



For Immediate Release
May 4, 2010

Contact: Scott Mulhauser/Erin Shields
(202) 224-4515

BAUCUS QUESTIONS GEITHNER, FINANCIAL INDUSTRY STAKEHOLDERS ON BANK TAX STRUCTURE, IMPLICATIONS

Finance Chairman Examines Best Way to Structure Proposed Fee on Financial Institutions to Recoup TARP Funds for American Taxpayers

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today questioned Treasury Secretary Timothy Geithner and industry stakeholders on the structure and economic implications of a fee on large financial institutions proposed by President Obama. The Financial Crisis Responsibility Fee, commonly referred to as the bank tax, would repay American taxpayers for losses from the Troubled Asset Relief Program (TARP) created to stabilize the economy during the financial crisis. During the hearing, Baucus explored options for the design of the bank tax and heard testimony from stakeholders on their views of how the potential tax would affect the financial industry's profits and practices.

"American taxpayers deserve to have each and every dollar spent in the TARP program paid back, and financial institutions need to bear responsibility for the burden they created," said Baucus. **"TARP helped to keep the financial sector afloat and there's a decent argument that the financial sector received more benefit from TARP than just the dollars that TARP lent them. As we consider a bank fee, we need to understand the best way to design it, so that it's fair and achieves its purpose, and we need to understand who should pay the tax. Small businesses suffered when credit dried up during the financial crisis, so we want to make sure that banks do not harm small businesses when we try to make the banks pay back American taxpayers."**

Today's hearing was the second in a series the Finance Committee is holding to consider the Administration's bank tax proposal and alternative structures to recover TARP losses on behalf of American taxpayers. As part of his consideration of the policy options to recover TARP funds, Baucus questioned Geithner on the purpose of the fee, what degree the fee will be used to deter risk in the financial system, how risk would be determined in relation to the fee, alternative structures for the design of the tax, who the bank tax should apply to and on what financial factors the tax should be based.

Baucus questioned Geithner and representatives from the financial industry about the effects of the bank tax on small business lending, American job growth, economic recovery, capital markets and global competitiveness. Baucus examined whether a possible bank tax would be passed on to consumers, stressing that a bank tax should be designed to not have a significant effect on American consumers or small businesses seeking loans. In fact, Baucus asked whether the fee might be designed in a way to incentivize small business lending.

On April 20, Baucus convened the first hearing on the proposed bank tax to examine the success of the TARP program in stabilizing our economy during the financial crisis and the status of efforts to repay losses from the TARP program with Special Inspector General for the Troubled Asset Relief Program (SIGTARP) Neil Barofsky. Baucus was instrumental in creating the SIGTARP to report to Congress and the American people and hold the Treasury and TARP recipients accountable. The SIGTARP's Quarterly Report to Congress showed clear signs the financial system is largely on the path toward recovery, and that many large banks who received TARP funds have returned to profitability and have been able to repay the TARP program sooner than anticipated. The Finance Committee plans to hold a third hearing to continue its consideration of the bank tax proposal.

Watch today's hearing and view witness testimony at:

<http://finance.senate.gov/hearings/hearing/?id=8e5b624f-5056-a032-52e9-12425ef455f8>

###