



For Immediate Release  
September 16, 2008

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**BAUCUS, GRASSLEY, SENATE LEADERS AGREE TO MOVE  
CLEAN ENERGY INCENTIVES, EXTEND EXPIRING TAX CUTS,  
OFFER DISASTER TAX RELIEF, PROTECT MILLIONS FROM  
ALTERNATIVE MINIMUM TAX**

*Deal combines Finance leaders' key energy priorities with top tax issues for 110<sup>th</sup>  
Congress*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) today announced an agreement with the Senate's Democratic and Republican leadership to move legislation accomplishing the Finance panel's remaining major objectives for the year: passage of clean energy tax incentives, the protection of millions of Americans from the alternative minimum tax (AMT), and extensions of expiring family and business tax cuts. Last week, Baucus and Grassley unveiled a \$40 billion package of clean energy tax incentives for Senate consideration this month. Today, the Finance leaders combined key objectives of that legislation with an agreement to update alternative minimum tax rules and continue tax cuts for college tuition, state and local sales taxes, and research and development for U.S. businesses. Senators should vote this week on amendments to replace the current text of H.R. 6049, energy tax legislation approved in the House of Representatives earlier this year.

**“This month, the Senate can act to create jobs, break America’s dependence on foreign oil, support working families and help businesses thrive. This agreement will lead America toward clean, homegrown energy and the good-paying jobs that come with it. Protecting families from the alternative minimum tax and extending expiring tax cuts will put real money in the pockets of struggling families, and enable entrepreneurs to invest and innovate,”** said Baucus. **“We’ve also agreed on ways to pay for much of this good policy, and that’s a significant achievement. The Senate and the House should take up the elements of this agreement and pass them without delay. Americans are ready now for good-paying jobs, tax relief, economic growth, and a brighter energy future.”**

**“This legislation will be a huge shot in the arm to the economy, and the timing couldn’t be better. The legislation will prevent tax increases on students, teachers and families, including 24 million taxpayers who will be protected from having to pay an average of \$2,000 of Alternative Minimum Tax on top of what they already owe. It also will extend tax incentives for renewable energy and strengthens America’s effort to build a more stable and sustainable energy supply,”** Grassley said. **“The legislation also includes \$7 billion in tax relief to help Iowa and other Midwestern states recover from floods and tornadoes that destroyed homes, businesses and communities this summer. The disaster tax relief package that’s part of this agreement provides for the Midwest the same kind of tax provisions passed for Katrina victims. This package is a major victory and was worth fighting for in Congress because these provisions have proven their value for disaster recovery efforts, whether it’s helping small businesses keep their doors open, communities raise additional**

**dollars to recover, or families trying to rebuild their homes and their lives. The legislation also continues the bipartisan Finance Committee efforts to curtail tax shelters and close loopholes. The agreement includes the proposal to end tax abuse by hedge fund managers with respect to offshore deferred compensation plans. And it adopts my recommendation and eliminates the charitable loophole for these transactions.”**

The bipartisan Senate agreement includes the following elements:

- Clean energy tax incentives totaling approximately \$17 billion, paid for by freezing the tax deduction for the domestic manufacturing activities of American oil and gas companies, by tightening the rules by which oil and gas companies pay taxes on income earned overseas, by freeing general fund monies with increased payments into the oil spill liability trust fund as new drilling is considered, by a one-year extension of the Federal Unemployment Tax Act surtax at the current level, and by increasing reporting requirements for brokers on sales of stock.
- An increase in the income threshold at which Americans become subject to the higher alternative minimum tax. This measure would protect approximately 20 million taxpayers from higher taxes at a cost of \$64 billion. Baucus and Grassley do not expect the cost of the AMT “patch” to be offset.
- Extensions of expiring family and business tax cuts and other policies – including badly needed tax relief for victims of natural disasters, an expansion of the child tax credit, and long-awaited legislation providing parity for mental health treatment in the U.S. health care system. Extensions of expiring tax cuts will be partially offset by keeping hedge fund managers from using offshore corporations and other structures to defer taxes on compensation received for providing investment services.

Detailed summary information will be made available shortly.

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