

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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Contact: For Senator Conrad: Stu Nagurka (202) 224-7436
For Congressman Spratt: Chuck Fant (202) 225-5501

SENATE AND HOUSE REACH BUDGET AGREEMENT

Fiscal Plan Invests in Energy, Education, and Infrastructure; Cuts Taxes on Middle Class; Returns Budget to Surplus

Washington, DC – Senate and House negotiators have reached agreement on a budget plan for fiscal year 2009. The five-year budget conference agreement charts a new way forward for the country. It makes investments in energy, education, and infrastructure; provides tax relief for the middle class; and returns the budget to surplus in 2012 and 2013. If the plan is adopted, it will mark the first time Congress has passed a budget during an election year since 2000.

“This is a significant achievement,” said Senate Budget Committee Chairman Kent Conrad (D-ND). “This is a fiscally responsible plan that returns the budget to balance. In addition to providing tax relief for middle class families, our budget makes critical investments in energy, education and infrastructure – investments that will form the building blocks for economic growth. And this budget fully funds our troops and continues our strong support for veterans’ care.”

“Democrats are ready to take the steps necessary to regain our economic health and reclaim our fiscal future,” said House Budget Committee Chairman John Spratt (D-SC). “This conference agreement charts a new direction. It provides tax cuts for middle income families and supports investments in new businesses that will create jobs. The budget invests in our crumbling infrastructure and funds the educational tools needed to help our children succeed in the global economy, all while returning the budget to balance. This is a balanced budget with balanced priorities.”

The conference agreement rejects the failed fiscal policies of the past seven years. It returns the budget to balance – reaching a surplus of \$22 billion in 2012 and \$10 billion in 2013. It adheres to key budget enforcement tools implemented last year, such as the pay-as-you-go rule. And it includes additional procedural protections to help ensure fiscal responsibility.

Recognizing that energy costs are straining our economy and squeezing the middle class, the conference agreement responds by helping promote renewable energy, clean fuel technology and energy efficiency. The agreement makes education and innovation investments that will generate economic growth and jobs, make college more affordable, improve student achievement, and reverse the Bush administration’s underfunding of education. The conference agreement also invests in our nation’s infrastructure – repairing crumbling roads, bridges, transit, airports, and schools.

The budget agreement does not include any tax increase. To the contrary, it supports significant tax relief, including extension of marriage penalty relief, the child tax credit, and the 10 percent bracket, as well as allowing for estate tax reform. It includes an additional year of Alternative Minimum Tax relief. And it provides for property tax relief, energy and education tax relief, and extenders.

Over the five years of the budget, revenue levels are only 2.9 percent above the levels assumed in the President's budget. This modest additional revenue could be achieved by closing the tax gap, addressing offshore tax havens, and shutting down abusive tax shelters.

The conference agreement makes our country safer by providing robust funding for national defense and ensuring that resources are available to address the most critical threats facing the nation. The agreement ensures that veterans get the quality health care they need and deserve. It also protects the homeland and rejects the President's cuts in law enforcement, the COPS program, firefighters, and other first responders.

"After years of record deficits, an explosion in debt, and an economy struggling, we are charting a new way forward," said Chairman Conrad. "Our budget rejects the policies of the past and embraces a new era of fiscal responsibility. This budget agreement helps us turn deficits into surpluses, while still being able to support investments in energy, education and infrastructure, as well as middle-class tax relief. This budget will help families, communities, and the country."

"Our nation can't afford to continue the last seven years' ill-advised policies of high deficits, significant foreign borrowing, and underinvestment in key governmental services. American families are struggling to make ends meet. This conference agreement begins the process of recovery. The time is long overdue to return the country to a sound fiscal and economic path," said Chairman Spratt.

The full Senate and House are each expected to vote on the fiscal year 2009 Budget conference agreement this week.

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