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What others say: Cash for a clunker

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McClatchy-Tribune Information Services
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WASHINGTON — Here is a test for the new Republican majority headed for the House of Representatives under the banner of cutting the budget deficit, ending federal bailouts and showing fairness to taxpayers.

The American people have saved General Motors with more than \$50 billion in bailouts and subsidies. GM says we will get it all back. But hidden in statements accompanying its stock offering, the automaker discloses that it won't relinquish another subsidy — up to \$45 billion in tax breaks that, without an IRS exemption, would have been wiped away when the company went bankrupt.

This GM loophole presents the Republicans with an early opportunity to live up to the campaign commitments that powered their election victory:

By closing it, they can slash \$45 billion from the deficit, slam the door on the next phase of GM's bailout, and raise their banner of fairness for the American taxpayer. Or they can allow this GM tax dodge to proceed.

Before the automaker went under, it accrued billions of dollars in losses. Under the loophole, the company is able to use those losses to shield up to \$45 billion in tax liability over the next 20 years.

GM's lobbyists certainly earned their pay. Even after the bankruptcy is just a bad memory, like the Cheshire cat's grin the tax loophole will survive.

As a result, American taxpayers have not only shelled out more than \$50 billion to bail out the company, we

will have to come up with the extra cash to make up for the billions that the car company won't have to pay in taxes.

Ironically, the loophole comes to light as GM, which just reported its largest quarterly profit in 11 years (Wednesday, Nov. 10) is trying to weaken the next round of clean-car standards that the Environmental Protection Administration and the Department of Transportation are preparing.

GM still doesn't get it. They want to make cars that continue to guzzle and pollute. And they are so ungrateful to us for saving their tailpipes that they want to stick us with another \$45 billion.

For GM, the tax dodge is a honey of a deal.

For the new House majority, it is a test: Do they prefer their principles — or more cash for a clunker?

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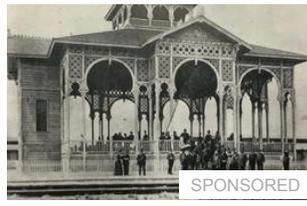
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JoeCapitalist Orem, UT

I don't know if this particular tax benefit for GM is fair or not. I just don't have enough unbiased information to make a judgement.

But what I do know is that I am sick of hearing that every tax break or deduction that a corporation or individual [More..](#)

9:28 a.m. Nov. 22, 2010 | ★ Top comment

rnoble Pendleton, OR

tax losses are supposed to be carried forward because the company involved has had a real loss but with a bankruptcy the loss goes away---why then is there still a tax loss---i say this is bad and unfair and constitutes another bail-out---it is bad [More..](#)

10:45 a.m. Nov. 22, 2010 | ★ Top comment

T. Party Pleasant Grove, UT

YES. ALL THAT.

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If GM can't stay in business without bailouts and tax exemptions, it shouldn't be in business.

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Under rule of law, all the rules apply equally to everyone. Labor unions shouldn't get special treatment just because they helped get the president [More..](#)

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