

John McCain

John McCain was elected to the House of Representatives from Arizona in 1982 and 1984, then won election to the Senate in 1986, holding that office since then. McCain's record on the tax votes selected by CTJ suggest that tax equity and fiscal responsibility have not been his primary concerns. McCain's remarks in the Congressional Record tend to reflect his zeal to reduce government programs and taxes. His preference for lower taxes seems to have trumped his concerns about "corporate welfare" and tax equity, when he voted to pass the 1999 tax act, later vetoed by President Clinton.

McCain has, at various times, called for a balanced budget amendment to the Constitution, a rule allowing a minority of the members of either the House or Senate to block tax increases, and a biennial (rather than annual) budget.

Vote History:

1981-1982: John McCain was not a member of Congress during these years.

1984: The Deficit Reduction Act of 1984 (HR 4170) represented a substantial step toward deficit reduction, adding \$103 billion to revenues over ten years, mainly by closing unwarranted loopholes. Representative McCain voted against the final passage of HR 4170, which was enacted by a vote of 268 to 155.

The best vote on the conference committee report of DEFRA was "YES." McCain voted "NO."

1986: The Tax Reform Act of 1986 was a monumental piece of tax reform legislation, which closed corporate tax loopholes and lowered income tax rates, while maintaining revenues and enhancing progressivity. Overall, the bill closed an estimated \$500 billion in loopholes over five years, and used those revenues to reduce tax rates. Although Representative McCain voted for final passage of the conference committee version of HR 3838, he voted "No" on the critical vote to allow House consideration of the bill as reported by the House Ways and Means Committee.

In explaining his support for the final conference committee bill, McCain noted several provisions he favored—and several of which he disapproved. The "most appealing" provision for McCain was the "reduction in brackets from 14 to 5 with 80 percent of all Americans in the 15-percent bracket."¹ He also expressed his approval of provisions retaining the research and development tax credit and enacting a new alternative minimum tax. He expressed his disapproval of provisions removing the

¹Congressional Record, September 25, 1986, 24240.

charitable contribution deduction for non-itemizers and cutting back deductions for retirement income and IRAs, and criticized the elimination of capital gains tax preferences for “the effect this [provision] may have on capital formation.”²

The best vote on the House rule—and on final passage of the conference committee report—was “YES.” McCain voted “YES.”

1987: The Omnibus Budget and Reconciliation Act of 1987 (HR 3545) was a comparatively modest deficit reduction bill. Most of the revenues needed to meet the budget targets were raised through further corporate tax reforms, plus small increases in various federal excise taxes. As a result, the overall bill was generally progressive in its distribution. Sen. McCain voted against final passage of HR 3545, which the Senate enacted by a vote of 61 to 28.

The best vote on the conference report of OBRA was “YES.” McCain voted “NO.”

1990: The Omnibus Budget and Reconciliation Act of 1990 raised income taxes on high earners, boosted some excise taxes and expanded the earned-income tax credit for lower-income working families. Because the new top income tax rate of 31 percent did not apply to capital gains, however, the bill restored a tax break for capital gains, which remained taxed at a maximum of 28 percent. Overall, the OBRA tax increases were progressive in their impact and helped reduce the budget deficit. Senator McCain voted against HR 5835. The bill passed by a vote of 54 to 45. In final Senate deliberations on the conference committee bill, McCain based his “strong opposition” to the bill on his mistaken impression that it was “the largest tax hike in history.” McCain voiced his opposition to the regressive tax increases in the bill, noting that HR 5835 included tax hikes “in the form of gasoline taxes, aviation taxes, excise taxes, and rate increases, and yet, it doesn’t impose a surcharge on the 60,000 Americans whose income is \$1 million a year or more.”³

McCain also spoke out against corporate welfare provisions in the bill: “I also resent that this tax package contains breaks for oil and gas, for wineries, and for other special interest groups who have influence over the tax writers of Congress.”

Pointing to what he called “over-generous social and defense programs that were implemented in the 1960’s, 1970’s and 1980’s,” McCain argued that “it is the expenditures . . . that need to be brought into line.”

He said that “the way to cut the deficit . . . is to do what the taxpayers want us to do. We need to eliminate waste, inefficiency, and mismanagement before we even

²Congressional Record, September 25, 1986, 26241.

³Congressional Record, October 27, 1990, 36227.

consider raising taxes.⁴

In expressing his opposition to the bill as passed by the Senate Finance Committee, McCain noted that “the budget process is completely broke and never has it been more obvious. We need a line item veto, like the one I have introduced and have been working to enact. . . . We need a balanced budget amendment and a host of other reform measures—none of which are included in this bill.”⁵

The best vote on the conference committee report was “YES.” McCain voted “NO.”

1992: The Urban Aid Tax Bill of 1992 (HR 11) was initially conceived as a response to the Los Angeles riots of early 1992, but was ultimately transformed mainly into a mixed bag of loophole-opening and loophole-closing measures. Senator McCain voted against HR 11. The conference committee bill passed the Senate by a vote of 67 to 22, and was subsequently vetoed by President Bush.

McCain explained his opposition to the conference committee bill by noting that “[w]hile there are many tax cuts in this legislation that I support, and will continue to support, those tax cuts should not be paid for by tax increases. Tax cuts should be paid for by spending cuts. We must begin reducing the tax burden and the size of government.”⁶ McCain emphasized that he “[had] been a supporter of tax incentives like enterprise zones as a potent means to expand economic growth and job opportunities,” but found that “the bad provisions of the bill outweigh any benefits from the included tax incentives.”

The best vote on the conference committee report was “NO.” McCain voted “NO.”

1993: The Omnibus Budget and Reconciliation Act of 1993 (HR 2264) represented a major step toward deficit reduction and increased progressivity in the tax system. Senator McCain voted against HR 2264. A 50-50 vote in the Senate was resolved by the tie-breaking vote of Vice-President Gore, who voted to pass the bill. McCain’s opposition to the bill was partially due to the fact that some of the bill’s tax increases took effect on January 1, 1993—while the bill itself was being not passed until August of 1993. During final Senate deliberations over the conference report, McCain raised a constitutional point of order alleging that these “retroactive” tax increases were “in violation of the due process clause of the fifth amendment of the Constitution.”⁷

⁴Congressional Record, October 27, 1990 (36227)

⁵Congressional Record, October 18, 1990, 30715.

⁶Congressional Record, September 29, 1992, 28731.

⁷Congressional Record, August 6, 1993, 19750.

McCain argued that “retroactively taxes on the living and the dead back to January 1, 1993, is the height of unfairness” and noted that “[t]his is an issue of whether we are going to tell the American people that we can retroactively tax their productivity to January 1. If this, then why not over the last ten years?”⁸

The best vote on the conference committee report was “YES.” McCain voted “NO.”

1997: The Taxpayer Relief Act of 1997 was a substantial net tax reduction—\$275 billion over ten years by the official estimates and more than \$400 billion over ten years by CTJ’s estimate. The bulk of the bill’s tax reductions were targeted toward the wealthiest taxpayers, with about half the bill’s benefits accruing to the wealthiest five percent of Americans. McCain voted for the conference report on HR 2014, which was passed by a vote of 92 to 8. McCain based his support for the bill on the fact that it would “ease the unconscionable burden on American taxpayers.” In final debate over the conference agreement, McCain was particularly critical of a provision of the agreement that allocated \$4.3 million in tax relief to Amtrak. But he lauded the bill’s inclusion of estate tax and capital gains tax cuts and the creation of the \$500 tax credit for children.

The best vote on the conference committee report was “NO.” McCain voted “YES.”

1999: The Taxpayer Refund and Relief Act of 1999 was designed to reduce taxes by \$792 billion over ten years in a way that primarily benefitted corporations and wealthy taxpayers. McCain voted for the conference report on HR 2488, which was passed by a vote of 50 to 49. The bill was subsequently vetoed by President Clinton.

In the final Senate debate before the vote on the conference report, McCain qualified his support for the bill, noting that while it provided tax reductions, it did so in an inequitable fashion:

“This bill is not acceptable to me. Special interests get the biggest break, and they get them right away. All the American families get are the leftovers. My problem with this bill is not the size of the tax cuts, but who benefits.”⁹ McCain supported the bill despite these reservations, he explained, because it “represent[s] our only hope for meaningful tax relief for those working families who need it most.” McCain decried the fact that the “special interest set-asides and carve-outs in this bill merely exacerbate the complexity of the tax code.”

The best vote on the conference committee report was “NO.” McCain voted “YES.”

⁸Ibid., 19751.

⁹Congressional Record, August 5, 1999