



For Immediate Release
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**Opening Statement of Senator Max Baucus (D-Mont.)
Open Executive Session to consider The American Recovery and Reinvestment Act**

In his first inaugural address, President Franklin Roosevelt said: "This nation asks for action, and action now."

Today, we once again live in times that require action. Our nation asks for action to help rebuild a very badly damaged American economy.

Consider the terrible blows to our economy and the problems that we face, if we do not act.

Last year, the economy lost two point six million jobs. If we do not act, the economy could lose another three to four million jobs.

If we do not act, employment will fall by more than two percent in 2009. The number of hours worked will fall by more than three percent.

The decline in home prices and the stock market collapse have sharply reduced the net worth of American families. Net worth declined by roughly one-fifth between the middle of 2007 and the fourth quarter of 2008.

According to CBO, the national average home price will fall by another 14 percent between the third quarter of 2008 and the middle of 2010.

Equity wealth has declined by \$6 trillion between the end of 2007 and the end of 2008.

The Standard and Poor's 500 stock index fell by almost 45 percent from the its in October 2007 to December 2008.

And the financial crisis has spread around the world.

These are not just numbers. These are families who are hurting. These are mothers and fathers who have lost jobs, who have seen college savings decimated, who are struggling to keep their homes.

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We have an obligation to help. And I hope that the Committee will meet that challenge here today.

We need to act. This economic recovery bill will save or create three to four million jobs. It will position our economy to be more competitive.

Combined with the investments in infrastructure that the Appropriations Committees are marking up separately, the measure before us today provides an appropriate response to the conditions that we face.

This economic recovery bill is a priority for the American people. The Congress needs to act quickly and in a unified fashion to address the economic woes in this country.

The Senate Finance Committee has been working with the President-elect's transition team, Members of the Senate and the House to put together the economic recovery bill that we are going to consider today.

We think that the provisions in this bill represent the best ways to address spending slowdowns and rising unemployment.

To counteract weak consumer demand and spending slowdowns, we have included several proposals that will put more cash in the pockets of America's taxpayers, seniors, and disabled veterans.

The Making Work Pay tax credit cuts taxes for more than 95 percent of American working families. It gives single taxpayers up to \$500 and married taxpayers up to \$1,000 in additional cash that they can use just now.

People will be able to receive the benefit throughout the year through a reduction in the amount of income tax withheld from their paychecks.

Seniors, disabled veterans, and SSI recipients would receive a one-time payment of \$300.

Families with children would also benefit from these proposals. The income threshold to receive the refundable Child Tax Credit would be reduced so that more people would be eligible for the refundable credit. The Earned Income Tax Credit would be increased for families with three or more children.

Folks struggling to pay for higher education would get relief with this bill. The proposal includes a partially-refundable new tax credit up to \$2,500 for the cost of tuition and fees, including books. Section 529 plans would be enhanced by including the cost of computers as a qualifying expense.

This measure would help homeowners who are taking advantage of the First-time Homebuyer's Credit enacted last year. Under current law, homebuyers have to pay this credit back over 10 years. The bill before us today would eliminate the repayment obligation, unless the homebuyer sells the home within 36 months of the purchase.

For small businesses, we have included expanded expensing through section 179. This provision helps small businesses quickly recover the cost of certain capital expenses.

For businesses in general, we would increase the years that they can carry back losses and general business credits. This would put cash in the hands of businesses right now.

Businesses would also get a tax incentive through the Work Opportunity Tax Credit for hiring unemployed veterans and disadvantaged youth.

The economic downturn has frozen the municipal bond market. This recovery bill includes changes that would help to free up this market, unlocking cash for infrastructure investment.

Banks would be able to inject more capital into projects creating demand for municipal bonds, driving down interest rates. And increasing the small issuer exception would increase the range of municipalities from which banks can buy.

This bill would also eliminate tax-exempt interest on private activity bonds as a preference item under the alternative minimum tax. This would draw new investors and help stabilize the market.

The legislation would also establish parity for Tribal governments on \$2 billion of tax-exempt bonds. This important change would allow Tribal governments to issue debt for projects on equal footing with other government issuers.

And this bill would create a new tax-credit bond option. This new bond would give state and local governments a new tool to finance infrastructure projects.

By allowing investors to receive a tax credit and taxable interest, the bond provides a deeper Federal subsidy. This should help create investor demand.

We have also included nearly 25 billion dollars in incentives for energy in this recovery package. These incentives would create green jobs producing the next generation of renewable energy sources — wind, solar, geothermal. These incentives would spur development of alternatives. And they would help to combat climate change by reducing our use of carbon-emitting fuels.

The bill would extend and modify the renewable energy production tax credit for qualifying facilities.

The bill includes additional funding for clean renewable energy bonds to finance facilities that generate electricity from renewable resources. And the bill includes conservation bonds for states to use to reduce greenhouse gas emissions.

Energy experts often cite efficiency as the low-hanging fruit. Efficiency is the easiest way for us to reduce our energy consumption and greenhouse gas emissions.

So we have included incentives for energy efficiency. The bill would increase the value of the existing credit for energy efficient homes. The bill would eliminate the limitations on specific energy-efficient property. And the bill would extend the credits for various types of energy efficient property, for both residential and business.

Two new tax credits would spur our alternative energy and production.

The advanced energy research and development credit would provide an enhanced 20 percent R&D credit for research expenditures incurred in the fields of fuel cells, energy storage, renewable energy, energy conservation technology, efficient transmission and distribution of electricity, and carbon capture and sequestration.

The second energy tax credit is an advanced energy investment credit for facilities engaged in the manufacture of advanced energy property.

Credits would be available for projects certified by the Secretary of Treasury, in consultation with the Secretary of Energy, through a competitive bidding process.

This bill would make sound investments in health information technology, or health I.T. These investments should reduce costs, improve quality, and help patients make better decisions about their health care. Expanding use of health I.T. should make our health care system more efficient, reduce errors, and help bring down costs.

Health I.T. would also provide a platform for standardizing and collecting data to move toward paying for performance — another way to improve efficiency and decrease costs.

Investing in health I.T. will help to put that infrastructure in place, while creating thousands of high-tech jobs. The provisions included in this bill would help nearly every doctor in America and most hospitals to go paperless over the next 10 years.

Health I.T. would reduce medical errors. It would improve the quality of care that patients receive, especially for the chronically ill. It would make patients safer, providers more efficient, and our country more competitive by reducing health care costs.

The economic crisis has also created significant fiscal difficulties for states. At least 45 states will face budget shortfalls. Economists expect those shortfalls to total more than \$350 billion over the next two years.

These dire circumstances have forced painful choices. Almost half the states have already made or proposed cuts to their Medicaid programs.

The continued rise in unemployment places a further strain on Medicaid. Decreased revenue coming in means less money to fund Medicaid. And experts warn that every percentage point increase in unemployment adds one million people to the Medicaid and CHIP rolls.

Economists tell us that state fiscal relief is an effective means to stimulate the economy. And they also advise that targeted relief to those most in need — not based on circumstances of states' own making but based on true measures of distress — is the best means of distribution.

The bill before us today would provide much-needed relief to every state through a temporary increase in the Federal share of Medicaid funding. The bill would also provide additional aid targeted to states facing the most precarious fiscal situations, measured by an increase in unemployment.

The bill before us would also provide critical support to individuals, families, and states who have been disproportionately affected by our economic crisis.

Since 2007, the American economy has lost two point six million jobs. The economic recovery package needs to create new jobs. But it also needs to support those who have lost employment and help them to find new jobs.

And while almost all workers pay into the unemployment insurance program, only about half of them qualify for benefits. American workers deserve better. They deserve to know that the unemployment insurance program will be there when they need it. The bill before us would increase and extend benefits to those currently looking for work.

The bill before us would help states to cope with the increasing number of families needing temporary assistance. And it would remove the incentive for states to artificially keep their TANF case loads low.

In addition, the bill would ensure that families that qualify could continue to receive child support payments that are intended to be spent on children. For those who receive it, child support constitutes about 30 percent of poor families' income.

The bill before us would also increase the incentive to become employed by extending the Transitional Medical Assistance program under Medicaid for 18 months. TMA allows former recipients of Temporary Assistance for Needy Families to retain Medicaid coverage for one year after they become employed and begin earning too much to otherwise remain eligible for Medicaid. These workers usually earn too little to afford private coverage.

The bill before us would also remove barriers to getting Medicaid and CHIP for low-income American Indians and Alaska Natives.

The funds directed toward these programs for vulnerable populations would go into the hands of folks who need it most and who will spend it right away. These proposals will increase economic activity, create jobs, and shorten the amount of time that we all spend in this economic crisis.

Another key component of our economic recovery package would help unemployed workers maintain their health coverage.

When workers lose their jobs, they lose more than their paychecks. They often lose their health insurance coverage, as well.

To address this problem, our proposal includes help for unemployed workers to pay for their health care premiums.

Today, most workers who lose their jobs have the right to keep their health insurance for up to 18 months under the COBRA program. But to be eligible for COBRA health benefits, workers must pay all of the premium costs, plus an additional two percent for administrative costs. For most folks who have just lost their job, this is simply unaffordable.

Our plan would provide a subsidy to cover up to 65 percent of health premium costs, for up to nine months.

This premium subsidy is short-term. It would be available only to unemployed workers while they look for a new job.

Helping displaced workers and their families to maintain and afford health coverage is the right thing to do as we work to get our economy back in shape.

We must do everything that can for the backbone and lifeblood our economy — American workers. In a crisis on the scale we face today, American workers see threats from all directions. Too many are already suffering.

For those workers who lose their jobs to the shifting crosscurrents of international trade, President Kennedy established Trade Adjustment Assistance, or TAA. I have long championed TAA and worked to expand its reach and improve its effectiveness. Today, TAA gives workers the chance to retrain for new jobs, get access to health care, and ultimately get back to work. And that is why the bill before us today includes a 2-year extension of TAA.

Yet in a time when Americans are doing everything they can to change, adapt, and be flexible in a global economy, TAA should do the same. I know that we can do more with TAA.

We can do more to expand who can benefit from TAA. And we can improve how we get them those benefits. That is why I am working with Senator Grassley, Chairman Rangel, and Congressman Camp on a robust expansion of TAA. We hope to include this vastly improved TAA in the economic recovery package before it is enacted.

The package that we are considering today is our best effort to reach a consensus on an economic recovery bill that can pass the Senate and the House quickly.

The nation asks for action, and action now. Let us act quickly to put our economy back on track. Let us act to restore our nation's financial health. And let us act to report this important legislation today.

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