



Committee On Finance

Max Baucus, Ranking Member

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BAUCUS CONDEMNS HOUSE AND SENATE FAILURE TO ACT ON VITAL TAX PROVISIONS BEFORE RECESS

*Majority repeatedly rejected Democrats' efforts to renew R&D tax credit,
college tuition deduction, state and local sales tax deduction and other measures*

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today strongly condemned Senate and House leaders for failing to renew vital tax provisions before the pre-election recess. Baucus has urged his colleagues this year to prevent tax increases for American families and businesses by acting on the research and development credit, the college tuition tax deduction, state and local sales tax deduction, and other expired or expiring tax measures. The tax cuts were omitted from this year's tax reconciliation bill in favor of extending tax cuts on capital gains and dividends earnings beyond 2009. The provisions were also stripped from the final pension bill to force a vote on other, controversial legislation. This month, the majority repeatedly rejected Baucus's calls to pass the measures by themselves, exactly as written in a bill favored by the congressional leadership.

“Three times I requested consent to take up and pass agreed-upon language to renew and extend these vital tax measures, and three times the majority said no. The rejection of repeated offers to renew these vital tax provisions is a dereliction of duty by those in charge of the Congress, and the American people have a right to be very angry today about the tax increases they are facing as a result,” said Baucus. **“The excuses being offered by those who had the power to get the job done just don't wash.”**

IRS officials and producers of popular tax preparation software say they must now print tax forms and produce computer programs that do not offer Americans the tax cuts that have not been renewed. If Congress manages to act following the November elections, many taxpayers may not receive the tax relief that will be detailed in reprinted or supplementary IRS documents or software patches. The areas in which families and businesses now face tax increases include:

- R&D tax credit
- WOTC/Welfare-to-Work incentives
- state and local sales tax deduction
- qualified tuition deduction
- deduction for teacher classroom expenses
- New Market Tax Credit (boosts investment in community development, expires 2007)
- Earned Income Tax Credit for military combat pay (expires 2007)
- computer donation deduction (for equipment donations to schools and libraries)
- Indian employment tax credit for wages and health insurance

“All this chain-yanking by the leadership is about to have real financial consequences for taxpayers and for the Federal treasury,” said Baucus. **“After the November elections, Democrats will keep fighting for these tax cuts for American families and businesses.”**

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