'Fiscal cliff' talks thaw a bit

GOP plan hikes taxes for earners making $1M

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After weeks of stalemate, signs of potential progress have emerged in talks to avoid the year-end "fiscal cliff" of tax increases and $1.2 trillion in federal spending cuts over the next 10 years.

In talks with President Obama, Republican House Speaker John Boehner offered to back raising the income tax rates for people making $1 million or more if Obama agreed to significant cuts in entitlement program spending, according to two sources close to the fiscal cliff negotiations. The officials spoke on condition of anonymity because they were not authorized to speak publicly.

Obama rejected that offer, the officials said, but it was the first sign that Boehner was willing to endorse raising tax rates for anyone. Boehner has rejected previous requests for higher tax rates, saying he favored eliminating tax loopholes to broaden the tax base and raise up to $800 billion in tax revenue over 10 years.



AP

Boehner wants entitlement cuts.

The president has called for higher tax rates for those making $200,000 as individuals or couples making $250,000 or more.

Obama and Boehner last met Thursday for about 50 minutes. Neither the White House nor Boehner disclosed details of that discussion. Obama called the talks a work in progress.

As part of a broader budget deal, Boehner is still seeking more spending cuts than Obama has proposed, particularly in mandatory health care spending. Boehner has asked for a long-term increase in eligibility age for Medicare and for lower costs-of-living adjustments for Social Security.

Democratic members of Congress, including House leader Nancy Pelosi of California, said they opposed raising the Medicare eligibility age.

Boehner's tax proposal was first reported Saturday by *Politico*.

A Boehner aide would not comment on the report.

Obama and Boehner have significant differences to cover to reach an agreement. Obama is seeking $1.4 trillion in revenue in his latest offer, which includes raising the individual tax rates on the top 2%.

If the two sides can't agree, the tax cuts passed in 2001 and 2003 and signed by President George W. Bush will expire on Dec. 31. That will raise taxes for all Americans. Obama wants to let the top two marginal rates increase from 33% to 35% and from 36% to 39.6% for those taxpayers making over that threshold.

Along with the higher taxes, $1.2 trillion in spending cuts over 10 years would start on Jan. 2. Half of those cuts would come from defense spending.

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