



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding the Proposed Bank Tax**

Thomas Jefferson may have gone too far, when he warned that “banking institutions are more dangerous . . . than standing armies.”

But in this Great Recession, we have certainly learned that financial institutions can dramatically affect the economy. Financial institutions have certainly affected each and every American taxpayer.

It has been nearly two years since the financial crisis hit. The Bush Administration responded with the Troubled Asset Relief Program, or TARP.

Today, we convene the second of our three hearings to consider President Obama’s proposal for a tax to recoup the losses from TARP.

TARP helped to keep the financial sector afloat. And there’s a decent argument that the financial sector received more benefit from TARP than just the dollars that TARP lent them.

Two weeks ago, we heard from Neil Barofsky, TARP’s Special Inspector General. He provided an update on TARP. He explained who had received TARP money, and who’d probably be able to pay the money back.

Today, our first witness, Secretary Geithner, will describe President Obama’s proposal. Secretary Geithner will address concerns that the banks are likely to raise. And he can discuss different ways that the bank tax could be structured.

Our second panel includes a cross-section from the financial sector. It’s no surprise that financial institutions are not enthusiastic about the proposal.

We’ll look forward to learning how they think that a bank tax might affect their business. We’re eager to hear their specific concerns.

We need to understand the best way to design the tax so that it's fair and achieves its purpose. We need to understand who should pay the tax. And we need to understand what effect the tax would have on small businesses and the economy.

We need to know if banks will be able to pass the cost of the tax on to customers and small businesses. And we need to understand the effects of the bank tax on small business lending.

Small businesses suffered when credit dried up during the financial crisis. So we want to make sure that banks do not harm small businesses when we try to make the banks pay back the American taxpayer.

We want to learn how a bank tax will affect the economy. We need to know how it might affect the ability of financial institutions to compete. And we need to learn what kinds of bank levies other countries are considering.

And so, let us examine the responsibility of financial institutions to bear some of the fiscal burden created by the financial crisis. Let us try to understand the best way to assess those burdens. And let us try to figure out the way that's best for the American economy.

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