



NEWS

AMERICANS FOR TAX REFORM

1920 L Street, NW • Suite 200 • Washington, DC 20036
202.785.0266 • Fax 202.785.0261

WWW.ATR.ORG

FOR IMMEDIATE RELEASE

CONTACT: Jonathan Collegio
David W. Kralik
202-785-0266

12 November 2001

You Call That A Stimulus Package?

Competing economic stimulus bills in Senate: One will spur the economy, one will sap it.

WASHINGTON—The Senate Finance Committee made heads shake in bewilderment on Thursday by voting 11-10 on straight party lines for a proposal offered by Chairman Max Baucus (D-MT). The measure purported to provide economic “stimulus,” but was actually nothing more than an elaborate \$67 billion pork launcher designed largely to send money toward favored special interests – especially growers of strawberries, apples, and pumpkins – and all with zero stimulative effect.

Finance Committee Ranking Member Charles Grassley (R-IA) has offered a superior bill that will put money back in the pockets of taxpayers by accelerating the income tax rate reductions passed earlier this year, and unleash large-scale capital investment by businesses through a retroactive repeal of the corporate version of the alternative minimum tax. If passed, it would do what the Baucus bill cannot: stimulate the economy.

“‘Economic stimulus’ is not synonymous with ‘giant cash grab’ by the nation’s spending lobbies,” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform. **“The most proven way to get the economy moving again is by putting money back into the hands of those who earned it through tax relief – not by taxing American workers to give to the government to give to someone else who will spend the money on something else.** Pork-barrel spending is actually an anti-stimulus policy, and the Senate has turned the debate away from providing economic stimulus to handing out favors to narrowly defined constituencies. **ATR rates key votes in Congress as being either for or against the taxpayers, and I’d count this vote as half of the year’s total if I could,”** he continued.

The stimulus bill passed in the House last month, however, would stimulate demand by accelerating into Fiscal Year 2002 all of the marginal rate cuts scheduled to go into effect in 2004 and 2006. The proposal would stimulate business investment by enhancing the expensing of capital expenditures through bonus depreciation, and by repealing the corporate AMT tax. The House bill would also give cash payments to low and moderate-income workers who filed tax returns in 2000 – payments similar to the rebate checks issued earlier this year.

“Tax relief, not bizarre new spending measures on projects like Amtrak improvements or new agriculture subsidies, is the way to get the economy moving again,” concluded Norquist.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org