

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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STATEMENT BY SENATE BUDGET COMMITTEE CHAIRMAN KENT CONRAD (D-ND) ON CBO ANALYSIS DETAILING THE BUDGET AND ECONOMIC EFFECTS OF NOT PAYING FOR AMT RELIEF

“A new CBO analysis confirms that President Bush’s continued unwillingness to offset the cost of tax cuts is a misguided and unsustainable policy that will harm the economy.

“This nonpartisan study explains the long-term negative effects of repeatedly failing to offset the cost of fixing the Alternative Minimum Tax (AMT). These effects include: an unsustainable rise in the debt, beyond the already high level that CBO currently projects; a near doubling of the 75-year fiscal gap; and substantially lower U.S. living standards. If AMT relief is combined with the extension of the Bush tax cuts, with none of the costs offset, the fiscal and economic consequences are even more dire.

“This report shows that we cannot continue year after year to enact short-term patches for the AMT without offsets. Sadly, the President and Senate Republicans will not even agree to support noncontroversial limits on hedge fund managers and other tax offsets to pay for the extension of expiring tax relief. This year, Congress must at the very least pay for these extenders and badly needed energy tax relief, and begin to consider ways to enact longer-term AMT relief in a fiscally-responsible manner.

“President Bush will go down in history as the most fiscally irresponsible President ever. He has turned record surpluses into record deficits, nearly doubled the national debt, and made our nation dangerously reliant on foreign borrowing. It’s also clear he’s leaving our economy in shambles.

“This CBO report is more evidence that we must change fiscal course. A new Administration, working with a new Congress next year, must be more fiscally responsible and take heed of the warnings clear in today’s CBO analysis. We cannot afford unlimited deficit-financed tax cuts, including never taking responsibility for paying for AMT relief.”

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NOTE TO EDITORS: CBO’s analysis showing the budget effects of permanently indexing AMT without offsets, as well as the economic effects of delaying financing the AMT fix was completed at the request of Senate Budget Committee Chairman Conrad. A link to CBO’s letter to Chairman Conrad with its findings can be found on the Senate Budget Committee website at: <http://www.budget.senate.gov/democratic/>.