

# Bears, Budgets, Farmers Top Congress To-Do-List

WASHINGTON (AP) — Bears and budgets top the list as Congress returns Tuesday from a seven-week election break to a long list of unfinished business.

Looming large in the lame-duck session is the urgent need for President Barack Obama and Congress to figure out how to avoid the double economic hit of tax increases and automatic spending cuts to defense and domestic programs that kick in after Jan. 1. Those high-stakes negotiations could take weeks and the issue may not be resolved by year's end.

In the interim, Democrats and Republicans are picking up where they left off on several bills while welcoming the newest members — 12 in the Senate and some 70 in the House — for Congress' version of freshmen orientation.

The Senate has scheduled an early evening procedural vote Tuesday for a sportsmen's bill that will decide the fate of 41 polar bear carcasses that hunters want to bring home from Canada as big-game trophies. Hunters killed the bears just before a 2008 ban on polar bear trophy imports took effect, but were not able to bring them home before the Fish and Wildlife Services listed them as a threatened species.

The House on Tuesday is expected to pass and send to the president legislation that would exclude U.S. airlines from the requirements on emissions that the European Union has sought to impose on all planes flying to and from the European continent.

The House vote comes a day after the EU proposed a one-year freeze on the carbon emissions charges for non-European airlines. The emissions program has met strong opposition from airlines and governments outside Europe, including the United States, China and India.

The Air Line Pilots Association said Monday that even with the temporary delay Congress needs

to act to ensure that U.S. airlines are not liable in the future for the EU-imposed tax. It said the cap-and-trade program could cost U.S. carriers \$3.1 billion over 10 years.

While the nation's voters endorsed the status quo of divided government — a Democratic president and Senate, a Republican House — Obama cruised to reelection and his emboldened party gained seats in both the House and Senate. In the new political order, Democrats will hold a 55-45 edge in the Senate if independent Angus King of Maine caucuses with them as expected. Republicans' advantage in the House narrowed and is likely to stand at 233-201.

Democrats were leading in the six undecided House races in Arizona, California, Florida, North Carolina and Utah.

The question over the next seven weeks is whether Obama and Congress can agree now or later on how to slash \$1.2 trillion from the deficit, raise revenues with possible changes in the tax code and address the entitlement programs of Social Security and Medicare. They also have to figure out how to stop across-the-board cuts to defense and domestic programs totaling \$110 billion next year.

Obama meets with congressional leaders at the White House on Friday. Democrats and Republicans recognize the urgency, but the demands remain unchanged.

"If our Republican counterparts can step forward with that revenue piece, we will be able to find a solution," Sen. Patty Murray, D-Wash., said Sunday on ABC's "This Week." "We can't accept an unfair deal that piles on the middle class and tell them they have to support it. We have to make sure that the wealthiest Americans pay their fair share."

The GOP insists that tax rate increases are a non-starter.

"There's a right way to do this

and there's a wrong way to do it," Sen. Saxby Chambliss, R-Ga., said Sunday.

House Speaker John Boehner, R-Ohio, has signaled that a solution is imperative.

"2013 should be the year we begin to solve our debt through tax reform and entitlement reform," he told reporters last week.

Crucial in the House this week is passage of legislation that would end Cold War trade restrictions so U.S. exporters can take advantage of the lowered tariffs and greater market access that accompany Russia's entry into the World Trade Organization. Russia officially joined the WTO in August and the United States is alone among more than 150 WTO members in not being able to enjoy the more open Russian market.

The measure has been a top priority of U.S. business groups seeking to expand business in the growing Russian economy. To placate critics of Russia's poor human rights record, the trade bill is combined with legislation that would sanction Russian officials involved in human rights violations.

The sportsmen's bill combines 19 measures favorable to outdoorsmen, allowing more hunting and fishing on federal lands, letting bow hunters cross federal land where hunting isn't allowed and encouraging federal land agencies to cooperate with state and local authorities to maintain shooting ranges.

A five-year farm bill passed by the Senate and by a House committee last summer will either have to be extended into next year or passed in the remaining weeks of the session. The 2008 farm bill expired Sept. 30.

The bill's only real chance for passage is if lawmakers decide to use its savings as part of negotiations on the so-called "fiscal cliff." The Senate bill would save \$23 billion over 10 years and the House Agriculture

Committee bill would save \$35 billion over 10 years.

Otherwise, the bill will be extended into next year. Some Republicans have suggested a yearlong extension, but farm-state members and farm groups have said they would prefer a shorter extension to keep the pressure on for passage.

Though much of the work was done on the bill this year, it stalled this fall because of disagreements over food stamp spending. House leaders refused to bring the bill to the floor before the election, saying it didn't have enough votes.

Republicans have internally disagreed over cuts to food stamps, which make up about 80 percent of the half-trillion-dollar bill's cost over five years. The Senate bill would cut about \$400 million a year out of the program's almost \$80 billion annual cost while the House bill would cut about \$1.6 billion from food stamps annually. Conservatives have said neither version makes deep enough cuts.

Legislation setting defense

budgets remains undone, and the House and Senate Armed Services committees were working informally in recent weeks on a bipartisan bill that both chambers could pass.

The House approved legislation months ago, but the Senate hasn't acted. The freestanding Senate bill has attracted more than 70 amendments and Majority Leader Harry Reid, D-Nev., is pressing for a time agreement that would limit amendments.

Republicans and Democrats

will meet Wednesday morning in the Senate to decide leadership jobs, with Sen. John Cornyn, R-Texas, expected to move up to the GOP's No. 2 spot, replacing Sen. Jon Kyl, R-Ariz., who is retiring.

In the House, Reps. Cathy McMoris Rodgers, R-Wash., and Rep. Tom Price, R-Ga., are vying for the No. 4 job.

The biggest question in the House ranks is whether Minority Leader Nancy Pelosi, D-Calif., remains in her leadership job.

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## Most in US Won't be Able to Escape 'Fiscal Cliff'

WASHINGTON (AP) — Everyone who pays income tax — and some who don't — will feel it.

So will doctors who accept Medicare, people who get unemployment aid, defense contractors, air traffic controllers, national park rangers and companies that do research and development.

The package of tax increases and spending cuts known as the "fiscal cliff" takes effect in January unless Congress passes a budget deal by then. The economy would be hit so hard that it would likely sink into recession in the first half of 2013, economists say.

And no matter who you are, it will be all but impossible to avoid the pain.

Middle income families would have to pay an average of about \$2,000 more next year, the non-partisan Tax Policy Center has calculated.

Up to 3.4 million jobs would be lost, the Congressional Budget Office estimates. The unemployment rate would reach 9.1 percent from the current 7.9 percent. Stocks could plunge. The nonpartisan CBO estimates the total cost of the cliff in 2013 at \$671 billion.

Collectively, the tax increases would be the steepest to hit Americans in 60 years when measured as a percentage of the economy.

"There would be a huge shock effect to the U.S. economy," says Mark Vitner, an economist at Wells Fargo.

Most of the damage — roughly two-thirds — would come from the tax increases. But the spending cuts would cause pain, too.

The bleak scenario could push the White House and Congress to reach a deal before year's end. On Tuesday, Congress returns for a post-election session that could last through Dec. 31. At a minimum, analysts say some temporary compromise might be reached, allowing a final deal to be cut early next year.

Still, uncertainty about a final deal could cause many companies to further delay hiring and spend less. Already, many U.S. companies say anxiety about the fiscal cliff has led them to put off plans to expand or hire.

A breakdown in negotiations could also ignite turmoil in financial markets, Vitner said. It could resemble the 700-point fall in the Dow Jones industrial average in 2008 after the House initially rejected the \$700 billion bailout of major banks.

Since President Barack Obama's re-election, nervous investors have sold stocks. The Standard & Poor's 500 index sank 2.3 percent last week, its worst weekly drop since June. The sell-off resulted in part from anxiety over higher tax rates on investment gains once the fiscal cliff kicks in.

Last week, Obama said he was open to compromise with Republican

leaders. But the White House said he would veto any bill that would extend tax cuts on income above \$250,000.

Republican House Speaker John Boehner countered that higher tax rates on upper-income Americans would slow job growth. Boehner argued that any deal must reduce tax rates, eliminate special-interest loopholes and rein in government benefits.

More than 50 percent of the tax increases would come from the expiration of tax cuts approved in 2001 and 2003 and from additional tax cuts in a 2009 economic stimulus law.

The first set of tax cuts reduced rates on income, investment gains, dividends and estates. They also boosted tax credits for families with children. Deductions for married couples also rose. The 2009 measure increased tax credits for low-income earners and college students.

About 20 percent of the tax increase would come from the expiration of a Social Security tax cut enacted in 2010. This change would cost someone making \$50,000 about \$1,000 a year, or nearly \$20 a week, and a household with two high-paid workers up to \$4,500, or nearly \$87 a week.

The end of the Social Security tax cut isn't technically among the changes triggered by the fiscal cliff. But because it expires at the same time, it's included in most calculations of the fiscal cliff's effects.

And it could catch many people by surprise.

"Every worker in America is going to see a reduction in their paycheck in the first pay period of 2013," Vitner noted.

An additional 20 percent of the tax increase would come from the end of about 80 tax breaks, mostly for businesses. One is a tax credit for research and development. Another lets companies deduct from their income half the cost of large equipment or machinery.

Mark Bakko, a Minneapolis accountant, says many mid-size companies he advises are holding off on equipment purchases or hiring until the fate of those tax breaks becomes clear. Bakko noted that the research and development credit typically lets a company that hired an engineer at a \$100,000 salary cut its tax bill by \$10,000. The credit has been routinely extended since the 1980s.

The rest of the tax increase would come mainly from the alternative minimum tax, or AMT. It would hit 30 million Americans, up from 4 million now.

The costly AMT was designed to prevent rich people from exploiting loopholes and deductions to avoid any income tax. But the AMT wasn't indexed for inflation, so it's increasingly threatened middle-income taxpayers. Congress has acted each year to prevent the AMT from hitting many

more people.

Under the fiscal cliff, households in the lowest 20 percent of earners would pay an average of \$412 more, the Tax Policy Center calculates. The top 20 percent would pay an average \$14,000 more, the top 1 percent \$121,000 more.

All this would lead many consumers to spend less. Anticipating reduced sales and profits, businesses would likely cut jobs. Others would delay hiring.

Another part of the cliff is a package of across-the-board spending cuts to defense and domestic programs — cuts the CBO says would total about \$85 billion. Congress and the Obama administration agreed last year that these cuts would kick in if a congressional panel couldn't agree on a deficit-reduction plan. The magnitude of the cuts was intended to force agreement. It didn't.

Defense spending would shrink 10 percent. Defense Secretary Leon Panetta has said those cuts would cause temporary job losses among civilian Pentagon employees and major defense contractors. Spending on weapons programs would be cut.

For domestic programs, like highway funding, aid to state and local governments and health research, spending would drop about 8 percent. Education grants to states and localities; the FBI and other law enforcement; environmental protection; and air traffic controllers, among others, would also be affected, the White House says.

Hospitals and doctors' offices could also cut jobs if an \$11 billion cut in Medicare payments isn't reversed.

Extended unemployment benefits for about 2 million people would end. The extra benefits provide up to 73 weeks of aid.

"It would be nice if we could ... address these issues before the very last moment," said Donald Marron, the Tax Policy Center's director.

### Sentinel Brief

#### George Straight Raffle Tickets

Win two tickets to see George Straight and Martina McBride in Lubbock on January 18. Raffle tickets are \$50 each and only 100 will be sold.

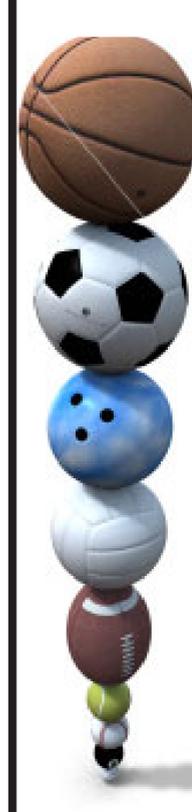
The winner will receive both tickets.

All proceeds will go to Sylvia Perez Rascon to help defray medical expenses due to cancer.

Call or text Stacey at 432-940-1829 for your chance to win.

## Gaines County Sporting Events

- November 16**
- Seminole Aqua Tribe @ Big Spring High School
  - Freshmen Indian Basketball vs. Snyder @ Seminole 4:30 p.m.
  - JV Indian Basketball vs. Snyder @ Seminole, 6:00 p.m.
  - Varsity Indian Basketball vs. Snyder @ Seminole 7:30 p.m.
  - Varsity Maiden Basketball vs. Odessa @ Seminole 6:30 p.m.
- November 17**
- Seminole Aqua Tribe @ Big Spring High School
- November 20**
- Freshmen Maiden Basketball vs. Brownfield, 4:00 p.m. Brownfield
  - JV Maiden Basketball vs. Brownfield, 5:00 p.m. Brownfield
  - Freshmen Indian Basketball vs. Brownfield @ Brownfield, 4:30 p.m.
  - JV Indian Basketball vs. Brownfield @ Brownfield 6:00 p.m.
  - Varsity Indian Basketball vs. Brownfield @ Brownfield, 7:30 p.m.
  - Varsity Maiden Basketball vs. Brownfield @ Brownfield, 6:30 p.m.



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