



Committee On Finance

Max Baucus, Chairman

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Opening Statement of U.S. Senator Max Baucus (D-Mont.) Minimum Wage Small Business Tax Package Markup

Small businesses create jobs, opportunity, and innovation. Today, the Committee can help small businesses. And at the same time, we can pass a tax package that can help enact a long-overdue increase in the minimum wage.

My home state of Montana is a small business state. Small businesses create jobs and spur the economy in Montana and other rural states. Today, we can help the rural economy.

We can help folks like the owner of Dave's Soda & Pet City. Last week, he told us how section 179 expensing helped him to afford lighting and electrical equipment for his stores.

Today, we can extend section 179 expensing for another year. That would allow small businesses to deduct up to \$112,000 of equipment expenses.

We can help small businesses with 15-year straight-line depreciation. Businesses put more money into their operations if they know that they can recover their improvement costs over 15 years, instead of 39.

Today, we can extend 15-year depreciation for leasehold and restaurant improvements. And we can broaden the provision to allow retail owners and new restaurants to take advantage of this shortened depreciation period.

These are changes that Senators Conrad, Kerry, Snowe, and Kyl have championed. And they're right.

We can help small businesses like those that a tax practitioner from Cleveland told us about last week. He told us how the cash method of accounting can reduce small business bookkeeping burdens.

Today, we can let more businesses take advantage of this method. We can make it available to businesses with gross receipts of up to \$10 million, instead of \$5 million. This would allow more small businesses to simplify their bookkeeping.

We can help small businesses like the Ohio franchise restaurant owner whom we saw last week. He told us how he has used the Work Opportunity Tax Credit to employ workers who have encountered barriers to entering the workforce. He also told us that we need to make WOTC permanent. That way, small business owners would know that they would get the credit when they hired WOTC-eligible employees.

Today we can extend the Work Opportunity Tax Credit for five years. And we can expand the credit to make it available to employers who hire veterans disabled after 9/11.

This was an issue championed by Senators Salazar and Snowe. And they're right.

I think that we should make WOTC permanent. Last week, Senator Snowe and I introduced a bill to do that. But I have scaled this position back to a five-year extension in today's package to accommodate other Senators' priorities.

And we can help small businesses by modifying S corporation rules. We can do that today. These are changes that Senators Lincoln and Hatch have championed. And they're right.

These are all improvements that we can make to help small businesses succeed.

We have talked with Montana CPAs and small businesses. These are provisions that will help back home.

Senator Grassley and I have worked to develop a balanced package. And I believe that we have done that.

I wish that I could have made these provisions permanent. But in a balanced package of \$8 billion, we had to trim some items back.

And we have also paid for it. The offsets are revenue raisers that this Committee has supported several times before.

The offsets include a proposal to end future tax benefits for abusive Sale-In-Lease-Out tax shelters, or SILOs.

The offsets include doubling fines and penalties on tax underpayments related to certain abusive offshore financial arrangements.

And the offsets include closing corporate loopholes for companies who reinvented themselves as foreign corporations to avoid paying tax here in America.

These are sound tax policy changes. I would want to move this package, with or without the minimum wage increase.

But by acting today, we can help to create a sounder minimum wage bill. We can help to create a minimum wage bill that can get more than 60 votes and pass the Senate. And we can help to create a minimum wage bill that the President will sign into law.

Our best chance to accomplish that goal is to keep this tax package trim and compact. And thus I urge my Colleagues to keep their amendments to a minimum. There will be other opportunities for their amendments. The Committee will mark up education, energy, and health measures later this year.

The House has already passed a minimum wage increase. The legislation is moving relatively quickly. So I urge those who might offer controversial amendments to defer those debates until later in the year.

Today, let us help small businesses. Let us create a package that will help enact an increase in the minimum wage. And let us do the work that Americans sent us here to do.

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