

Opening Statement of Chairman Chuck Grassley
Hearing, "Easing the Family Tax Burden"
Thursday, March 8, 2001

Today, our hearing focuses on President Bush's proposals to help reduce the income tax burden of working families through a doubling of the child credit to \$1,000 and to help married couples.

I think we all agree with President Bush's principle that there is no more important task than properly raising children. With respect to education, his principle is "to leave no child behind." Unfortunately, the tax code is structured in such a way that it leaves hard-working, income tax-paying families behind.

It took several years and several tries, but in 1997 we were finally able to provide a \$500 child credit for families. While a good start, this figure doesn't even approach the cost of raising a child.

While we'll never be able to offset all the costs of raising a child, President Bush's proposal to double the child credit to \$1,000 provides much-needed assistance to working families.

Tax relief for married couples has also been a long journey. But I think we'll finally reach the promised land this year. There's a growing consensus that we must provide income tax relief for married couples – both those who have a parent stay at home, as well as those couples in which both the husband and wife work.

I'm pleased to see that the House Democrats' own proposal for tax cuts embraces the idea that we should help marriage regardless of whether one parent or two parents work. I'm confident we can find common ground in this area, and that we'll report legislation that promotes and strengthens marriage by providing income tax relief to married couples – marriages with a stay-at-home parent and marriages where both husband and wife work.

There are many ways that we can achieve this goal of providing income tax relief for married couples, and we'll explore those options today.

We'll also look at the question of the Alternative Minimum Tax (AMT). It's important that we address AMT because we don't want with one hand to be giving income tax relief to working families, for instance through an expansion of child credits, assisting married couples, and reduction of the rates, while with the other hand we're taking it away under the AMT.

Beyond just ensuring that AMT doesn't limit the benefits provided under President Bush's tax proposal, we must look to a long-term fix to AMT. AMT places a growing burden of complexity and taxation on more and more Americans every April 15th. Roughly one in seven taxpayers will come under the shadow of AMT by the end of the decade, according to the General Accounting Office. That figure will be significantly higher if the Bush tax plan is adopted, according to the Joint Tax Committee. So AMT looms over all we do here and must be addressed.

Today, we'll be given a primer on AMT – no easy task – and we'll also look at different ways that we can address the AMT question.

Today's meeting of the Finance Committee may be a little dry, but the issues are very important. The issues today are important to the seamstress working at home and taking care of her children. Doubling the child credit and helping working families matters to the farmer and his wife. Our efforts in this Committee to provide them all tax relief and allow them to keep more of the money they earned will make a real difference in the lives of these working parents struggling to give their children a better life.