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Statement of Sen. Chuck Grassley
News Conference on AMT-related Tax Problems
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We have received the response from the Secretary of the Treasury to our joint letter about the impact of the filing season if Congress doesn't pass – and pass soon – an AMT patch. The Secretary makes it clear that we have to pass an AMT patch if we are not going to see 21 million additional taxpayers subject to the AMT. We cannot be hitting these families – many who make less than a \$100,000 – with an average new tax increase of \$2,000 per family. As you can see from this chart – nearly half of all taxpayers making less than \$100,000 are hit by AMT.

But passing the AMT patch is not enough. We need to do it quickly, we need to do it now – otherwise we are looking at a “filing fiasco” come April 15th. If we don't act by early November, the Treasury Department says 50 million taxpayers – 25 million hit by the AMT and an additional 25 million who are not affected by the AMT but take popular tax credits – could face delays in the processing of their returns and payment of their refunds. The Treasury Department says \$75 billion in tax refunds could be delayed for many weeks – and this would include many low-income and middle-income families as well as those who receive the Earned Income Credit. That is unacceptable.

In addition, not only will refunds be delayed, failure to act will devastate taxpayer service at the IRS. There are a lot of struggling families out there that depend on their tax refund to make a critical payment; to buy a car to get to a new job; to pay off the bill collector; to help meet the costs of their children's education and for savings. These families can't afford – and they shouldn't have to – wait weeks on end for the IRS to give them their tax refund. It's their money, it's their refund – they have a right to expect it be sent to them right away.

But that isn't going to be the case unless the Democratic leadership pulls up its socks and makes passing the AMT patch and extenders a priority in the next couple of weeks. I am sorry that we have to resort to an AMT patch. In 2001 the Senate passed a six-year AMT patch and agreed in conference with the House to a four-year patch. More recently, I have sponsored legislation and have voted for complete repeal of the AMT. In addition, I have consistently pressed for longer AMT relief packages. We wouldn't have to go through this song and dance now if we just repealed the AMT.

My concerns about tax administration and the filing season are not new. I was beating this same drum last year calling to pass as soon as possible an extenders bill. Now it's far worse. The failure to pass the AMT patch -- or not pass it in a timely manner -- will significantly affect millions more taxpayers than the extenders issue last year. The Democratic congressional leadership needs to step up to the plate – and do so now. They have the responsibility. The letter from Secretary Paulson makes it clear that further delays – delays past early November – will cause incredible problems for taxpayers. Delays of the AMT patch into December will cause a filing fiasco. The patch should be

processed in regular order and NOT jammed into an appropriations bill or continuing resolution.

The Democratic leaders need to give the Finance Committee designated floor time to allow the Senate to consider and pass the AMT patch and an extenders bill by early November. Today's letter from Treasury makes clear with these new facts that this hot potato has just gotten a lot hotter. Congress needs to take action now – otherwise one of the most frustrating days for Americans – April 15th – is going to be a whole lot worse.