



For Immediate Release  
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**Hearing Statement of Senator Max Baucus (D-Mont.)  
Regarding Middle Class Tax Policies**

In his work entitled *Politics*, Aristotle wrote: "The best political community is formed by citizens of the middle class."

What was true in Aristotle's analysis has proven all the more true in America. America's great strength lies in the broad American middle class.

In 2001, this Committee led the way to easing the tax burdens of the American middle class.

Now there have been different views about the 2001 tax cuts. But whatever differences there have been, there is pretty wide agreement that working families have welcomed the relief. Tax cuts like the child tax credit, the lower middle-income tax rates, and marriage penalty relief have helped working moms and dads to pay the bills and raise their families.

For example, in 2001, we increased the child tax credit from \$500 per child to \$1,000 per child. And then we also made the credit partially refundable, so that working families can get some money back.

And in 2001, we provided marriage penalty relief. That way, a married couple does not get penalized with higher taxes when they take their wedding vows.

But on the horizon, we have a challenge. Those tax cuts, and a lot of other ones, expire at the end of 2010. Allowing these tax cuts to expire would mean a drastic tax increase for tens of millions of American families. Pretty soon, we need to decide which of these tax cuts to make permanent.

On top of that, we have the ever-looming alternative minimum tax. The AMT creeps forward every year, snaring more and more taxpayers in its grasp.

The AMT was meant to make sure that 155 wealthy taxpayers paid their fair share. But now it ensnares millions of middle-income families.

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Frankly, the AMT fills many taxpayers with dread. People have to calculate their taxes under the regular tax system. And then they have to do it again under this alternative system. They have to worry whether this will be the year that they fall prey to the AMT.

Over and over again, Congress has passed a one-year fix. The fix — also known as the “AMT patch” — is holding the number of taxpayers subject to the tax at just over four million. Without the fix, more than 26 million taxpayers would be paying higher taxes.

Another question is: Who are these middle income taxpayers? People throw the term “middle class” around a lot. But different people have different ideas about who’s included.

Judith Martin, who has long written the “Miss Manners” column, once said: “There are three social classes in America: upper middle class, middle class, and lower middle class.”

Today we will hear some thoughts about just who is in the middle class. We will hear about how the middle class has fared over the last few decades. In particular, we will hear how they have fared over the last couple of years. And we will hear about how our tax laws affect the middle class.

And we’ll discuss the temporary nature of several other tax provisions. And we’ll consider whether some of these provisions should be made permanent.

Today, I am introducing a bill to make the middle-income 2001 tax cuts permanent. My bill would make permanent the middle-income tax rates, child tax credit, and marriage penalty relief in the 2001 tax law. I am hopeful that we can move legislation along these lines this year.

And so, let us examine ways to help the great strength of America. Let us look for ways to continue tax relief for the broad American middle class. And let us see how we can extend these welcome tax cuts for America’s working families.

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