



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding Unemployment Insurance**

Mr. President, the British mathematical physicist Lord Kelvin said:

“Until you can measure something and express it in numbers, you have only the beginning of understanding.”

Mr. President, the numbers now measure the beginning of a recovery. And we are beginning to understand the depth of the Great Recession of 2008 and 2009. It has been the longest recession since World War II.

The numbers show that the American economy had been shrinking from the middle of last year to the middle of this year. For January through March, it declined at a 6.4 percent annual rate. It's been the sharpest decline in 27 years.

But last week, the Commerce Department reported that from July through September, the numbers show the economy grew at a three and one-half percent annual rate.

When economists talk about the end of a recession, however, they mean the time when things stop getting worse. For most Americans, it will still be some time before things start getting better.

So even though the economists can measure some improvement, and express it in the numbers, we still have only the beginning of a recovery.

Economists say that the stimulus package that we passed last winter was part of the reason for the growth. On Friday, the Obama Administration reported that the stimulus package has created or saved more than 640,000 jobs, so far.

Economists also credit consumer spending for the latest growth. In particular, economists credit automobile and housing sales. From July through September, housing sales rose at a 23.4 percent annual rate.

The homebuyer tax credit played a big part in that growth. That's one of the provisions that we are considering in the amendment before us today.

It will still take some time for the job picture to improve. Job growth turns around more slowly than the economy as a whole. Economists call it a “lagging indicator.”

Last month, the jobless rate reached 9.8 percent. That's the highest rate in 26 years.

Economists expect that this week's report will show that unemployment rose again this month. Economists say that jobs will still be hard to find well into 2010.

Last week, the Labor Department reported that 530,000 people filed their first jobless claims. That number has been heading down. But at more than half a million people, it's still far too high.

We still need to do more to help the economy recover. And we still need to do more to help Americans get and keep good jobs.

The extension of unemployment benefits and tax relief in this legislation are part of the answer. I hope that today the Senate can act to bring relief to millions of Americans waiting for this important legislation.

Unemployment insurance is a vital lifeline for millions of Americans. It is a lifeline that many families and communities continue to need just to keep afloat.

Along with the rest of the nation, Montana has felt the effects of the Great Recession. Our unemployment rate is up to 6.7 percent. And although that's not as high as the national number, many are suffering.

This is particularly true in the Montana mining, lumber and construction industries. The national demand for lumber is expected to fall below 30 billion board feet this year. The amount of lumber used to build new homes is expected to drop from 28 billion board feet to about five billion board feet. And that hits Montana hard.

When we help unemployed Americans, we help their communities. When we help our unemployed neighbors, we also help to keep open the neighborhood grocery store, and the neighborhood gas station. When we help our unemployed neighbors, we also help our economy, and ourselves.

I am gratified that the majority of my colleagues appear to agree that it is important to extend unemployment benefits. I am hopeful that we will deliver those benefits soon.

The amendment before us today also includes an extension of the federal unemployment tax. This extension covers the cost of the extended unemployment benefits. The federal unemployment tax has been extended every year since 1982.

And the amendment before us today would also provide tax relief to help our economy recover. The pending amendment would extend the homebuyers' tax credit and provide employers with important tax relief.

The homebuyers' tax credit has helped millions of Americans to buy their first homes. The tax credit has boosted demand. And it has helped to reduce the inventory of unsold homes. This, in turn, has helped to bring much-needed stability to the housing market.

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But in the housing market, like the labor market, we are not yet in the clear. The housing market is still recovering from the implosion of the subprime mortgage market. In many parts of the country, housing prices remain at record lows. And foreclosures continue to climb, as Americans continue to lose their jobs and the means to pay their mortgages.

That's why it's important to extend the homebuyers' tax credit. In the amendment before us today, we have raised the income limitations to open the tax credit for millions more who are thinking about buying a home.

And our amendment would also extend the credit to include homeowners seeking to move up to a new home. Under our amendment, those homeowners who have lived in their current residence for five or more years would be eligible for a \$6,500 tax credit, if they want to buy a new home.

The homebuyers' tax credit would be extended to April 30 of next year. We also include new "binding contract" language. This language would effectively make the credit available until June 30 of next year, so long as the homebuyer entered into a binding contract before May 1.

This temporary extension of the homebuyers' tax credit is the right approach. It would provide a much-needed stimulus for the housing market. And it would remain fiscally responsible.

Our amendment would also add net operating loss (NOL) relief for businesses. Under current law, small businesses are able to carry back their 2008 losses to profitable years for up to five years.

Senator Snowe and I worked together on a bill that would expand this provision to all businesses. The amendment before us today includes that legislation. It would provide all businesses with the ability to carry back losses from 2008 or 2009 for five years. That's three years longer than under current law. This type of relief will help small and large businesses alike.

This tax relief is paid for in a fiscally responsible manner. Our amendment would delay a tax break for multinational corporations, many of whom would benefit from the expanded NOL relief.

We also included increases in penalties for taxpayers that fail to timely file partners and S Corporation returns. We believe that these provisions will increase compliance with the tax law and they will help to close the tax gap.

This package would provide timely and essential relief to American families and businesses that have been affected by our economy.

Our amendment would extend benefits to the unemployed Americans who are hurting the most. It would help homebuyers to buy homes. And it would provide support for all businesses that are having trouble meeting their payroll in these tough economic times.

This amendment would help to speed the recovery from the Great Recession. It would help to improve our economy. And it would help the American people.

I urge my colleagues to support this legislation, and to vote for cloture on the amendment.

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