Mr. BAUCUS. Mr. President, I will yield myself a very short period of time because there is a Senator who very desperately needs to vote quickly and get home. In deference to him, I will speak briefly.

The British statesman Benjamin Disraeli said that, ''in politics, a week is a long time.''

The past week or so is a good example.

On the tax bill, we have gone from a handshake deal, through a day-long markup in the Finance Committee, through 43 votes on the Senate floor, and then through a brief but difficult conference that, more than once, veered close to a breakdown.

It is almost always difficult to reconcile two different bills in conference. That was the case here. The stakes were high, time was short, and some of the differences were profound.

But I am delighted to join our chairman, Senator GRASSLEY, in announcing that we have a conference agreement that embodies a solid, balanced, bipartisan compromise.

Let me describe the key elements of the compromise.

The centerpiece of the Senate bill was the immediate creation of a 10 percent rate, to cover the first $12,000 of taxable income. This benefits low and middle income taxpayers the most.

And it provides a boost to the economy.

The conference report adopts this provision lock, stock, and barrel.

Another key element of the Senate bill was the set of provisions geared to low and middle income families. Here, again, we did well.

The conference report expands, and simplifies, the earned income tax credit. And it incorporates the Senate proposal to make the child credit refundable.

Putting the 10-percent rate, the EITC, and the child credit provisions together, we have, to my mind, written one of the best tax bills ever for middle income working families.

That's an accomplishment we all can be proud of.

On top of that, the Senate bill included new incentives for retirement savings and for education, and the conference report includes a large measure of each.

Let me step back for a minute, and describe why, to my mind, this bill represents a balanced package.

In the first place, everybody who pays income taxes will get a tax cut. The government has a surplus. We can afford to give some of it back. That's good news, not bad.

The President deserves credit for making this point.

But his proposal fell short, in one critical respect.

The President's proposal was aimed primarily at society's winners. People in the top tax brackets. People with large estates.

We should not begrudge these people their success.

But, at the same time, we should not stop there. In writing a bill of this scope, we have an unique opportunity to reach out. To lend a hand, and give an incentive, to families that are working hard, raising kids, and dreaming dreams.

The Senate bill did that. And so does this conference report.

As I have explained, we cut taxes for working families.

We create new incentives for education, like the new deduction for college tuition.

We create new incentives to save for retirement, through IRAs, 401(k)s, and the new low income matching program.

These are important provisions that create new opportunities.

And there is more. For example, thanks to Senator LANDRIEU, we expand the tax credit for adoption.

Thanks to Senator KOHL, we create a new tax credit to encourage employers to provide child care for their employees.

All told, the conference report contains dozens of positive provisions.

Does the conference report have flaws? Sure.

As the debate has gone on, I have taken heed of the warnings of Senator CONRAD, who fears that the tax cut may use up too much of the surplus.

I hope he's wrong. But I agree that we must watch the budget closely, and make corrections if necessary.

There are other flaws. For example, I don't think we should have cut the top rates so steeply. I don't think we should completely repeal the estate tax. I wish we could have made the R&D tax credit permanent.

But, putting all of the provisions together, I believe that this is a good compromise that deserves broad bipartisan support.

At this point, let me say a few things about the bill's impact on my state of Montana.

From the very beginning, the impact of the tax cut on Montana has been something of a paradox.

On one hand, Montanans are rugged individualists. We do not like regulations and we do not like taxes.

On the other hand, Montana's economy is hurting. Incomes are low. A tax cut like the one proposed by the President, that was aimed primarily at high-income folks would not help us very much.

In fact, under the President's proposal, Montana would have received less of a tax cut, per capita, than any other state in the nation.

Fortunately, the conference committee has produced a bill that, for Montana, improves dramatically on the President's proposal.

We cut taxes, across the board. But we pay special attention to working families.

As a result, the conference report will give Montanans a tax cut that is, on average, 15 percent higher than under the President's proposal.

And we will cover almost 70,000 more Montana children, under the child credit, than the President's proposal—70,000.

Just as important, the conference report retains key incentives for education, which is at the very heart of our work to generate new jobs for the new economy.

And it creates new incentives to help small businesses set money aside for their employees retirement.

These incentives will help with the most important task in Montana, economic development.

All in all, you might say that this is a tax cut that was made in Montana.

Pulling it all together, this bill is good for working families. It is good for education. It is good for the economy. It is good for Montana.

This legislation is good for the country, it is good for America. It is much better than the legislation we would otherwise have before us.

I worked with Senator GRASSLEY, the chairman of the committee, to produce a Finance Committee bill which has provisions that are much better from a Democrat's perspective than we would otherwise be faced with on the floor. I worked with Chairman THOMAS, chairman of the House Ways and Means Committee, and produced a conference report that is much better than what we would otherwise be voting on on the Senate floor from the point of view of most Democrats. This is a much better bill.

This conference report is much less backloaded—less backloaded by a third compared with the House-passed bill. It is, in terms of the frontloading/backloading, the same as the Finance Committee-passed bill.

It retains the child credit refundability provisions so important to so many people, particularly the children in our country who otherwise do not get benefits. This proposal was championed by Senator SNOWE, Senator JOHN KERRY, and many others. We are proud to have that provision in the bill.

It also very much helps the distribution of this bill toward middle- and low-income Americans. Every American gets a tax cut from this bill. The most wealthy get a greater tax cut because they pay the most taxes. But I might say middle-income Americans also get a very significant tax cut. In fact, they receive proportionately more than current law. The only exceptions to this proportionality are the estate tax provisions and, of course, many Senators favor those estate tax provisions whether they oppose the rest of the bill or not.

All in all, this is a bill which is fair. Its provisions are for the country.

In the education section, for example, Senator TORRICELLI's provision is excellent. Senator MARY LANDRIEU's adoption tax credit is an excellent provision as well. The pension provisions, which are very important to both sides, are in this bill. There is modest—not much but a modest alternative minimum tax cut provision. We, obviously, have to address that situation, and we will in the future.

The conferees worked off the Senate bill, not the House bill. This explains why we have all the provisions in the Senate bill that were not in the House bill.

On upper rates, we moved about halfway toward the House, but, frankly, the House moved more than halfway toward the Senate on upper rates. We create a 10-percent bracket retroactive to the first of this year.

One final point I would like to make. Some may complain that this bill is more expensive than the $1.35 trillion allowed in the budget resolution. Their complaint is that the bill sunsets at the end of 2010 rather than September 30, 2011.

A point of order would lie against this conference report had we not moved the sunset date. As it is before us, all of the tax provisions in this bill terminate in 10 years, which means any estimates of cost over the subsequent 10 years are meaningless. There is no cost from this bill beyond 2011 because of the sunset. The change in the sunset date was necessary because of Senate rules. It also helped us make sure we have the provisions that we care about: education, child tax credit refundability, 10 percent rate; widening the bracket of 15 percent, and others.

I see my time is expiring. I urge Senators to remember, perfection should not be the enemy of the good. Nothing is perfect, even this bill, but it is a good bill.

I yield to whomever next seeks time.