



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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For Immediate Release
Monday, February 6, 2006

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BAUCUS QUESTIONS BUSH BUDGET PRIORITIES ON HEALTH CARE, TAXES; SAYS PROPOSAL ULTIMATELY DOES NOT BOOST U.S. COMPETITIVENESS

*Medicare changes and HSA focus raise concerns, as well funds for competitiveness goals;
President's FY2007 plan falls short on closing tax gap, protecting working families from AMT*

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Member of the Senate Finance Committee, today questioned White House priorities on deficit reduction, health care, tax, and competitiveness initiatives in the President's FY2007 budget. While Baucus welcomed the President's discussion of U.S. economic leadership, health care, and tax cuts for working families in last week's State of the Union address, the Senator said the budget delivered to Congress today fails to address those priorities directly or boldly enough.

“Sixty billion dollars for Health Savings Accounts is a pretty egregious expense when you consider that HSAs won't control costs or get health care coverage to folks doing without. I question plans to work HSAs into the Medicare structure, too,” said Baucus. **“The President's health budget proposes payment reductions for many Medicare providers – except for private health plans, which are some of the most generously compensated of all. My bottom line on Medicare changes is that seniors simply must not lose access to the health care they need, nor can there be significant premium increases that force folks out of the program. And on the heels of last year's budget cuts, the \$17 billion in Medicaid cuts here are simply too much to ask.”**

“The White House also has not put its money where its mouth is on improving American competitiveness,” Baucus said. **“The investment is there in some initiatives, but it's tepid. The real number for competitiveness initiatives, outside extending the R&D tax credit, is just \$1.3 billion for the next fiscal year. What we needed, and what the President promised, was a budget that boldly reordered our nation's priorities toward global competitiveness. But education and basic research don't get the boost that's necessary, even as this budget deepens deficits that drag our competitiveness down. It also sends the wrong message on trade, cutting funds for the very agencies charged with negotiating and enforcing trade agreements. I plan to fix this deficiency with a bill that funds an appropriate focus on trade enforcement.”**

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Baucus recently announced an upcoming legislative agenda to advance American competitiveness. In the coming weeks he will introduce bills aimed at improving American education, trade, research, energy, savings, tax and health policy in ways that will keep our nation economically preeminent. Baucus has encouraged President Bush to support the bolder steps he'll propose, including free college tuition for science, math, and engineering majors, and the creation of the Advanced Research Projects Agency for Energy (ARPA-E), an independent research arm of the Department of Energy dedicated wholly to cutting-edge research for breaking U.S. dependence on oil.

The Bush budget also envisions permanency for tax cuts passed in 2001 and 2003. Baucus has expressed his commitment to continuing tax relief for America's working families, but wants the tax cuts extended in a fiscally responsible way. He also decried the President's failure to fund a plan that protects the maximum number of additional American taxpayers from the alternative minimum tax (AMT).

“As he calls for permanent tax cuts, I’m glad the President at least nodded toward closing the gap between taxes legally owed and taxes actually paid. But his weak tax gap proposal doesn’t begin to address the annual shortfall,” said Baucus. **“We’re not doing future generations any favors if we cut taxes in a way that busts the budget, so I’ll work with the President and my colleagues on stronger tax gap solutions. Unfortunately, there’s a more immediate problem because the President hasn’t done enough to fix the AMT. The Senate has a plan to keep the AMT from hitting any additional working families in 2006, but the President’s budget leaves 4.8 million Americans exposed to this stealth tax.”**

Hearings on the President's budget begin on Capitol Hill this week. On Tuesday, February 7, Treasury Secretary John Snow will testify before the Senate Finance Committee. Health and Human Services Secretary Michael O. Leavitt comes before the panel on Thursday, February 9.

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