



For Immediate Release
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**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding the Impending Expiration of the 2001-2003 Tax cuts**

Arthur Godfrey said: "I'm proud to be paying taxes in the United States. The only thing is — I could be just as proud for half the money."

In 2001, Congress enacted legislation to let American families keep more of their money.

We lowered income tax rates for all taxpayers.

We doubled the child tax credit from \$500 to \$1,000 a child. And we made the credit partially refundable, so that more families could benefit.

We increased the amount that families could get in the dependent care credit. That helps more working families to make ends meet.

We eliminated the marriage penalty. That way, married couples don't get higher taxes as an added wedding present.

We recognized the importance of higher education. We made it easier to deduct student loan interest.

We made a lot of tax law changes in 2001 that have very broad support, throughout the Congress.

But now we face a problem. These tax cuts are not permanent. They expire at the end of the year.

The big questions before us now are whether we should make some of these tax cuts permanent. And if so, which ones?

But that's not the only challenge. There's another elephant in the room — the budget deficit. And, that elephant is growing. Last year, the budget deficit was the largest share of the economy since World War II.

And the nonpartisan Congressional Budget Office expects the deficit to exceed \$1 trillion in 2010. And CBO projects that deficits will remain high for the rest of the decade.

That means that the Federal debt will keep growing. By the end of this year, economists expect Federal debt held by the public to reach 62 percent of the GDP. That's also the highest share since right after World War II.

When we passed the 2001 tax cuts, the Federal Government was running a surplus. When we passed the 2001 tax cuts, economists projected big surpluses for years to come.

We face a different budget picture today.

With today's budget picture, it's no longer clear that we can afford large tax cuts for the most well-to-do.

So, today we'll discuss the expiration of the 2001 and 2003 tax cuts. We'll discuss the effect of these tax cuts on economic growth, and on the distribution of income. We'll consider whether these tax cuts should be made permanent, and for whom.

And so, let us begin the work of addressing the 2001 and 2003 tax cuts. Let us do so responsibly, with an eye on the budget picture. And let us endeavor to let working American families keep more of their money.

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