



For Immediate Release
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CRAIG VOTES TO PREVENT TAX HIKE

But condemns hidden provisions that result in future tax increases

WASHINGTON, D.C. – Idaho Senator Larry Craig voted in favor of the Conference Report for H.R. 4297, the Tax Relief Extension Reconciliation bill, which was approved today by the Senate, 55-44. The bill extends lower tax rates on dividends and capital gains for another two years, until 2010, thus delaying the tax increase that would have taken place if the lower rates expired. The bill also extends the Alternative Minimum Tax (AMT) exemption through 2006, and raises the amount to \$42,500 for single taxpayers and \$62,550 for joint filers.

The AMT was originally designed to prevent wealthy taxpayers from using deductions to avoid meeting their full tax obligations, but the income amounts have not been adjusted to account for inflation, and the rates now fall on larger and larger numbers of middle-class taxpayers.

“I am proud to support the parts of this bill that will keep more money in Idahoans’ pockets, where it rightfully belongs,” Craig said. **“The tax relief passed by Congress and signed by President Bush in 2001 and 2003 have spurred remarkable economic growth, so we must extend – not end – this success story.**

“Having said that, there are some provisions that were inserted in conference negotiations that are counterproductive, and I’m not too happy about them. Thankfully, the increased withholding rates, which I oppose, will not go into effect until 2011, and I’ll be working to make sure they never do.”

The Conference Report includes a provision that requires withholding on payments to any person – including small businesses – providing goods and services to the federal, state, and local governments. Experts estimate this increased withholding will cost nearly \$7 billion over ten years and will result in a higher cost of business for anyone doing business with governments.

The original legislation that passed the Senate failed to extend the lower capital gains and dividend rates, and included a windfall profits tax on energy companies, causing Senator Craig to oppose it at that time. He cited a report by the nonpartisan Congressional Research Service, which found that the windfall profits tax reduced domestic oil production from between 3 and 6 percent and increased American dependence on foreign oil sources by 8 to 16 percent.

Streaming video of Senator Craig’s floor speech is available in the online version of this release.