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## Beer Wholesalers

Max S. Baucus

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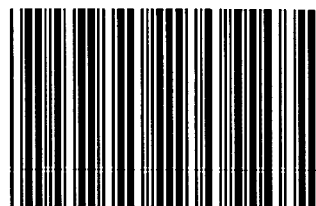
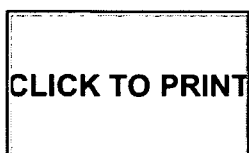
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BAUCUS

Beer Wholesalers Speech  
Senator Max Baucus  
May 13, 2008

**Thank you for having me here today.**

**I have a great appreciation for the Founding Fathers. Jefferson, Adams, Franklin, and Hamilton all addressed the big issues facing America with wisdom and courage.**

**Checks and balances. Personal freedoms. And the relationship between the states and the federal government.**

**But the framer's wisdom also extended to other important matters.**

**Benjamin Franklin once said, “Beer is proof that God loves us, and wants us to be happy.”**

**And of course we still get inspiration from Samuel Adams. Especially his lager.**

**All kidding aside, like the Framers, America’s public and private sectors have a history of leading on big ideas and major innovations.**

**Today, I want to talk to you about my vision for the two of the most pressing issues facing the Finance Committee and the country — health reform and tax reform.**

**As a nation, we have engaged in a debate over healthcare reform for at least the last century, pretty much every generation.**

**In the early 1900s, the Progressive Party pressed the case. In the late 1930s and early 1940s, there was the Wagner-Murray-Dingell bill. President Truman tried in the late 1940s. In the early 1970s, President Nixon proposed what by today's standards was a progressive plan. And in the early 1990s, President Clinton proposed the Health Security Act.**

**None of these efforts succeeded. Each, for its own reasons, failed.**

**Because the problems with our health system have only grown worse over time, we must seize the next opportunity to try again.**

**I believe that the next opportunity will come with the next President and the next Congress. And I am confident that this time, we will succeed.**

**Why is health reform so important? It's important because the problems in our health system are so great. The problems are greater than the incremental solutions that Congress has tried to date.**

**Since the year 2000, nearly 10 million more Americans have joined the ranks of the uninsured. And insurance premiums have increased by 75 percent. That's more than six times as fast as the growth in median income.**

**Families and businesses alike are grappling with high healthcare bills and rising health costs. A new survey found that a third of Americans report that paying for health care and health insurance is a serious problem. And more than 4 in 10 have gone without medical treatment due to costs.**

**Businesses are struggling to afford coverage for their workers and retirees. Between 2000 and 2007, the share of employers providing health benefits for their workers declined from 69 percent to 60 percent. That's in large part due to rising costs.**

**America spends more than \$2 trillion a year on health care — 16 percent of our economy. But the quality of care is not as high as it could be. Nor are the financial incentives in our system aligned with the best interests of patients.**



**The moral and economic case for reform has never been stronger. For that reason, and because I believe that a new opportunity to address health reform is upon us, I have outlined five principles for reform.**

**The first principle is universal coverage. Universal coverage is essential if we are to make meaningful progress on the other four principles. We cannot address the health care system, and leave a growing portion of the country behind.**

**The second principle is sharing the burden. Neither the employer-based system nor the individual market can fulfill the demand for affordable, portable, quality coverage. The way to ensure affordable coverage is to create pooling arrangements.**

**The third principle is controlling costs. America cannot sustain its current rate of growth in health care spending. Any serious proposal must reduce the rate of growth of health care costs. Our economy depends on it.**

**The fourth principle is prevention. American health care tends to address what happens when you are sick. By making prevention the foundation of our health care system, we can spare patients needless suffering. We can avoid the high costs of treating an illness that has been allowed to progress.**

**The fifth principle is shared responsibility. We want universal coverage. But the question is: Who will bear the burden of a new system? The answer is that everybody must shoulder the burden together. Health coverage is a shared responsibility. All should contribute.**

**As Chairman of the Finance Committee, I'm holding a series of hearings to explore each principle in greater depth.**

**The Finance Committee will play a central role in answering key questions, based on its jurisdiction over Medicare, tax subsidies to finance health care, and our nation's healthcare safety net programs.**

**Last week, I held the first hearing in the series. Former Secretaries of Health and Human Services Donna Shalala and Tommy Thompson came to testify.**

**The hearing made it clear there are a number of areas where there is consensus for reform. Not just between Democrats and Republicans but also among major healthcare stakeholders, interest groups, coalitions, and even Presidential candidates.**

**To start, there is widespread agreement that we must strive for universal coverage. We must cover the uninsured.**

**And there is widespread agreement that reform should do more. It must also slow the growth in healthcare costs.**

**We must capitalize on the areas of agreement and seize the new opportunity for health reform. The Committee will continue its series of hearings throughout the year. I am also planning a day-long health summit on June 16 that will bring the Committee together to explore many important issues in greater depth.**

**I look forward to working with my colleagues and also with all of you as we make our way down the path toward successful health reform.**

**I also want to reform our outdated tax code.**

**Tax reform goes hand-in-hand with healthcare reform. In addition to the hearings that I plan to hold, I already have begun reforming tax incentives for small business.**

**I introduced the Small Business and Work Opportunity Tax Act of 2007. That bill included significant tax incentives. After I made a rigorous effort to move the bill on its own, I helped to get most of the provisions to become law in May of last year as part of the war supplemental legislation.**

**The bill extended the Work Opportunity Tax Credit, or WOTC (WOT-C), for 3½ years. And the bill expanded WOTC to include disabled veterans.**

**The legislation extended section 179 equipment expensing through 2010, and increased the amount of equipment costs that a small business owner can expense to \$125,000 a year, indexed for inflation.**

**In addition, the small business bill allowed businesses to continue claiming the full tip credit despite an increase in the Federal minimum wage.**



**The total cost of the small business tax package was \$4.9 billion and it was fully paid for with responsible offsets.**

**I also spearheaded Senate efforts to enact the economic stimulus package that passed the Congress earlier this year. Although tax rebates have garnered most of the attention, the Economic Stimulus Act contained many provisions to help small business owners.**

**The Act increased the amount of equipment costs that a small business may immediately deduct to \$250,000.**

**The bill also made section 179 expensing available to more small businesses by increasing the level at which section 179 begins to phase-out to \$800,000.**

**In addition, certain businesses are entitled to depreciate an additional 50 percent of the cost of property purchased and placed into service in 2008.**

**Immediate expensing and accelerated cost recovery helps small business owners remain competitive and expand their operations. This keeps jobs secure and local economies strong.**

**As part of the tax reform discussion, we will have to address the estate tax. Under current law, the estate tax changes every year through 2011.**

**In 2010, the estate tax phases out completely. Then it springs back to the original high rate and low exemption level.**

**This fluctuation wreaks havoc on small businesses. It increases the risk that small businesses will have to be dissolved in order to pay the taxes that are due. It creates uncertainty and causes small businesses to spend lots of time and money on estate planning.**

**Estate tax reform should provide the security to small business owners that the businesses they've built will be able to continue after they are gone.**

**Fair and easy-to-understand tax laws are fundamental to tax reform. We need to minimize the tax compliance burden on small businesses so it is easy for business owners to meet their tax obligations.**

**Writing tax laws to reflect how businesses actually operate is important.**

**I will continue to explore small-business reforms with the goal of spurring business growth and promoting job security. I will work to see how existing incentives can be improved. And I will keep an open mind to identify new options to keep small business strong.**

**I am aware that there is not a “one-size-fits-all” approach. Depending on the business model — for example, a sole proprietorship or a Subchapter S corporation — the needs of a small business may differ. We need to keep these differences in mind. We need to make sure that all businesses have a fair shake and can benefit from reform.**

**As you can tell, I have a big agenda for small business. As we set the stage for reform, I appreciate your suggestions, your input and your support.**

**I look forward to working together with you toward the goal of accomplishing the reforms that are necessary to keep our nation's small businesses robust and our citizens' jobs intact.**

**I'm ready for bold action. I'm ready for the hard work that it will take to make it happen. And I hope when we're done, and even at appropriate times along the way, we can all get together in the spirit of our Founders, and enjoy a beer.**