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Statement for the Record of Sen. Chuck Grassley  
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After I spoke about small business issues yesterday, Senators Sanders and Durbin responded. I would like to thank my friends from Vermont and Illinois for engaging in the important debate of the future of tax policy for our country last night. The upcoming congressional and presidential elections will have a big impact on tax issues, so these issues should be debated here in the world's most deliberative body. In response to the comments of my friends from Vermont and Illinois, I would like to raise a few brief points.

First, the 2001 and 2003 tax relief bills were not and are not the "Bush tax cuts." These bills were crafted in a bipartisan manner. In fact, one-fourth of the Democratic Caucus voted for the 2001 tax relief. I will be discussing middle-income tax relief in a separate speech shortly. However, there's no question the legislation criticized by my two friends improved the progressivity of the tax code and cut taxes for middle-income families. For a single mom with two children and \$30,000 of income, the 2001 and 2003 tax relief has prevented a tax increase of \$1,100 per year. Similarly, for a family of four with \$50,000 of income, this tax relief has prevented them from facing a \$2,300 yearly tax increase.

Indeed, both Senator Obama and Senator McCain agree on keeping most of the structure of the legislation criticized by my friends from Vermont and Illinois. Where Senators Obama and McCain disagree is on whether we should keep the tax rates where they are. I would note that Senator Obama recently agreed that, because of concerns about the economy, we should leave the top rates where they are, at least for now.

I would encourage my friends to review the data I presented yesterday. That data clearly illustrates that there are negative effects on small business from raising marginal rates by 17% to 33%. The data show that the tax increases of Senator Obama's plan will take direct aim at small business owners. Senator Obama does now agree that we should defer his tax increases until 2011. Senator McCain thinks the current levels of taxation are appropriate for both now and the future. The bipartisan tax relief of 2001 and 2003, largely supported by Senators Obama and McCain, kept revenues at or above historical averages for most of the period they were in effect. These policies were put in place during economic shocks, and the economy responded. I would ask my friends why they disagree. Why should we raise taxes on small business now?

