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**FINANCE CHAIRMAN BAUCUS PLANS 2008 EFFORTS,  
REVIEWS PANEL'S SUCCESSES IN 110<sup>TH</sup> CONGRESS SO FAR**  
*Health reform, tax reform, American competitiveness lead list of priorities next year*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) today listed priority issues and tasks to which the panel will turn in 2008, and reflected on accomplishments of the Finance Committee and the 110<sup>th</sup> Congress in its first session. Baucus has already announced plans for aggressive and comprehensive hearings on health reform and tax reform next year, with a continued focus on American economic competitiveness. Broad Medicare reform, extensions of expiring tax provisions such as the college tuition deduction and the state and local sales tax deduction, and renewal of Trade Adjustment Assistance are also among actions on tap for 2008. This year, Baucus led the Committee and the Senate in passing alternative minimum tax relief, business tax relief that enabled the passage of a minimum wage increase, strong children's health legislation – vetoed twice by President Bush – and a host of other new laws. A full summary is below.

**“The Finance Committee and the 110<sup>th</sup> Congress have produced real results for the American people this year, providing vital tax relief, wage increases, and a host of other measures to improve American life and economic competitiveness,”** said Baucus. **“The new year will bring a new agenda. I intend for the Finance Committee to lead the debate on comprehensive health reform and tax reform. We will work together to find the right policies for the American people, and to draw a road map for implementing those policies together in the years to come. And I intend to see Congress complete business begun this year, from the extension of tax relief for college students and working families, to Medicare improvements for our seniors, to help for American workers in the changing global economy.”**

**Highlights of the 110<sup>th</sup> Congress, First Session:**

**Alternative minimum tax relief (H.R. 3996):** A Baucus amendment approved today will protect 19 million additional American taxpayers from the AMT this year, by increasing the AMT exemption to \$66,250 for joint returns and \$44,350 for unmarried taxpayers and allowing the personal credits against the AMT.

**Medicare, Medicaid, and Children's Health Insurance Program extension bill (S. 2499):** The bill approved today replaces the scheduled 10.1 percent cut to the Medicare physician reimbursement rate in 2008 with a 0.5 percent increase through June 30, 2008. The bill extends a number of expiring provisions important to rural providers and ensures

beneficiaries access to rehabilitation therapy and pathology services, among others. It also continues to move Medicare toward paying for quality by extending the physician quality reporting system enacted last year. The bill extends the State Children's Health Insurance Program (SCHIP) through March 31, 2009, and provides extensions of and funding for the Transitional Medicaid Assistance and special diabetes programs.

**Small business tax relief (H.R. 2206):** The package that became Public Law 110-28 on May 25 provides tax relief for small businesses. The package included a 3½ year extension of the Work Opportunity Tax Credit, a one year extension of Section 179 small business expensing that allows small business owners to purchase and write off more equipment each year, and several tax incentives for small businesses set up as S-corporations. The package also included extension of Gulf Opportunity Zone ("GO Zone") tax incentives to help recovery of small businesses and low-income housing in areas hit by Hurricanes Katrina, Rita, and Wilma.

**Housing debt forgiveness (H.R. 3648):** The package approved by Congress this week includes an exclusion for cancellation of mortgage debt income for three years, a three-year extension of the deduction for private mortgage insurance (PMI), and a provision that gives an extra two years for surviving spouses to sell their homes after the death of a spouse and claim the full \$500,000 exclusion.

**Disaster assistance and agriculture tax measures in the Farm Bill (H.R. 2419, S. 2242):** The Baucus package approved by the Senate this week creates a trust fund to help ranchers and farmers hurt by crop and livestock losses, allows participants in the Conservation Reserve Program and other conservation programs to choose between the regular cash payment and a tax credit for participating in the programs, and offers additional incentives for rural economic and energy-related tax relief to aid agricultural producers. Creating the disaster assistance trust fund and converting payment programs to tax credits also freed up previously obligated spending funds for the Agriculture Committee to use elsewhere in farm bill spending. The bill now goes to conference with the House.

**Conservation easement and ESA tax (S. 2223):** Also included in the Farm Bill, this Baucus measure bill will permanently extend the charitable tax deduction for conservation easements and establish a new program allowing tax credits or deductions for landowners who manage their land for the protection and restoration of habitat for threatened or endangered species.

**Advanced Research Projects Agency – Energy (ARPA-E) (H.R. 2272, S. 761):** The Competitiveness bill that became Public Law 110-69 on August 9 contains a very strong design for ARPA-E. The law sets up a very robust and independent office with its own budget and the ability to conduct energy research with various public and private sector partners. Senator Baucus first introduced his ARPA-E bill in March 2006 (S. 2398) after the National Academies' Committee on Prospering in the Global Economy of the 21st recommended such an agency in late 2005. In February 2007, Baucus reintroduced the bill for the 110<sup>th</sup> Congress (S. 696).

**Funding for Social Security's Administrative Activities (H.R. 2764):** As part of the omnibus appropriations bill approved yesterday, Social Security will have up to \$363

million in additional funds to begin to reduce the enormous waiting times applicants for disability benefits must wait to have their applications approved and to improve service to the public in SSA's field offices. Senator Baucus helped lead efforts to get this funding included in the bill.

**Energy bill (H.R. 6, H.R. 3221):** The package signed by the President today included an increase in the average fleet fuel economy for cars and light trucks to 35 miles per gallon by 2020 and a requirement that by 2022 the U.S. will produce 36 billion gallons of renewable fuel. The package did not include a \$20 billion Finance Committee tax package after the amendment received 59 votes on December 13, but did include a \$2.1 billion offset necessary (primarily an extension of FUTA) to offset losses to gasoline and diesel taxes due to vehicle efficiency improvements.

**Peru FTA (H.R. 3688, S. 2113):** The measure that became Public Law 110-138 on December 14 will open Peru's market to American exporters, including the nation's wheat and beef producers. The Peru agreement is also the first free trade agreement that incorporates the terms of the historic May 10 bipartisan trade deal which, among other things, requires the parties to implement and enforce five core international labor standards as well as seven core environmental treaties.

**Burma Sanctions (H.J. Res. 44, S.J. Res. 16):** The measure that became Public Law 110-52 on August 1 renewed import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

**ATPA (H.R. 1830):** The measure that became Public Law 110-42 on June 30 provides four Andean countries – Colombia, Peru, Ecuador, and Bolivia – duty-free access to the U.S. market for a variety of products. This will help to reduce poverty and to develop economies across Latin America.

Legislation extending the moratorium on state and local taxation of Internet commerce also became Public Law 110-108 on October 31.

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