



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley of Iowa
Chairman of the Committee on Finance
Markup of the Tax Relief Act of 2005
Tuesday, November 15, 2005

Thank you for joining me this afternoon to consider this important tax relief measure. The bill before the Committee today does three important things. First, it acts on our commitment to provide rebuilding assistance to areas of the country devastated by hurricanes. Second, it provides tax relief for American families by ensuring that there is no interruption in tax provisions that are expiring this year. And third, it provides incentives for increased charitable giving while prohibiting transactions that misuse or abuse charitable organizations and their assets.

An important part of this bill is delivery on a commitment we made to residents of the Gulf region, and Texas and Florida, to provide much-needed relief and resources for economic rebuilding to those areas. As promised, we have made our best effort to marry up our compassion for displaced persons and damaged communities with attention to fiscal discipline and the best use of taxpayer dollars. This bill represents an effort to most efficiently and effectively use resources under this Committee's jurisdiction to assist in the rebuilding and revitalization of those regions. I'll reiterate the guiding principles of our hurricane relief legislation. First, because market forces will be the driver in getting these regions back on their feet, our bill includes only provisions that encourage and incentivize redevelopment. Second, our package provides resources only to those who incurred uninsured losses and does not provide for a bailout of those who assumed risk as an insurer in our capitalist, free-market system. Third, we have focused our limited federal resources on those most in need -- like the many devastated small businesses who were the backbones of these economies and who will be the engines of their future growth. Finally, the bill provides front-loaded incentives on a timely basis to encourage people and businesses to return to the region as quickly as possible.

This bill also extends popular tax relief ranging from tax deductions for families sending kids to college to relief from the expanding reach of the alternative minimum tax. If we let these provisions lapse, we are raising taxes on a significant number of taxpayers.

I would like to talk briefly about some of the important initiatives in our bill. The largest provision in the bill -- about \$32 billion of tax relief -- which is more than half of the net tax package and is designed to keep people out of the Alternative Minimum Tax. This piece of the package affects 14 million American families in every state in this nation. The AMT is terrible and should be repealed. Until such time, we owe it to American taxpayers to ensure that they are not hit by this tax.

The mark also includes popular and broadly-applicable tax benefits. I'm talking about the deductibility of college tuition, the small savers' credit, and small business expensing. These

provisions are bipartisan, and millions of American taxpayers rely on them.

The mark addresses expiring business and individual provisions known as the “extenders.” These provisions include the research and development tax credit, state sales tax deductibility, the work opportunity tax credit, and the deduction for teachers’ out-of-pocket expenses.

Finally, this mark also includes many of the charitable incentives introduced in the CARE ACT and that have previously passed this committee and the Senate. I appreciate the work of Senators Santorum and Baucus in working with me to balance these incentives with several of the much-needed reforms that are supported by the charitable sector, the Treasury Department, the IRS, and donors and taxpayers overall.