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CHUCK GRASSLEY

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President's Budget Proposal Contains Grassley Tax Priorities

WASHINGTON -- President Bush's proposed Fiscal Year 2003 budget contains several tax priorities of Sen. Chuck Grassley, ranking member of the Committee on Finance.

"President Bush and I see eye-to-eye on most tax issues," Grassley said. "We agree on keeping taxes as low as we can, and on using the tax code to encourage job growth, retirement savings, alternative energy and other quality-of-life issues. I hope to see success for all of these tax items this year."

Grassley tax priorities in the President's budget proposal include:

- ▶ A tax deduction for long-term care insurance premiums. This long-time Grassley priority stems from his work as chairman of the Special Committee on Aging, which under his leadership documented the high out-of-pocket costs of long-term care and the desire of older Americans to use their resources to seek alternatives to nursing homes. His pending legislation is S. 627.
- ▶ Making permanent medical savings accounts. Grassley has advocated this method of helping individuals save money for their health care needs. His pending bill, the *Medical Savings Account Availability Act of 2001*, S. 1067, amends the tax code to: (1) repeal restrictions on the number of accounts that may be established; and (2) expand the availability of such accounts to individuals other than the self-employed and employees of small employers.
- ▶ FFARRM accounts. These Farm, Fishing, and Ranch Risk Management accounts would allow farmers and fishermen to contribute up to 20 percent of their income in a tax-deferred savings account, and deduct it in the same year. FFARRM accounts would be a very important risk management tool to help farmers put away money in the years in which they have more income to help with their cash flow during the bad years. Grassley has two bills that would establish these accounts, S. 312 and S. 313.
- ▶ Wind energy. The Bush budget proposal extends and modifies the wind energy production tax credit. Grassley is the sponsor of pending legislation -- S. 530 -- to extend the production tax credit for energy generated by wind for five years. The tax credit expired Jan. 1. Grassley authored the *Wind Energy Incentives Act of 1993*, which established the first-ever

wind energy production tax credit.

- ▶ Provide a tax credit for electricity produced from renewable biomass sources. Grassley is the sponsor of current legislation S. 756, known as the *Growing Renewable Energy for Emerging Needs (GREEN) Act*, which expands the definition of biomass to agricultural waste products.
- ▶ Extend the ethanol partial excise tax exemption. Grassley has a long history of promoting ethanol as a clean-burning, renewable, domestically produced energy source. He scored a major victory for the Midwest when he not only blocked anti-ethanol efforts, but also countered by orchestrating congressional approval to extend the ethanol excise tax exemption to 2007.
- ▶ Exclude 50 percent of gains from the sale of property for conservation purposes. Grassley was one of the original sponsors of legislation to accomplish this – pending is S.1329 -- and last June held a hearing titled “Preserving and Protecting our Natural Resources,” at which Mark Ackelson of the Iowa Natural Heritage Foundation testified supporting this proposal.