We are saved from falling off the CLIFF

WASHINGTON - The Senate-approved compromise to avert the "fiscal cliff" ran headlong into opposition from the No. 2 House Republican and other GOP lawmakers Tuesday, raising questions about how -- and in what form -- Congress might be able to give final approval to the measure.

"I do not support the bill," House Majority Leader Eric Cantor, R-Va., told reporters after Republicans held a lengthy closed-door meeting to gauge support for the compromise. Participants in the extraordinary New Year's Day meeting said there was widespread criticism that the bill did not contain enough spending cuts.

Rep. Steve LaTourette of Ohio said the overwhelming sentiment among House Republicans was to amend the bill to incorporate more spending cuts and send it back to the Senate. Several lawmakers and aides said such a move was likely, and on balance the GOP reaction seemed to seriously complicate efforts to enact a new law before the current Congress expires on Thursday.

"The speaker and leader laid out options to the members and listened to feedback," said Brendan Buck, spokesman for House Speaker John Boehner, R-Ohio. "The lack of spending cuts in the Senate bill was a universal concern amongst members in today's meeting. Conversations with members will continue throughout the afternoon on the path forward."

Exiting the meeting, Rep. Spencer Bachus, R-Ala., said he was among lawmakers who wanted the deal to include more spending cuts.

"I'd be shocked if this does not go back to the Senate" with changes by the House, Bachus said.

Boehner has pointedly refrained from endorsing the agreement, though he's promised a vote on it or on a GOP alternative right away.

Vice President Joe Biden tried rallying House Democrats behind the deal in a separate meeting. When that session ended, Minority Leader Nancy Pelosi, D-Calif., and other top Democrats called on Boehner to allow the House to vote on the Senate-approved accord.

"That is what we expect. That is what the American people deserve," Pelosi told reporters.

The two closed-door gatherings of House lawmakers came just hours after the Senate used an overnight vote to easily approve the bipartisan compromise, which would negate across-the-board tax increases and sweeping spending cuts to the Pentagon and other government agencies.

In a New Year's drama that climaxed in the middle of the night, the Senate endorsed the legislation by 89-8 early Tuesday. That vote came shortly after Biden pushed Democratic senators to back the agreement that he and Senate Minority Leader Mitch McConnell, R-Ky., had brokered hours earlier.

The measure would prevent middle-class taxes from going up but would raise rates on higher

incomes. It would also block spending cuts for two months, extend unemployment benefits for the long-term jobless, prevent a 27 percent cut in fees for doctors who treat Medicare patients and prevent a spike in milk prices.

The bill ensures that lawmakers will have to revisit difficult budget questions in just a few weeks, as relief from painful spending cuts expires and the government requires an increase in its borrowing cap.

As the House staged a rare New Year's Day session, it was clear that there were divisions among lawmakers from both parties.

Rep. James Moran, D-Va., called it "a bad deal for America." Rep. Jason Altmire, D-Pa., said approving it would "show the American people that this Congress isn't broken."

Rep. Darrell Issa, R-Calif., said that while he might vote for it, "I won't do it thinking we've accomplished anything here today, other than the smallest finger in a dike that in fact has hundreds of holes in it."

The measure is the first significant bipartisan tax increase since 1990, when former President George H.W. Bush violated his "read my lips" promise on taxes. It would raise an additional $620 billion over the coming decade when compared with revenues after tax cuts passed in 2001 and 2003, during the Bush administration. But because those policies expired at midnight Monday, the measure is officially scored as a whopping $3.9 trillion tax cut over the next

decade.

Allowed to lapse was a 2 percentage point cut in the Social Security payroll tax first enacted in late 2010 to help prod consumer spending and goose the economy. It meant an extra $1,000 in the wallets of typical families earning $50,000 annually.

An extension of the cut -- which temporarily reduced the tax to 4.2 percent -- lacked strong support from both parties, including the White House.

President Barack Obama praised the agreement after the Senate's vote.

"While neither Democrats nor Republicans got everything they wanted, this agreement is the right thing to do for our country and the House should pass it without delay," Obama said in a statement. "This agreement will also grow the economy and shrink our deficits in a balanced way -- by investing in our middle class, and by asking the wealthy to pay a little more."

The sweeping Senate vote exceeded expectations -- tea party conservatives like Pat Toomey, R-Pa., and Ron Johnson, R-Wis., backed the measure -- and would appear to grease enactment of the measure despite lingering questions in the House, where conservative forces sank a recent bid by Boehner to permit tax rates on incomes exceeding $1 million to go back to Clinton-era levels.

In the Senate, three Democrats and five Republicans voted against the legislation.

Lawmakers hope to resolve any uncertainty over the fiscal cliff before financial markets reopen Wednesday. It could take lots of Democratic votes to pass the measure and overcome opposition from tea party lawmakers.

Under the Senate deal, taxes would remain steady for the middle class but rise at incomes over $400,000 for individuals and $450,000 for couples -- levels higher than President Barack Obama had campaigned for in his successful drive for a second term in office. Some liberal Democrats were disappointed that the White House did not stick to a harder line, while other Democrats sided with Republicans to force the White House to partially retreat on increases in taxes on multi-million-dollar estates.

The measure also allocates $24 billion in spending cuts and new revenues to defer, for two months, some $109 billion worth of automatic spending cuts that were set to slap the Pentagon and domestic programs starting this week. That would allow the White House and lawmakers time to regroup before plunging very quickly into a new round of budget brinkmanship, certain to revolve around Republican calls to rein in the cost of Medicare and other government benefit programs.

Officials also decided at the last minute to use the measure to prevent a $900 pay raise for lawmakers due to take effect this spring.

Even by the dysfunctional standards of government-by-gridlock, the activity at both ends of historic Pennsylvania Avenue was remarkable as the administration and lawmakers spent the final hours of 2012 haggling over long-festering differences.

The measure would raise the top tax rate on large estates to 40 percent, with a $5 million exemption on estates inherited from individuals and a $10 million exemption on family estates. At the insistence of Republicans and some Democrats, the exemption levels would be indexed for inflation.

Taxes on capital gains and dividends over $400,000 for individuals and $450,000 for couples would be taxed at 20 percent, up from 15 percent.

The bill would also extend jobless benefits for the long-term unemployed for an additional year at a cost of $30 billion, and would spend $31 billion to prevent a 27 percent cut in Medicare payments to doctors.

Another $64 billion would go to renew tax breaks for businesses and for renewable energy purposes, like tax credits for energy-efficient appliances.