

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)  
on Raising Paygo Point of Order Against Extenders-AMT Amendment  
September 23, 2008**

I rise to address the extenders package and the alternative minimum tax amendment now under consideration.

Earlier this morning, we debated an amendment to provide several critical energy tax provisions which was fully offset -- it was fully paid for. They were important items, such as provisions that will promote renewable and alternative sources of energy.

But now we are debating another important amendment, the underlying provisions of which I also support, such as the extension of the research and development tax credit, and other important extender provisions that will help middle-class families and promote economic growth, and another 1-year fix for the alternative minimum tax to ensure that 26 million taxpayers are not thrown onto the alternative minimum tax in 2008.

But as the Chairman of the Budget Committee, I wish to be clear to my colleagues that the provisions in this amendment are not paid for. The extender and other provisions are only partially paid for, and the alternative minimum tax relief is not paid for at all. That, I believe, is a serious mistake. I fully support these provisions, but they should be paid for. I earlier offered an alternative minimum tax package that was paid for -- fully paid for -- and paid for in a way that it should be.

This spring, I made a commitment to the Blue Dogs in the House that I would raise a point of order against any unpaid alternative minimum tax bill in the Senate. The Blue Dogs are to be commended for fighting for fiscal discipline. I intend to keep my commitment to them and to raise a pay-go point of order against this bill. I do it not just because I made that commitment but because I believe it is the right policy as well.

I wish to remind my colleagues that pay-go does not require that these bills be paid for immediately. Pay-go requires that the legislation be paid for over 6 and 11 years. Given the economic downturn and turmoil we now confront, I would not call for paying for these tax reductions right now. But I also do not believe we can simply add them to the national debt without any offset over any period of time. That I believe is a mistake.

We can provide offsets to pay for these measures over the longer term, and we should. That would be the responsible thing to do, and it would send a signal to our financial markets that we are serious about putting our fiscal house back into order. So I will vote to uphold my point of order today, but I also recognize my point of order will fail and that this legislation will pass and be sent to the House.

Now, why is there a need to have alternative minimum tax relief? Well, the simple answer is: Because if we don't, 26 million people will be hit with additional taxes. In 2008, we would have 4.2 million affected if we passed the alternative minimum tax relief. With no AMT

fix, 25.7 million would be affected. In other words, we would have 21 million more affected if we don't have a 1-year fix.

The one-year cost of this alternative minimum tax and extender package is \$104 billion. But these annual fixes, as costly as they are, conceal the much larger long-term cost of fixing this problem. The cost to reform the alternative minimum tax over the next 10 years is \$1.6 trillion. Let me repeat that. The cost to fix the alternative minimum tax over the next 10 years is \$1.6 trillion.

On the path we are following, we will absorb all that additional debt without a dime of it being paid for. I believe that is a profound mistake. Not only do I believe it, but the Congressional Budget Office confirms it. Over the summer I asked the Congressional Budget Office to examine the impact on our budget -- and, more importantly, on our economy -- from continuing to pass these unpaid-for, unoffset tax reductions. The Congressional Budget Office found that the debt absolutely explodes if we continue to pass the alternative minimum tax fixes without paying for them, without offsets. To go further, to pass an extension of the President's tax cuts without paying for them, without offsets, would increase the debt as a share of the gross domestic product to 602 percent.

Is anybody fiscally responsible in this Chamber anymore? Does anybody care about the effect on the debt, and more importantly, on the economy? The Congressional Budget Office, let me repeat, made it very clear. Here is what is going to happen to the debt without fixes to the alternative minimum tax, without extending the President's tax cuts. You can see the debt under any scenario is going to rise dramatically, but, if we keep passing alternative minimum tax fixes without paying for them, the debt will skyrocket. If we add to that an extension of the President's tax cuts without it being paid for, the red line shows what happens to the debt. Under that scenario, according to the Congressional Budget Office, the debt will reach 602 percent of the gross domestic product in 2082.

After World War II, the debt as a share of GDP was about 125 percent. The debt was about 125 percent of the gross domestic product. The Congressional Budget Office is telling us if we continue to pass these alternative minimum tax fixes without paying for them, and add in the cost of the President's tax cuts, the debt will reach over 600 percent of gross domestic product in 2082.

More importantly, the Congressional Budget Office concluded that the effect on economic growth would also be dramatic and devastating. Specifically, the Congressional Budget Office found that a failure to pay for these policies, the alternative minimum tax fixes and extension of the President's tax cuts, will result in an economic loss of almost 50 percent in the gross national product, per person, in roughly the next 65 years. In other words, instead of growing the economy, the Congressional Budget Office is finding and telling us that the debt created by these unoffset tax cuts will act as a giant anchor on this economy, dragging us down with debt and deficits, leading to higher interest rates, leading to less economic growth, more unemployment, and a weaker America.

In CBO's letter to me presenting the results of its analysis, the agency noted that the economic disruption caused by these deficits and debt is likely to be far worse than their own models show. Here is what they said: "Despite the substantial economic costs generated by deficits in that model, such estimates may significantly understate the potential loss to economic growth from financing the tax changes with deficits... In reality, the economic effects of rapidly growing debt would probably be much more disorderly and could occur well before the time frame indicated in the scenario."

I don't know when we are going to absorb this cruel lesson, but deficits and debt do matter. It is not just numbers on a page. This is the question of the economic performance of this country. What the Congressional Budget Office is telling us is that the explosion of deficits and debt hurt long-term economic growth and hurt it a lot -- a reduction of 50 percent of the gross national product per person of this country.

I deeply believe one of the reasons we have the economic turmoil we have now is because of the explosion of deficits and debt fueling a gigantic bubble. That bubble is bursting and the pain is spreading.

We have to make a judgment. We have to make a determination. When do we start paying for things around here? When do we quit shuffling it off onto the debt? When do we stop threatening long-term economic growth and the economic strength of the country?

Today could be the day that we begin the march toward responsibility. For that reason I will offer a budget point of order on this measure that is unpaid for and urge my colleagues to support the previous amendment I offered to fully pay for the alternative minimum tax fix that otherwise will hit over 25 million Americans. Under the rules of the Senate I will offer the budget point of order as we approach that vote.