



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Wednesday, Dec. 20, 2006

Grassley Highlights Benefits of Tax, Trade, Health Bill Signed Into Law

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today said the President’s signing of bipartisan legislation extending tax relief and key health and trade provisions will ensure continued benefits for families, Medicare beneficiaries, farmers, and businesses that create jobs.

“This package continues tax relief without interruption,” Grassley said. “It prevents a tax increase for parents putting kids through college and businesses developing job-creating innovations. It stabilizes access to doctors for Medicare beneficiaries. It moves Medicare toward linking payment with quality and preserves Medicare beneficiaries’ access to rehabilitative therapy. It gives new access to farmers including those in Iowa to the growing Vietnamese market. These are things that needed to get done. It’s good to see them signed, sealed, and delivered.”

Grassley was a key author of the *Tax Relief and Health Care Act of 2006*, which President Bush signed into law today. Grassley is chairman of the Finance Committee, with jurisdiction over taxes, health care including Medicare, and trade. The package signed today includes:

- An extension of the **wind energy production tax credit** until Dec. 31, 2008. The tax credit had been set to expire on Jan. 1, 2008. Grassley authored the *Wind Energy Incentives Act of 1993*, which established the first-ever wind energy production tax credit.
- An extension of the **tax credit for the production of electricity from biomass** – organic material from plants -- until Dec. 31, 2008. The credit first became law in 1992 for crops grown specifically for electricity. Grassley significantly expanded the definition in 2004. Biomass includes saw dust, tree trimmings, and agricultural byproducts.
- A **new tax incentive to produce ethanol from certain plants**. The provision provides 50-percent bonus depreciation for new qualified cellulosic ethanol plants placed in service through Dec. 31, 2012. This provision applies to cellulosic ethanol derived from feedstocks such as switchgrass, wood fibers, shell hulls, agricultural residue and other organic sources.
- An extension of the **54-cent-per-gallon tariff on imported ethanol**. This provision applies to imported ethanol through Jan. 1, 2009.

Grassley and the President's interest in ethanol is contributing to Iowa's successful ethanol production. Just today, the Iowa Renewable Fuels Association announced Iowa will produce a record 1.5 billion gallons of ethanol in 2006.

"Alternative energy production requires investment, and investment takes planning," Grassley said. "Investors need certainty about tax policy before putting their money into a wind energy or biomass project. The tax extension gives them certainty for another year. Iowans will continue to benefit from this growing industry."

- An extension of the **deduction for teachers who buy their own classroom supplies** for two more years, for 2006 and 2007. Grassley as chairman of the Finance Committee originated this bipartisan provision in the committee's tax relief bill of 2001 and worked to ensure its ultimate passage in 2002 as part of the *Job Creation and Worker Assistance Act*. For tax year 2004, 35,238 Iowa teachers took advantage of this provision.
- A change to the **Medicare physician payment schedule** to prevent a five-percent cut to Medicare physician payments in 2007, providing instead a one-year, zero-percent update to the schedule. The bill also establishes a quality reporting system beginning in July of 2007. Doctors and other eligible practitioners who submit data on applicable quality measures will receive bonus incentive payments of 1.5 percent for covered services.
- **Extensions of several expiring provisions in the 2003 Medicare Modernization Act**, including provisions to equalize Americans' access to health care in rural areas, increase payments for rural physicians and some hospitals, and to ensure that Medicare beneficiaries who need significant medical therapy do not have their treatment cut off by limits or "caps" in the Medicare law.
- The establishment of **permanent normal trade relations for Vietnam**. Vietnam has committed to open its markets to more U.S. goods as part of its accession to the World Trade Organization. By granting permanent normal trade relations status to Vietnam, the bill allows U.S. farmers and businesses to access the Vietnamese market and take full advantage of Vietnam's WTO commitments.

A detailed summary of the *Tax Relief and Health Care Act of 2006* is available at finance.senate.gov.