



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### Statement of U.S. Senator Max Baucus Subcommittee on Taxation and IRS Oversight of the Committee on Finance Hearing “Blowing the Cover on the Stealth Tax: Exposing the Individual AMT”

“Mr. Chairman, I want to thank you and Senator Jeffords for calling this hearing today on the Alternative Minimum Tax. This weekend, millions of Americans watched in suspense as Anakin Skywalker was lured to the Dark side and became Darth Vader. What millions of those same Americans may not be aware of is another Darth Vader lurking in our tax code; that is, the Alternative Minimum Tax, or AMT.

The AMT has many of the same qualities as Anakin Skywalker. The AMT was supposed to bring order and fairness to the tax world, but it eventually got off on the wrong path and became a threat to middle-income taxpayers. Both Skywalker and the AMT started off with great intentions, but eventually they went astray. And now we have the Darth Vader of the Tax Code bearing down on millions of unsuspecting families.

If we don't act, CRS estimates that in 2006, the family-unfriendly AMT will hit middle-income families earning \$63,000 with three children. What was once meant to ensure that a handful of millionaires did not eliminate all taxes through excessive deductions is now meaning millions of working families, including thousands in my home state of Montana, are subject to a higher stealth tax. It is truly bizarre, Mr. Chairman, we've designed a tax deeming more children 'excessive deductions' and duly paying your state taxes a bad thing.

There are currently 5,000 Montanans who pay higher taxes from the AMT merely because they have children or duly pay their state and local taxes. This is clearly wrong and an 'alternative' tax that no one in their right mind would devise. While Congress has passed a number of welcome tax cuts for working families, the AMT at the same time has taken them back. It's time for a major overhaul of the AMT before millions of American families, including many of Montana's working families, wake up to a stealth tax increase.

Not only is the AMT unfair and poorly targeted, it is an awful mess to figure out. We will hear testimony today from our National Taxpayer Advocate, who has singled out this item as causing the most complexity for individual taxpayers, but also from a tax practitioner who has

seen first-hand how difficult this is for her clients. I look forward to hearing from our other witnesses what ideas they have for reform or repeal of the AMT.

And I do look forward to working with my colleagues on the Committee to craft a bill that will put an end to the Darth Vader of the tax code, without any sequels.”

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