

For Immediate Release  
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Grassley works to protect middle-income taxpayers from tax increase

WASHINGTON --- Senator Chuck Grassley today won Finance Committee passage of his amendment to protect tens of millions of middle-income American families from higher taxes this year as part of the economic stimulus legislation making its way through Congress.

Grassley had been making the case that an “AMT patch” must be included in the economic stimulus legislation in order to “prevent an unfair tax increase at a terrible time, when the economy is in recession.”

Grassley said last Friday that the proposal put before senators serving on the tax-writing committee was flawed for not including an “AMT patch,” and that he would fight to include AMT relief in the committee bill. The economic stimulus bill passed last week by the House of Representatives also did not contain any language to prevent middle-income taxpayers from being hit by the AMT.

The Joint Committee on Taxation score for a one-year “AMT patch” is \$69.8 billion over ten years. Grassley has long made the case that it’s wrong for Congress to “offset” AMT relief under congressional budgeting rules because Congress never intended that the money be collected in the first place. “This tax has failed in every way except for the ability to raise very large sums of money to feed government spending. The AMT is a phony revenue source, and collection of the tax is a destructive addiction of Congress,” Grassley said.

The AMT went on the books in 1969, in response to the discovery that 155 wealthy taxpayers were able to eliminate their entire tax liabilities through legal means. But Congress didn’t index the AMT’s rates and exemptions for inflation. As a result, growing numbers of middle-income taxpayers are getting hit with a tax they were never intended to pay.

In 1999, Congress passed a wide-ranging individual tax relief bill. Only Republicans in the Senate voted for it. Only a handful of House Democrats voted yes. If enacted, that bill would have phased out the AMT over 10 years. President Bill Clinton vetoed it.

In 2001, as Chairman of the Senate Committee on Finance, Grassley shepherded through Congress five years of protection against any more taxpayers falling into the AMT. That was significant relief, as the reach of the AMT was just getting bigger, and AMT wasn’t a household term at the time.

Since 2006, Congress has passed two one-year AMT patches and debated the need to offset AMT relief.

Grassley is Ranking Member of the tax-writing Committee on Finance. The amendment that committee members agreed to today was filed yesterday by Grassley. Senator Robert

Mendendez of New Jersey filed a different version of an AMT amendment yesterday. Today he modified his amendment to be identical to the Grassley amendment.