



# From the Desk of Dean Zerbe.



## Bailout Bill Becomes Law With Tax Extenders

by Dean Zerbe

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As readers know, a couple of weeks ago I predicted the Senate-passed tax extenders bill would ultimately pass the House. I didn't know it would take a collapse of the financial markets to make it happen.

After the House rejected the Senate tax bill on the old standby of "payfors," passage before the elections looked bleak. But then along came the bailout bill, which also ran into trouble in the House. I don't need to go into the source of that trouble here.

As we had been doing before the bailout problem, I and lots of others were again raising the issue of the tax extenders – this time as a way to get the bailout to pass. As I commented in *Forbes* on October 1, it was difficult to square why the \$700 billion Wall Street bailout didn't need to be offset but the tax extenders for main street businesses did. Senators saw it the same way and decided to add the tax provisions to the Wall Street bailout.

What I said in *Forbes* was, "We're writing a \$700 billion check to Wall Street, and there's a fight over whether we should offset a few billion to the business community that's creating innovation."

Finally somebody listened, and in a roll of the dice, the Senate added the tax extenders package to sweeten the pot for the bailout bill and get the house to vote for the package. The tax extenders, coupled with the market drop, got the votes.

The tax legislation is as I described in my last column. Again, the bill includes two-year extenders for much of the business provisions, including R&D, an individual AMT patch, and of course the all-important 6694 relief for accountants. In addition, a significant number of energy provisions were added.

President Bush has signed the bill, and I don't expect any more tax legislation for the year.

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