



For Immediate Release
March 11, 2008

Contact: Carol Guthrie
202-224-4515

**Statement of Senator Max Baucus (D-Mont.)
Regarding The Baucus Budget Amendment
(as prepared)**

Cervantes had a character say:

“My wages . . . I have earned with the sweat of my brows.”

And so it is with America’s hard-working families. They have earned their wages with the sweat of their brows.

This afternoon along with a number of other Senators I plan to offer an amendment that would take the surplus in the budget resolution and give it back to the hard-working American families who earned it.

First, our amendment makes the ten-percent tax bracket permanent. That’s a tax cut for all taxpayers.

Second, we’re making permanent the changes to the child tax credit. That’s a \$1,000 tax credit per child. This tax credit recognizes that a family’s ability to pay taxes decreases as their family size increases. Unless we act, the child tax credit will fall to \$500 per child in 2010.

We’re making permanent the marriage penalty relief. Married couples should not pay more taxes just because they’re married. This relief makes sure that a married couple filing a joint return has the same deductions and tax brackets as they would if they filed as individuals.

We’re making permanent the changes to the dependent care credit. This credit is important to working families. It recognizes the increased cost of child care for households where both parents work outside the home.

We’re making permanent the changes to the adoption credit. Most adoptions cost more than \$20,000. This provision offers a credit of \$10,000 for those willing to give a child a home.

And in this amendment, we also believe that it is important to pause and reflect on the sacrifices that our men and women in uniform make for us every day.

Nearly one and a half million American service men and women have served in Iraq, Afghanistan, or both. Nearly 30,000 troops have been wounded in action.

In September, I went to Iraq. I was impressed by what an amazing job our troops are doing.

I met many Montanans from small towns like Roundup and Townsend. I saw first-hand what a heavy burden our troops bear for all of us. They face hardships and danger. But they keep at it, every day.

Today, one small way to support them is to make the tax code a little more troop-friendly. We can extend the special tax rules that make sense for our military that expire in 2007 and 2008. We can also eliminate roadblocks in the current tax laws that present difficulties to veterans and service members.

One problem that this amendment would address is how the tax code treats survivors of our fallen heroes. The families of soldiers killed in the line of duty receive a death gratuity benefit of \$100,000. But the tax code restricts the survivors from putting this benefit into a Roth IRA. Today, we can make sure that the family members of fallen soldiers can take advantage of these tax-favored accounts.

Another hazard in the tax laws impedes our disabled veterans. I'm thinking of the time limit for filing for a tax refund. Most VA disability claims filed by veterans are quickly resolved. But many disability awards are delayed due to lost paperwork or the appeals of rejected claims.

Once a disabled vet finally gets a favorable award, the good news is that the disability award is tax-free. But the bad news is that many of these disabled veterans get ambushed by a statute that bars them from filing a tax refund claim. Today we can give disabled veterans an extra year to claim their tax refunds.

Most troops doing the heavy lifting in combat situations are the lower-ranking, lower-income soldiers. Their income needs to count towards computing the earned income tax credit, or EITC. Under current law, however, income earned by a soldier in a combat zone is exempt from income tax. This actually hurts low-income military personnel under the EITC.

The EITC combat-pay exception allows combat zone pay to count as earned income for purposes of determining the credit. That way, more soldiers qualify for the EITC. But this EITC combat-pay exception expires at the end of 2007.

The EITC is a beneficial tax provision for working Americans. It makes no sense to deny it to our troops. Today, we can help to make combat duty income count for EITC purposes.

--1 more--

In this amendment, we're making permanent the provision to allow combat pay as earned income for purposes of the EITC. This amendment allows hard-working low-income military personnel to get the full benefit of the EITC.

A soldier's rucksack is heavy enough as it is without loading it down with tax burdens. We owe the Americans fighting in our armed forces an enormous debt of gratitude.

This amendment is one small way that we can salute our men and women in uniform for all that they do.

And also in this amendment, we're giving some certainty to American families on the estate tax.

Lowering the estate tax to 2009 levels is the least that we will do is estate tax reform. This is the minimum that we can and will achieve.

And we are committed to exploring what more we can do. We are conducting thorough study of the issue in hearings before the Senate Finance Committee.

And I plan to offer a second amendment that will dedicate enough additional funds to estate tax reform that we can achieve a \$5 million exemption and a 35 percent tax rate.

Through these efforts, Congress will show that we support America's small businesses, ranchers, and farmers.

Today's amendment also helps to address the housing crisis. Our amendment would allow middle-income taxpayers who do not itemize their deductions to nonetheless tax a deduction for property taxes. That would give some relief to hard-strapped homeowners.

Now this amendment will not do everything. But we will do more. As chairman of the Finance Committee, I'm fully committed to tax reform. Tax reform can mean giving tax relief to American families and businesses through simplification and sound tax policy.

This year, the Finance Committee will do the spade work. We will hold hearings and prepare for the fundamental tax reform that we all want and expect next year

But today, the amendment that we offer shows our commitment to American families. American families earned their wages with the sweat of their brows. This amendment takes the surplus and gives tax relief to those hard-working families. It is no less than what they have earned.

###