



Committee On Finance

Max Baucus, Ranking Member

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Contact: Carol Guthrie
202-224-4515

BAUCUS STATEMENT ON TAX RECONCILIATION CONFERENCE

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Member on the Senate Finance Committee, released the following statement tonight upon the opening of the Senate-House conference on tax reconciliation legislation:

The question before us has remained the same since November: Should we enact capital gains and dividends tax cuts or protect working families from the Alternative Minimum Tax? And it seems that with time, that question has only become more complicated.

In November, we faced a year-end expiration of some very popular tax incentives for businesses, workers, teachers, and others. But now, all of those provisions have expired. And those provisions will surely expire again at the end of this year, if we enact only our usual one-year extension.

The responsible thing to do would be to enact two years of extensions. Plus, we have a list of new items expiring in 2006 that we did not even have on the 2005 list.

It reminds me of that fad back in the 50's. College students vied to see how many of themselves they could stuff into one telephone booth. Some schools tried to be clever about it and went on diets. Others, like those at M.I.T., used geometry and calculus to figure out how to stuff more in the telephone booth.

I'm concerned that the majority is going to try to do some stuffing here, too. Clearly, we cannot stuff all these tax provisions into a \$70 billion bill, even if we diet, and even if we use fancy math.

My concern all along has been that we will not be taking care of first things first. AMT must be a priority. The AMT must make it into the phone booth.

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As of the beginning of this year, 17 million families lost their protection from the stealthy AMT. 85 percent of these families make less than \$200,000 a year. These families are starting to feel the heat from the AMT.

I am also concerned about the traditional tax extensions. I am concerned about whether they will make it inside the phone booth.

There are millions of workers at thousands of American companies who rely on the R&D tax credit. There are thousands of hard-to-employ workers looking for jobs and hoping that the Work Opportunity Tax Credit will help them get in the door. There are millions of first-grade teachers who purchase chalk, paper, and other classroom supplies hoping to use a small deduction to defray these out-of-pocket costs. These provisions have already expired. The investor tax cuts don't expire until 2009.

If these traditional extensions are left outside this bill, they face an uncertain future in an amendable tax bill during an election year. I am hopeful, Mr. Chairman, that we can take care of these first things first.

Emily Dickinson once wrote, "March is the month of expectation, the things we do not know." I certainly do not know what we can fit inside this bill. But I am hopeful, expectant, and supportive of doing those first things first.

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