

## Experts Say Payroll Tax Deferral is Unworkable, Not the Best Option to Provide Economic Relief

### Economists:

- “I don't know if anyone else has said this, but payroll tax cuts are the hydroxychloroquine of economic policy. **They won't do anything to solve the employment crisis, but will have dangerous side effects.** Yet Trump remains obsessed with them as a cure[.]We've lost millions of jobs, not because employers lack incentives to hire, but because many activities, like bars, indoor dining, inessential travel, elective medical care have been put on hold because of the risk of contagion[...] **It will, however, undermine the finances of programs that are absolutely crucial to the lives of older Americans.** If you measure the quality of policy ideas on a scale of 1 to 10, this is a minus 5 or worse 4[.]” – [Paul Krugman](#)
- “It is important to keep in mind the history and arguments behind payroll tax holidays before moving forward. **Payroll tax holidays have a mixed economic record,** repeat the problems that plague temporary tax policy more broadly, and may not be the most effective tool for responding to a growing economic downturn.” – [Tax Foundation](#)

## Newspapers:

- **“President Trump’s payroll tax deferral is supposed to reduce taxes and make employees cheaper to hire. It may do precisely the opposite, which Trump would know if he had real tax experts or economists advising him instead of just people who play them on TV. For months, Trump has obsessed, inexplicably, over a payroll tax cut. Democratic lawmakers haven't been interested, nor have their Republican counterparts, for good reason: It's expensive and would do little to stimulate the economy right now. A payroll tax cut offers cold comfort to the millions of Americans who are unemployed and therefore not on payrolls.”** - [Catherine Rampell, Washington Post Columnist](#)
- **“But on top of being legally questionable, the president’s action is unambitious and misses the mark on stimulating the economy and providing relief to the households suffering most from the current economic crisis. And when it comes to payroll taxes, which fund Social Security and Medicare, the executive order is just about as effective as fighting a building fire with a garden hose.”** – [Boston Globe Editorial](#)
- **“Trump’s payroll tax cut would destroy Social Security without helping workers.”** - Michael Hiltzik, LA Times
- **“Trump wants to defer payroll taxes because he thinks you are stupid.”** - Chicago Sun Times Editorial Board

### Republican Senators:

- "A payroll-tax cut is extremely expensive... **[it] would only benefit individuals who are working...**[and] also would displace other spending that I think is far more important." - [Senator Susan Collins \(R-ME\)](#)
- "I'm not a fan of that... **If it's a choice between doing checks and payroll-tax cut, I think it's pretty clear the checks actually have a more direct benefit to the economy.**" - [Senator John Thune \(R-SD\)](#)
- "I think when a person has a check in his hand ... I think that's going to do more economic good than if we dribble out \$30 every paycheck. Because people are going to notice it and maybe take some action as a result"- [Senate Finance Chair Chuck Grassley \(R-IA\)](#)

### Business Leaders:

- "Many of our members consider it unfair to employees to make a decision that would force a big tax bill on them next year. It would also be unworkable to implement a system where employees make this decision. Therefore, many of our members will likely decline to implement deferral, choosing instead to continue to withhold and remit to the government the payroll taxes required by law." - [US Chamber of Commerce with 30 Trade Associations](#)

- “[Mark Soycher, human resources counsel for the Connecticut Business & Industry Association](#), said he has received dozens of phone calls from Connecticut employers who had questions about the program. **‘I’ve not heard from any employer that they are participating in it,’ Soycher said.** ‘Once employers look at it, they see it as a short-term loan.’ [...] Soycher said most businesses determined it was not worth the trouble. It would require them to overhaul their payroll processes, which are largely automated. And if an employee leaves a company before he or she repays the deferred taxes, the employer ‘could be on the hook’ for the repayment, Soycher said. [...] **Soycher said Connecticut employers are also concerned about the impact of the deferral on the Social Security trust fund...**