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**BAUCUS LOOKS TO HEALTH CARE, ENERGY, TAXES IN 2009,
REVIEWS FINANCE HIGHLIGHTS AS 110TH CONGRESS ENDS**
Health reform, tax reform, American competitiveness lead list of priorities next year

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today outlined priority issues and tasks for the panel in 2009, and reflected on accomplishments under the Finance Committee’s jurisdiction in the second session of the 110th Congress. Baucus has already announced an aggressive effort to move comprehensive health reform legislation next year. He said today that he will focus the committee’s tax efforts on energy, infrastructure, and general tax reform. A robust renewal and expansion of Trade Adjustment Assistance will still top Baucus’s trade agenda in the new Congress.

This year, Baucus led the Committee and the Senate in passing rebate checks for millions of Americans, significant Medicare reforms, new energy tax incentives, tax relief for businesses, farmers, and families, alternative minimum tax relief, and a host of other new laws. Baucus also focused much of the Committee’s effort on preparation for enacting comprehensive health reform next year. A full summary is below.

“The American people have faced extraordinary economic challenges this year, and the Finance Committee moved to ease the burden with much-needed rebate checks, tax relief for businesses and families, and a focus on health care that will pay huge dividends for American families and America’s economy,” said Baucus. **“I believe the 111th Congress can be a real game-changer for this country if everyone works together to enact real health care reform, energy independence measures and smart tax changes to increase families’ and businesses’ financial stability. And it’s time to take a stand for American workers with better Trade Adjustment Assistance, too.”**

Highlights of the 110th Congress, Second Session:

Economic Stimulus Act (H.R. 5140 Public Law 110-185): This \$145.9 billion dollar package became law February 13 and was designed to immediately bolster the economy through individual tax rebates, business tax incentives, and bonus depreciation. The legislation included Baucus-authored provisions for relief for 20 million American seniors and nearly 250,000 disabled veterans left out of initial stimulus plans.

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Medicare Improvements for Patients and Providers Act (S. 3101/HR 6331, Public Law 110-275): Passed in July by an overwhelming margin, the Medicare Improvements for Patients and Providers Act made needed improvements to the Medicare program for the protection of our seniors. The bill blocked a scheduled cut in physician payments for Medicare services and instead increased payments by 1.1 percent in 2009. The law also included provisions to benefit every Medicare beneficiary, with special provisions for low-income seniors and providers in rural areas. Additional provisions in the law included:

- **a one-year extension of supplemental grants for Temporary Assistance to Needy Families**
- **the Rural Relief for Veterans in Crisis Act**, introduced by Baucus and Senator Jon Tester (D-Mont.) in June. This measure provides mental health services to veterans returning from Iraq and Afghanistan.

Emergency Economic Stabilization Act of 2008 (H.R. 1424, Public Law 110-343): Passed in October, the law authorized a financial rescue plan that allows the U.S. Treasury to purchase bad assets threatening the solvency of American financial institutions. At Baucus's insistence, the final financial rescue plan included a number of improvements and protections for taxpayers, including a special Inspector General to fight waste, fraud and abuse in the Treasury program; cuts to executive compensation and "golden parachute" severance plans for companies participating in the rescue plan; tax relief for struggling homeowners; plus a standard property tax deduction for 28 million who do not itemize on their Federal taxes; and help for community banks suffering losses from the collapse of Fannie Mae and Freddie Mac.

The law also included bipartisan, Baucus-championed relief promoting jobs, energy, and families:

- Approximately \$18 billion in **job-creating alternative energy tax incentives**, including a new consumer credit for plug-in vehicles; a new credit of up to \$20/ton for CO₂ captured and permanently stored by industrial users; a one-year extension of the Sec. 45 Production Tax Credit for wind and refined coal, and a two-year extension (through 2010) for other sources, including biomass, geothermal, landfill gas, etc.; new investment credits for coal facilities that capture and store at least 65 percent of their carbon emissions, extensions of investment credits for business and residential solar property, and an extension of the deductions and credits for efficient commercial buildings, energy-efficient new homes, and improvements to existing homes.
- A two-year extension of expiring tax cuts for businesses and families, including **the college tuition tax deduction, the state and local sales tax deduction, the teacher tax credit, and the research and development tax credit**, plus **natural disaster relief, and parity for mental health treatment**.

- **Protection for approximately 20 million additional American taxpayers from the Alternative Minimum Tax** this year, by increasing the AMT exemption to \$69,950 for joint returns and \$46,200 for unmarried taxpayers and allowing the personal credits against the AMT.
- A five year extension of the **Wool Trust Fund** and the suspension of some wool duties through 2013. The wool trust fund assists sheep ranchers throughout the country by funding research and development, collecting and disseminating information on sheep, wool markets, and wool production, and opening new markets for U.S. wool and wool products. The wool trust fund is the only nationwide program for wool growers and nearly 70,000 wool producers benefit from its producer information and product development services. The wool duty relief provisions reduce tariffs on certain high-quality wool fabrics and yarn that are not produced in sufficient quantities in the United States to meet the needs of U.S. textile makers. The reduced tariff treatment helps these textile makers remain competitive with imported products, maintaining high-quality jobs in this sector.

The Heroes Assistance and Relief Act (H.R. 6081 Public Law 110-245): This law provided more than \$1.2 billion in tax relief to America's veterans and soldiers. The legislation included tax cuts for members of the military receiving combat pay, saving for retirement, or purchasing their own homes. It also helps civilian employers of military men and women keep jobs available for soldiers who are called to active duty. Among other provisions, the law enables the families of reservists killed in the line of duty to collect life insurance and other benefits provided by civilian employers, and allows the families of soldiers killed to contribute up to 100 percent of survivor benefits to retirement or education savings plans. It also helps businesses to support military personnel, granting a tax cut to small businesses that continue paying some salary to members of the National Guard and Reserves who are called to duty.

The Housing and Economic Recovery Act of 2008 (H.R. 3221 Public Law 110-289): The legislation, which passed July 30, helps to protect homeowners and shore up the American housing market. The law provided \$13.7 billion to create a home ownership tax credit. The Home Ownership Preservation Entity Fund was established to fund the HOPE for Homeowners Program, insuring up to \$300 billion for 30 year refinanced loans for distressed borrowers between October 1, 2008 and September 30, 2011. The legislation also provides funding for local governments to redevelop abandoned and foreclosed property.

Unemployment Insurance (S. 3507/H.R. 6867, Public Law 110-449, and H.R. 2642, Public Law 110-252): In the face of the current recession, the Unemployment Compensation Extension Act of 2008 will further extend national unemployment insurance benefits and provide additional benefits to workers in states with higher unemployment rates. Prior to that, the Iraq Supplemental Funding Bill included 13 additional weeks of extended benefits for unemployed workers.

The Iraq Supplemental Funding Bill also included a provision **postponing until April 1, 2009 the effective date of six Medicaid regulations issued by HHS**. The regulations would have reduced Federal funding to the Medicaid program by nearly \$20 billion, shifting billions of dollars in health care costs to state and local governments at a time when they were already under tremendous financial pressure.

Disaster assistance and agriculture tax measures in the Farm Bill (H.R. 2419/S. 2242, Public Law 110-234): The Farm Bill included a Baucus-created trust fund to help ranchers and farmers hurt by crop and livestock losses, allowed participants in the Conservation Reserve Program and other conservation programs to choose between the regular cash payment and a tax credit for participating in the programs, and offered additional incentives for rural economic and energy-related tax relief to aid agricultural producers. Creating the disaster assistance trust fund and converting payment programs to tax credits also freed up previously obligated spending funds for the Agriculture Committee to use elsewhere on farm bill spending programs. The Finance Committee provided funding for the Farm Bill with changes in customs user fees under the jurisdiction of the panel. Other Finance-related measures in the Farm Bill included:

- **Conservation easement and ESA tax (S. 2223):** This measure extended for 2 years, through December 31, 2009, the charitable tax deduction for conservation easements and established a new program allowing tax credits or deductions for landowners who manage their land for the protection and restoration of habitat for threatened or endangered species.
- **Softwood Lumber Declaration Program:** To ensure that our trade agreements governing softwood lumber are fully enforced, Baucus spearheaded the inclusion of a softwood lumber importer declaration program in the 2008 Farm Bill, requiring U.S. importers to declare that their softwood lumber imports are consistent with the terms of international agreements, including the 2006 U.S.–Canada Softwood Lumber Agreement, requiring U.S. Customs and Border Protection (CBP) to verify that importers have accurately completed their declarations, and requiring CBP to assess penalties for false declarations.
- **First Sale:** The Farm Bill expressed the sense of Congress that Customs and Border Protection should not change its longstanding “first sale” practice, by which importers determine the duty owed on an imported good, the importer needs to establish its value. Under the “first sale” practice, importers assess the value of imported goods based on the “first sale,” or first arms-length transaction of goods destined for the United States.
- **Caribbean trade preferences:** The Farm bill also modified U.S. trade preferences for Haiti to expand benefits to that country, and extended the Caribbean Basin Trade Partnership Act for two years.

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- **Cellulosic Biofuels:** This credit was first created by the Finance Committee in June 2007. The Farm bill provided a new, temporary production tax credit for Cellulosic biofuels through 2012. Cellulosic fuels can be produced from agricultural waste, wood chips, switch grass and other non-food feedstocks, and hold tremendous promise as a home-grown alternative source to fossil-based fuels.

The Worker, Retiree, and Employer Recovery Act (H.R. 7327): Chairman Baucus, in cooperation with Senator Grassley, and Senator Kennedy and Senator Enzi of the Health, Education, Labor and Pensions (HELP) Committee drafted and ushered through Congress a bill that includes modifications to pension distribution requirements for seniors and businesses. Among the provisions is a measure to provide relief for seniors age 70 and 1/2 or older who are required to take distributions from their retirement plans under current law. The provision would allow savings to stay put and avoid a tax hit for seniors when the market is down. Another measure gives generally healthy multi-employer pension plans that were hurt by the decline in the stock market the ability to avoid drastic contribution increases and cutbacks in worker benefits. Additional provisions in the bill allow single-employer pension plans to account for expected and unexpected earnings in addition to contributions and distributions when determining the value of the plan's assets. Other provisions in the bill were also included in the Pension Protection Technical Correction Act of 2008, originally passed by the Senate in December 2007 and the House in March and July of this year.

Andean Trade Preference Act (H.R. 7222, Public Law 110-446): The ATPA provides four Andean countries – Colombia, Peru, Ecuador, and Bolivia – duty-free access to the U.S. market for a variety of products. Congress extended these preferences to Peru and Colombia for one year, and to Ecuador and Bolivia for six months. The legislation allows the President to extend benefits for Ecuador an additional six months unless he finds that Ecuador is not meeting ATPA's eligibility criteria. The President may also extend benefits to Bolivia an additional six months, but only if he finds that Bolivia is meeting all of ATPA's eligibility criteria. The ATPA bill also included a number of other extensions or modifications of key trade preference and other programs, including the **Generalized System of Preferences, the Dominican Republic Earned Import Allowance Program, and the African Growth and Opportunity Act.**

Fostering Connections to Success and Increasing Adoptions Act (HR 6893, Public Law 110-351): This bill to improve child welfare standards and policies increased incentives for moving children from foster care to adoptive homes, allowed more children to be cared for by their own relatives and in their own communities, created opportunities for children aging out of foster care so that they are able to pursue education or vocational training, and reauthorized the Adoption Incentives program to allow more families to receive adoption assistance. Baucus particularly championed the provision that increases Tribal Access to Foster Care and Adoption.

Baucus was also instrumental in ensuring that **Trade Adjustment Assistance** benefits continue following a lapse in the program, pressing Korea to agree to a protocol calling for a fully open market for U.S. beef in that country, extending the **Federal Aviation Administration Act**, clarifying the term of the Commissioner of Revenue, and ensuring that changes to the Lacey Act in the Farm Bill were enacted in a manner that curbed trade in illegally harvested plants without disrupting legitimate commerce. The Finance panel also confirmed Douglas Shulman as the IRS Commissioner and Montanan Ed Eck to the IRS Oversight Board.

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