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Give Credit Where It's Due

Lawmakers are now realizing that in their haste to hand President Bush a tax cut package last month, they overlooked some important details in the tax cutting plan. An important oversight was not extending the increased child tax credit to minimum wage families. That means that more than 6 million families - 44,000 of them in Maine - won't receive the checks for \$400 per child that will be mailed out this summer. The White House added insult to injury for these families by saying the tax cut was meant to help people who pay taxes, not those who are too poor to pay.

The damage, however, doesn't have to be permanent and Sen. Olympia Snowe, pilloried by some of her fellow Republicans for sticking to her guns in not supporting President Bush's initial proposal for a \$725 billion tax cut package, is working to correct this wrong. Along with Democrat Blanche Lincoln of Arkansas, Sen. Snowe introduced a measure Monday that would extend the tax break to families who make between \$10,500 and \$26,625 a year.

These families were left out of the tax cut largesse because ensuring they got refund checks too would have added about \$4 billion to the tax cut bill and Republican negotiators in the Senate had promised to keep the tax cuts under \$350 billion. Something had to give and those who could least afford it were left out, furthering speculation that the tax cut package was meant only to help the wealthiest Americans and corporations.

Ironically, the change now promoted by Sen. Snowe, and supported by a bipartisan coalition including Sen. Susan Collins, would help soldiers returning from Iraq collect the tax benefit. Currently, the incomes of up to 200,000 military families are too low for them to qualify for the credit, which was raised from \$600 to \$1,000 per child under the tax cutting bill.

"We must correct this unfair oversight and establish parity for all families claiming this credit," Sen. Snowe said. "Our legislation ... will ensure that the hard working mothers and fathers of American who earn less than \$26,000 per year will now be able to benefit."

As the bill's two dozen supporters point out, it is precisely these lower income families that were left out of the original bill who are most likely to spend their tax refunds and that was the premise behind the whole tax cut package in the first place - that people would spend the money and stimulate the economy.

Their fix would cost nearly \$4 billion but would not put the package over the \$350 billion ceiling she fought so hard to preserve. It would be eliminating corporate tax loopholes, including accounting practices and tax shelters used by corporations such as Enron to lower their tax bills. The bill would speed up a provision in the 2001 tax cut that made the child tax credit refundable - meaning that it goes to all workers with incomes of more than \$10,500, whether or not they pay federal income taxes. This provision was originally slated to take effect in 2005.

This proposal makes much more sense than a competing measure introduced Monday by Sen. Charles Grassley, the Iowa Republican who chairs the Senate Finance Committee. In

addition to ensuring the refund goes to more families, his bill would make the larger \$1,000 per child tax credit permanent. It carries an \$80 billion price tag and, obviously, is not reasonable given the months of maneuvering to craft a package that, at least in theory, costs no more than \$350 billion.

It has been said that the massive tax cut and economic stimulus package had something in it for everyone to dislike. Helping all working families, however, isn't about likes and dislikes. It's about doing the right thing and that's what Sen. Snowe's bill would do.