



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 21, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6049 – Energy and Job Creation Act of 2008

(Rep. Rangel (D) New York and 17 cosponsors)

The Administration supports the extension of the tax credit for research and experimentation (R&E) expenses, tax relief provisions for members of the military and veterans, incentives for charitable giving, subpart F active financing and look-through exceptions, and the new markets tax credit. In its FY 2009 Budget, the Administration proposed that several of these provisions be made permanent, including the R&E tax credit. However, due to other objections to the bill, should it be presented to the President in its current form, his senior advisors would recommend a veto.

Overall, the Administration does not believe that efforts to avoid tax increases on Americans need to be coupled with provisions to increase revenue. The Administration strongly opposes the provision in the bill that would subject U.S. companies to continued double taxation by delaying the effect of new rules for allocating worldwide interest for foreign tax credit purposes. The Administration also strongly opposes the provision in the bill treating U.S. citizens with deferred compensation from certain employers, in all industries, more unfavorably than other U.S. citizens. Together, these provisions would increase tax burdens, undermine the competitiveness of U.S. workers and businesses, and could have adverse effects on the U.S. economy. The Administration also opposes the creation of a new standard deduction for property taxes and the reinstatement of the exclusion from tax of amounts received under qualified group legal services plans.

The Administration also proposed in its FY 2009 Budget that Congress prevent an increase in the number of individual taxpayers subject to the alternative minimum tax (AMT) in 2008, and this bill fails to include that AMT relief. Failure to promptly pass the AMT relief for 2008 suggests that Congress again may delay taking the necessary action until the end of the year. The AMT relief will protect 26 million more taxpayers from an unwelcome tax increase. The procrastination that occurred in 2007 prevented more than 13 million taxpayers from being able to file their returns and seek potential refunds for several weeks at the start of this year's filing season. The delay in enacting the AMT relief last year made it difficult for individuals to undertake appropriate tax planning and created extraordinary administrative challenges for the Internal Revenue Service (IRS) that should be not be repeated.

The Administration supports the extension of the renewable energy production tax credit in the bill and believes it can be improved. In April, the President laid out his vision for incentives for all low carbon energy sources, including renewable energy, nuclear, and clean coal. Part of any solution means reforming today's complicated mix of incentives to make the commercialization and use of new, lower emission technologies more competitive. The President proposed

consolidating the renewable energy production tax credit and other clean energy incentives into a single, expanded program with the following features: the incentive should be carbon weighted; technology-neutral; long lasting; and should take into account our Nation's energy security needs. The Administration would also support the extension of the coal excise tax provided that it is accompanied by the other key features of the Administration's proposal for restructuring the debt and thus ensuring the solvency of the Black Lung Disability Trust Fund. In addition, the Administration is concerned about expensive and highly inefficient tax credit bonds for renewable energy production and conservation efforts.

Finally, the Administration strongly opposes the provision of H.R. 6049 that would apply Davis-Bacon Act prevailing wage requirements to projects financed with the proceeds of the New Clean Renewable Energy Bonds as authorized by the bill. This unacceptable provision is contrary to the Administration's long-standing policy of opposing any statutory attempt to expand or contract the applicability of Davis-Bacon Act prevailing wage requirements. If this provision were included in legislation presented to the President, his senior advisors would recommend that he veto the bill.

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