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**NEWS RELEASE**

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**The Taxing Experience**  
**by Senator Larry Craig**

March 15<sup>th</sup> is quickly approaching. What's so special about March 15<sup>th</sup>? When that day arrives, it means we are now one month away from that most dreaded of days — April 15<sup>th</sup>. Tax day.

Every year, millions of Americans wait until crunch time to sit down, do their taxes, and submit the forms to the IRS. You have probably heard the suggestion numerous times already, but I'll repeat it. Avoid the rush and do your taxes early. Although we'd like them to, those forms won't fill themselves out!

Meanwhile, Republican leadership in the Senate and I will keep working for continued tax relief for all American taxpayers. There is much to be done to guarantee that workers and their families can continue to take home a greater share of what they have rightfully earned.

In November, the Senate passed S.2020, the Tax Relief Act of 2005. This bill would prevent the expiration of several relief measures that benefit all taxpayers. While some Democrats in Congress complained that Republicans were approving "tax cuts for the rich," what we did was simply extend tax relief that was already on the books. It shouldn't be difficult to understand that allowing tax relief to expire – no matter how you try to explain it – results in higher tax rates. In fact, if we fail to extend President Bush's tax relief, it will result in the largest tax hike in history.

The bill also made changes to the Alternative Minimum Tax (AMT), so middle class families aren't stung by a much higher tax rate. Created in 1969, the purpose of the AMT was to keep the wealthiest taxpayers from claiming so many deductions that they paid almost nothing in income taxes. Unfortunately, the AMT was not adjusted for inflation, so it began to catch more and more middle class taxpayers in its net. If the AMT is not fixed, more than 19 million taxpayers will have to pay the AMT in 2006, up from just 2.3 million in 2003.

While the Tax Relief Act contained these important tax relief solutions, I could not support the bill on final passage. I voted "no" to express my disappointment that the measure did not include an extension of the current lower tax rates on dividends and capital gains, which have played such a large role in spurring economic activity and growth. It also closed off tax credits American companies pay to foreign governments for their overseas operations, which would make these companies less competitive abroad.

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Finally, the bill included a new energy windfall profits tax, which will not do anything to reduce gas prices. According to a 1990 study by the nonpartisan Congressional Research Service, the windfall profits tax in effect from 1980 to 1988 caused domestic oil production to fall roughly 3 to 6 percent, and oil imports increased between 8 and 16 percent.

A conference is underway to resolve the differences between the House and Senate versions of the bill, and I am confident that extensions of the current capital gains and dividend rates will be included. If the foreign tax credits, capital gains, and dividend rates are preserved, and the energy windfall profits tax is eliminated, I'm much more likely to support the bill.

In addition to extending President Bush's tax cuts mentioned above, I will also be working to repeal the tax on death. The federal government does not have a birthday tax or a gray hair tax, but one part of the natural life-cycle it does tax is the last, when someone dies and passes his or her possessions on to loved ones. This is wrong. Congress did pass legislation to phase out the tax on death, but it only disappears temporarily, returning in 2011. We need to permanently eliminate this shameful tax and the uncertainty that surrounds its fate.

I have always believed that American families deserve to keep more of what they earn, and that those earnings will be used more wisely and efficiently by them than the federal government. I still believe that.

Over the past five years, Congress and the president have acted several times to instill some balance in the federal tax system. But a lot of work remains. Tax day will never be painless, but it could – and should – be less painful.