

[By Neal Goswami](#)

Vermont Rep. Peter Welch said he favors extending a temporary payroll tax cut for millions of Americans if the extension is paid for and does not impact the solvency of the Social Security program it funds.

Welch, a third-term Democrat, called himself on Monday a "reluctant supporter of the payroll tax." He said he favors passing an extension of the existing cut if it is fully paid for so as not to impact Social Security. A temporary surcharge on the incomes of millionaires provides the best funding source if it expires with the payroll extension cuts, he said.

"The argument about the payroll tax is not whether, but how, to pay for it. This has to be paid for," Welch said. "The fairest and most productive way to do it is to have a surtax on high-income earners."

Employees currently have a 4.2 percent tax deducted from their paychecks because of a cut championed last year by President Barack Obama. That deduction will revert to 6.2 percent if Congress does not act by the end of the year to extend it. That will cost American families, on average, about \$1,000 per year, according to the White House.

The Senate failed to pass competing measures last week to extend the payroll tax. A Democratic plan called for an extension of the payroll tax for both employers and employees and sought to pay for it with the surcharge millionaires' income. The Republican plan would have paid for the extension by continuing a freeze on federal workers' pay increases and slashing more federal jobs.

Obama spoke Monday in the White House briefing room and called on Congress to extend the cut as a way to continue economic recovery.

Economic recovery from a recession and prolonged downturn remains "fragile," he said.

"My number-one priority right now is doing everything that I can, every single day, to create jobs faster and to provide more security for middle-class families and those trying to get into the middle class," the president said. "And at this moment, that means making sure that nearly 160 million hardworking Americans don't see an increase in their taxes on Jan. 1."

Welch said Democrats in Congress are nearly all in favor of extending the cuts and assessing a surcharge on the wealthy to fund. But many conservative Republicans oppose the extension and an additional tax on the wealthy to fund it, he said.

"The Democratic caucus is broadly in support. The Republicans are sharply split," he said. "This will be a contentious battle."

Obama accused Republicans of fighting hard to preserve tax breaks for the wealthy while allowing breaks for low- and middle-income Americans to expire.

"How could it be that the only time there's a catch is when it comes to raising taxes on middle-class families? How can you fight tooth and nail to protect high-end tax breaks for the wealthiest Americans, and yet barely lift a finger to prevent taxes going up for 160 million Americans who really need the help? It doesn't make sense," he said.

Obama also criticized Republicans for seeking what Welch said is needed -- an extension that is paid for.

"I'd just point out that they haven't always felt that way. Over the last decade, they didn't feel the need to pay for massive tax cuts for the wealthiest Americans -- which is one of the reasons that we face such large deficits," he said. "So forgive me a little bit of confusion when I hear folks insisting on tax cuts being paid for."

Still, the president said he is willing to work with Republicans on finding ways to pay for continuing the tax cut "in a responsible way."

"What I'm not willing to do is to pay for the extension in a way that actually hurts the economy," Obama said.