we're cutting programs that don't work, contracts that aren't fair, and spending that we don't need.

We're also doing away with the unnecessary giveaways that have thrown our Tax Code out of balance. I said this during the campaign, I'm now saying it as President: We need to stop giving tax breaks to companies that stash profits or ship jobs overseas so we can invest in job creation here at home. And we need to end the tax breaks for the wealthiest 2 percent of Americans, so that people like me, who are extraordinarily lucky, are paying the same rates that the wealthiest 2 percent of Americans paid when Bill Clinton was President.

Finally, we need to simplify a monstrous Tax Code that is far too complicated for most Americans to understand, but just complicated enough for the insiders who know how to game the system. So I've already started by asking Paul Volcker and my Economic Recovery Board to do a thorough review of how to simplify our Tax Code, and to report back to me by the end of this year. It's going to take time to undo the damage of years of carve-outs and loopholes. But I want every American to know that we will rewrite the Tax Code so that it puts your interests over any special interests. And we'll make it easier, quicker, and less expensive for you to file a return, so that April 15th is not a date that is approached with dread every year.

Now, I just had a conversation with these wonderful Americans, and like people I talked to all across the country, they're not looking for a free ride. Every single person here is working hard and deserves a chance to get ahead. And they're family like—families like the Kirkwoods, who just want to own their own business and put away some money away for their kids' college tuition. And they're workers like Clark Harrison, behind me, who has worked hard and wants to be able to purchase that first home. They're business owners like Alan Givens, who wants his company to sustain itself through bad times as well as the good. And I was encouraged to hear that Alan's business is going strong on a whole bunch of clean energy measures that he's helping to promote in his area.

For too long, we've seen taxes used as a wedge to scare people into supporting policies that actually increased the burden on working people instead of helping them live their dreams. That has to change, and that's the work that we've begun. We've passed tax cuts that

will help our economy grow. We've made a clear promise that families that earn less than \$250,000 a year will not see their taxes increase by a single dime. And we have kept to those promises that were made during the campaign. We've given tax relief to the Americans who need it and the workers who have earned it. And we're helping more Americans move towards their American Dream by going to school, owning a home, keeping their business, and raising their family.

So on this April 15th, we're reminded of the enormous responsibility that comes with handling peoples' tax dollars. And we're renewing our commitment to a simpler Tax Code that rewards work and the pursuit of the American Dream. And I just again want to personally thank all of the families and folks who join me here today, because they inspire me to do what I do every single day.

All right, thank you, everybody.

*NOTE:* The President spoke at 12:02 p.m. in Room 350 of the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to Paul A. Volcker, Chairman, President's Economic Recovery Advisory Board.

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*Names:* Clinton, William J.; Givens, Alan; Harrison, Clark; Volcker, Paul A.

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