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

June 24, 2008
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6275 – Alternative Minimum Tax Relief Act of 2008

(Rep. Rangel (D) New York and 12 cosponsors)

The Administration strongly supports responsible and timely alternative minimum tax (AMT) relief as proposed in the President's budget. The Administration believes that it is imperative for Congress to act in a timely manner to protect 26 million Americans from an unwelcome tax increase, and not to repeat the unnecessary administrative complexity caused by congressional delay in 2007. This delay made it difficult for individuals to engage in appropriate tax planning and created extraordinary administrative challenges for the Internal Revenue Service. The Administration is concerned about the provisions included in H.R. 6275 that would increase burdens on American taxpayers. The Administration does not believe that the appropriate way to protect the 26 million Americans from higher 2008 AMT liability – including 22 million that would be newly exposed to the AMT – is to impose a tax increase on other taxpayers. The Administration urges Congress to reduce the risk of disruption to the 2009 tax filing season by eliminating tax increases from the bill.

The Administration strongly opposes the provision in H.R. 6275 that would increase the tax burden on American businesses and workers by raising taxes on certain partners in partnerships. This additional tax burden would also harm the U.S. economy.

The Administration also strongly opposes the bill's provision to raise taxes on payments by U.S. subsidiaries to foreign affiliates. This provision would discourage foreign investment in the United States and override U.S. tax treaties with many nations. Foreign investment in the United States leads to higher-paying American jobs and strengthens economic growth. This provision would adversely affect U.S. wages as well as relationships with the Nation's major trading partners and could provoke retaliation through higher foreign taxes on U.S. firms.

In addition, the Administration strongly opposes H.R. 6275's provision to limit the availability of the domestic production deduction for certain oil companies, which singles out a specific industry to be denied a deduction generally available to others. Such a tax increase would do nothing to relieve Americans from elevated gasoline prices, and indeed would likely exert upward pressure on prices. Industries should be taxed on a level playing field.

<u>For the reasons stated above, if H.R. 6275 were presented to the President in its current form, his senior advisors would recommend that he veto the bill</u>.

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