



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

September 23, 2008
(Senate)

STATEMENT OF ADMINISTRATION POLICY

Senate Amendments to H.R. 6049 --
Energy Improvement and Extension Act of 2008 and
Tax Extenders and Alternative Minimum Tax Relief Act of 2008
(Sen. Baucus (D) Montana and Sen. Grassley (R) Iowa)

The Administration supports prompt passage of the above-named Senate amendments to H.R. 6049. This legislation is important to protect about 26 million Americans from an unwelcome tax increase in the form of the Alternative Minimum Tax. This legislation would also extend the tax credit for research and experimentation (R&E) expenses, incentives for charitable giving, subpart F active financing and look-through exceptions, and the new markets tax credit. The Administration supports these provisions and supports the passage of this legislation, despite the inclusion of several provisions that the Administration opposes.

The Administration supports tax incentives for renewable energy and has proposed replacing the current complicated mix of temporary incentives with a comprehensive unified approach that is carbon-weighted, is technology-neutral, and provides long-term certainty. The Administration believes this approach would be preferable to the provisions included in the Senate amendments.

It is the policy of this Administration that efforts to avoid tax increases on the American people should not be offset by provisions to increase revenue and treated as the equivalent of additional government spending under budgetary guidelines. Protecting taxpayers from the higher 2008 AMT liability and extending current rules for business taxation should not be impeded by the same procedural barriers as provisions to increase Congressional spending. For this reason, the Administration supports the provisions in the Senate amendments that provide individual and business tax relief without subjecting Americans to offsetting tax increases.

The Administration remains strongly opposed to provisions that would freeze the domestic manufacturing deduction for one industry, change the tax treatment of foreign income for American energy companies operating abroad, and eliminate the cap on the oil spill liability trust fund, raising the price of a barrel of oil. These provisions will increase the costs of American oil production, will give further advantages to foreign suppliers, and will likely result in higher prices at the pump. At a time when consumers are already struggling with the high price of gasoline and diesel fuel, Congress should not put additional upward pressure on fuel prices. As a matter of general principle, the Administration opposes singling out particular industries, based on political considerations, to be denied the full amount of broadly available tax advantages. In addition, the Administration 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. The Administration is also concerned about certain incentives included in the bill, such as expensive and highly inefficient tax credit bonds. The Administration urges Congress to eliminate all such provisions from the final bill. Finally, the Administration opposes new

mandatory funding for Payments in Lieu of Taxes, and believes that any extension of rural community payments should be phased out, as it has previously proposed. The Administration urges Congress to eliminate all such provisions from the final bill.

The Administration supports passage of mental health parity legislation included in the Senate amendments to H.R. 6049 that eliminates disparities between mental health benefits and medical and surgical benefits without significantly increasing health coverage costs. Also, the Administration is pleased that the Senate amendments include the President's Budget proposal to restructure and eventually retire the debt of the Black Lung Disability Trust Fund.

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