



For Immediate Release
January 22, 2008

Contact: Carol Guthrie
(202) 224-4515

**BAUCUS EXPLORES TAX REBATE FOR MORE AMERICANS,
BONUS FOR FAMILIES WITH CHILDREN**

*Finance Chairman launched series of economic stimulus hearings today,
discussed rebate for all tax filers regardless of income or liability*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today explored the possibility of making a tax rebate available to lower-income Americans, with a bonus for families with children, to boost the effectiveness of an economic stimulus package. In the first of several planned Committee hearings on strengthening America’s economy, Congressional Budget Director Peter Orszag answered questions about various stimulus options and whether they would likely spur economic renewal quickly. Baucus suggested that a tax rebate could be made available not only to income tax filers, but to lower-income Americans who may pay significant employment or “payroll” taxes even though they have no income tax liability.

“What would the effect be if instead of \$800 to \$1600, [a rebate] was \$400 to \$800, but with an additional \$400 bonus given to families for each child? My initial analysis of that is ... you get a significant number of dollars to families who are more likely to spend.”

Orszag responded that if such a proposal would make benefits available to households with children where the parents do not owe income tax liability, such a proposal “would likely have a higher cost-effectiveness” for economic stimulus.

The CBO director noted that although Americans who did not owe income taxes did not receive rebates in 2001, those with lower incomes who did receive the rebate were more likely to spend the funds – a boon to economic stimulus.

“If you extrapolate that a bit out to even lower-income households, you can get appreciable effects,” Orszag said.

Baucus noted that many Americans file tax returns even though they have no income tax liability, including those who owe only payroll taxes, senior citizens, and workers whose employers may withhold income taxes despite a lack of tax liability. These citizens could all be considered for rebates as part of an economic stimulus package.

The next Finance Committee hearing on economic stimulus is set for 10:00 a.m. on Thursday, January 24. The panel will hear testimony from former Reagan economic adviser Martin Feldstein, now of Harvard University, and Jason Furman of the Hamilton Project.

###