

# *U.S. Senate Committee on Finance*

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## **BAUCUS, GRASSLEY TACKLE ALTERNATIVE MINIMUM TAX ON FIRST DAY OF 110<sup>TH</sup> CONGRESS**

*Senators renew bipartisan effort to protect American families from stealth tax for the long term*

**Washington, DC** – U.S. Senators Max Baucus (D-Mont.) and Chuck Grassley (R-Iowa) today introduced legislation on the first day of the 110<sup>th</sup> Congress to repeal the individual alternative minimum tax beginning in the 2007 tax year. The AMT was originally enacted in 1969 to ensure that America's wealthiest taxpayers could not use deductions and loopholes to avoid paying the taxes they owed. For Americans over a certain income range, the AMT eliminates certain tax benefits such as personal exemptions, itemized deductions for state and local taxes, and deductions for children. However, despite successful efforts to keep millions more middle-income Americans out of the AMT, millions of middle-income Americans still pay the AMT, and the relief for many taxpayers is temporary.

**“This bill is really a bellwether for one of the Finance Committee’s biggest priorities this year. The new Congress intends to provide tax relief to middle-income Americans in a fiscally responsible way, and the AMT is the right place to start,”** said Baucus. **“It’s time not only to stop this stealth tax for 2007, but to look for longer-term solutions that are actually financially feasible.”**

Grassley said, **“We’ve kept more taxpayers out of the AMT every year for the last six years, and the AMT needs to be repealed for good. The tax has long outlived its usefulness. I hope the new congressional leaders don’t fall into traps on AMT repeal. One is counting on the revenue that the AMT raises for more government spending. It’s ridiculous to rely on revenue that was never supposed to be collected in the first place. Another trap is raising taxes to ‘pay’ for AMT repeal. It’s unfair to raise taxes to repeal something with serious unintended consequences like the AMT. The bipartisan Senate bill introduced in the last Congress shows plenty of interest in AMT repeal. Its 21 co-sponsors give momentum for the new Congress.”**

Grassley, as chairman of the Committee on Finance, and Baucus as ranking Democrat, led successful efforts from 2001 through 2006 to enact “patches” to make sure no more middle-income taxpayers fall into the AMT. In February 2005, at a revenue proposals hearing with then-Treasury Secretary John Snow, Grassley called for AMT repeal. In May 2005, Grassley, Baucus, and Democratic Sen. Ron Wyden, among other Democrats and Republicans, introduced a bill to repeal the individual AMT (S. 1103).

The current temporary “patch” or increase in AMT exemption levels, a mechanism used to keep the tax from affecting even more Americans, was passed in mid-2006 and expired at the end of last year. Permanent repeal of the individual AMT is estimated to cost approximately \$60 billion per year for 10 years.

Baucus and Grassley will be the Chairman and Ranking Republican, respectively, of the Finance Committee in the 110th Congress.

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