



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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Contact: Melissa Mueller/Wendy Carey  
202-224-4515

### Statement of U.S. Senator Max Baucus

#### U.S. Senate Finance Committee Hearing: "Expiring Tax Provisions: Live or Let Die"

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus, Ranking Member of the Senate Finance Committee, issued the following statement for the Senate Finance Committee Hearing entitled, "Expiring Tax Provisions: Live or Let Die."

"This hearing is aptly titled, 'Expiring Tax Provisions: Live or Let Die.' Back in the early 70's, there was a popular song by a similar name. That song spoke about the 'ever-changing world in which we're living' and said that 'when you've got a job to do, you got to do it well.' That's a good description of why we're here today - to consider what to do about several temporary tax provisions that are about to run out, some of which have been renewed many times over, and even allowed to expire on occasion.

This leaves America's taxpayers in an 'ever-changing world' of uncertain tax laws that make it difficult for them to plan and make decisions about their future. Congress needs to do its job, and not wait until the last minute when these laws are ready to expire and then simply re-extend them. We should decide if they should be made permanent or not; whether they live or let die.

To put this hearing in context, there are 43 tax provisions that are due to expire on December 31, 2005. Some were made temporary to provide a short-term economic stimulus, while others are temporary either to limit or to test the effect they would have on the economy, jobs, our businesses and our citizens. Now, it's time for us to check-in on these laws and decide their fate.

Many of these provisions have proven themselves worthy of staying because they have improved the US economy, business performance and the quality of life for our citizens. Just last week, Senator Santorum and I introduced legislation to combine and permanently extend the Work Opportunity Tax Credit (WOTC) and the Welfare to Work Tax Credit (W-t-W), creating a win-win situation both for employers and low-income individuals who are looking for a job.

Recently in my home state of Montana, more than 1,000 people were certified as eligible under the WOTC program over an 18-month period, including 476 Food Stamp recipients, 475 AFDC/TANF recipients, and 52 veterans. Knowing that the credits are permanent will give employers the certainty that they need to continue and expand their participation, and reduce the administrative burden and complexity associated with a credit that comes and goes.

Since 1996, these credits have helped more than 2 million individuals on public assistance to enter the workforce, giving them hope and a future. A credit that so strongly assists employers to provide jobs and the unemployed to get jobs, building up the US economy in the process, is one that must be kept on a permanent basis. We will hear from two witnesses today that this credit is working for employers and employees, and I look forward to their testimony.

Another win-win for everyone is the Research and Development Tax Credit. It benefits employers by providing financial incentives to take risks to develop new and innovative technology and products, keeping US companies competitive in today's global economy. Plus, the credit keeps research here in the US instead of allowing it to be outsourced to foreign countries. It is true that companies must conduct research to stay competitive. The big question is, 'where will this be done?'

The R&D tax credit is critical to our economy by keeping and creating high quality, good paying jobs here in the US. Vigorous research and development is vital to the growth and well being of our economy and to improvements in our current and future standards of living. We will hear testimony today in support of permanent extension of this important credit for innovative research.

We also want to remember our responsibility to continue to support the recovery of New York City after September 11, 2001. Several New York Liberty Zone provisions to stimulate the resurgence of the economy and way of life in New York City are set to expire next year. We do not want that recovery, coming along so well, to slow down because folks are uncertain whether these economic incentives will continue. We need to make sure that we continue to provide the tools to that area to continue the rebuilding and rebirth. We will hear expert testimony from the City itself about how these incentives have helped recovery.

I welcome also two respected tax experts testifying today, one from the Treasury Department, Bob Carroll, and the other from private practice but formerly in charge of the IRS, Don Alexander, who will advise the Committee on a broad range of expiring tax provisions. Since the President did not include a number of these provisions in his budget, we hope Secretary Carroll can explain why. And, I look forward to Don Alexander's testimony about the problems as a former tax administrator with tax provisions that come and go.

So, again, I thank my friend and Chairman, Chuck Grassley, for calling this important hearing. We have a job to do today – to take a serious look at several of these expiring provisions and consider whether they should live or die. Many of these temporary tax incentives make America a better place for jobs, individuals, business and the economy and should be extended or made permanent. Let's do our job and do it well."

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