



Committee On Finance

Max Baucus (D-Mont.)

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Contact: Carol Guthrie
202-224-4515

**Opening Statement of U.S. Senator Max Baucus (D-Mont.)
Tax Incentives for Businesses in Response to a Minimum Wage Increase
Hearing before the Senate Finance Committee**

America's Founders held it "to be self-evident, that all men are created equal."

And it is that same belief in equality and the dignity of every person that led the Congress in 1938 to enact the Fair Labor Standards Act. That act put into effect President Roosevelt's call to, in his words, "put some floor below which the wage ought not to fall."

And my Colleagues know that our constituents hold it to be self-evident that we should raise the minimum wage. One hard-working Montanan wrote:

"I used a third of my income tax return just to pay for energy costs this year. The day-to-day life expenses such as rent, eating, and...transportation, leave me with nothing 'in case of emergency.'

"Why has our minimum wage stayed the same within the past 10 years, yet inflation... including rent, [has] risen dramatically within the same amount of time? . . .

"I really hope you take the time to thank your grocery bagger in the store next time you shop...[I really hope] you keep in the back of your mind that they make under poverty level and are not at home with their families."

Montanans recognize that the minimum wage must be increased. I am proud that in November, Montanans voted to raise the State's minimum wage from \$5.15 an hour to \$6.15 an hour. It is a step in the right direction.

Some worry, however, that an increase in the minimum wage will burden small businesses. Small businesses are a vital source of job creation, economic opportunity, and technological innovation.

There are about 23 million small businesses in America. Businesses with fewer than 500 employees represent more than 99.9 percent of all American businesses. They pay nearly half of total American private payroll. They have generated 60 to 80 percent of the new jobs annually over the last decade. And they employ 41 percent of high tech workers.

Small business is particularly important in rural states like my home state of Montana. Rural communities generally do not have large employers. Rural families rely on small businesses for jobs.

This Committee has the opportunity to help small businesses through tax incentives that stimulate their rates of formation and growth. Today we will hear about some of these tax incentives.

We will hear about helping business owners to afford new equipment and property for their businesses.

We will hear about allowing leaseholders and restaurants to quickly recover the cost of improvements to their establishments.

We will hear about simplifying the way that small businesses keep records for tax purposes.

And we will hear how small businesses provide jobs for workers who have experienced barriers to entering the workforce.

These are all important ways to help small businesses to succeed. They all enjoy strong support. I look forward to hearing our witnesses testify about their experiences with these provisions.

I am committed to introducing a responsible tax package that is fully offset. And I am committed to a package that will ensure the continued growth and success of small businesses. It is my preference that the Committee report such a package next week.

I want us to move such a package with or without the minimum wage increase. But small business tax packages have traveled with minimum wage increases before. The Senate will probably vote to attach such a package to this year's minimum wage increase, as well.

I think that the Finance Committee ought to conduct a hearing and a markup of such legislation before it comes to the floor. And that is why we are here today.

Let us raise the minimum wage. Let us help small businesses to cope. And let us do so as much as possible through the Committee process.

That way, we can honor the hard-working Americans who earn the minimum wage. We can honor the small businesses that create American jobs. And we can honor the institution in which we serve.

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