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Two floor statements delivered by Sen. Chuck Grassley on Wednesday, July 30, 2008

Statement of Senator Chuck Grassley
Refuting the Senate Majority Leader's False Statement

At 2:42 today on the Senate floor, the Senate Majority Leader made a an incorrect statement. In discussing the negotiations last night between the Chairman of the Senate Finance Committee Chairman and me, the Senate Majority Leader, who was not present at this meeting, stated that "The only thing that Senator Grassley wanted to discuss is having all of these extenders not paid for." This is simply wrong.

Specifically, I made three proposals to Chairman Baucus. In all three of these proposals, we agreed to use three tax offsets suggested by Chairman Baucus and his staff. The first offset that I agreed to accept is the offset that closes the loophole that allows hedge fund managers to defer compensation in tax haven jurisdictions. However, I mentioned that we needed to remove the huge charitable loophole that is contained in both the Democratic House and Senate extender bills. Closing this charitable loophole will raise about \$1 billion in extra revenue from hedge fund managers according to the nonpartisan Joint Committee on Taxation.

The second offset that I reluctantly agreed to accept is a version of the worldwide interest allocation offset. We're still waiting on a revenue estimate for this proposal. This was a compromise on my part, and that's what it will take from the other side as well to get an extenders bill done. The third offset that I agreed to accept is a permanent offset regarding basis reporting for securities' brokers. These three offsets that I agreed to accept could, depending on the revised worldwide interest allocation proposal, raise over \$50 billion in revenue.

As I mentioned above, I made three proposals to Chairman Baucus. I also offered to use all three offsets mentioned above for each of these three separate proposals I made, therefore paying for much of the revenue loss generated by the tax extender provisions. In two out of my three proposals, I proposed using those three offsets to offset much of the revenue loss that results from extending these tax extender provisions.

So for the Senate Majority Leader to say that "The only thing that Senator Grassley wanted to discuss is having all of these extenders not paid for" is simply not accurate, and it's just wrong. The Majority Leader was not in the room, and he must have received a false report from someone

that actually was in the room. Chairman Baucus was in the room, so he knows that the Majority Leader's statement that "The only thing that Senator Grassley wanted to discuss is having all of these extenders not paid for" is untrue. Just ask Chairman Baucus. To demonstrate in detail that the Majority Leader's statement is incorrect, Chairman Baucus and I discussed a number of issues other than offsets in this meeting.

One of these issues was my disaster tax relief package that is needed for the people of Iowa and the Midwest. Three other issues we discussed were the three tax offsets that I described above. Some other issues we discussed were provisions in the Democratic Leadership's extenders bill that we objected to, such as the provision regarding the train from Manhattan to JFK Airport that accounts for more than 20 percent of the revenue loss in the Democratic Leadership's disaster tax relief package. In addition, I offered to make all three of my proposals revenue neutral by suggesting that we use the three offsets mentioned above, and to also decrease the amount of new increases in spending that were just approved in the budget only two months ago. Let me be clear—we did not suggest any spending cuts—we suggested that our colleagues on the other side of the aisle consider decreasing the amount of new unspecified non-defense discretionary spending. The non-defense discretionary spending that has been authorized in the budget is \$350 billion greater, over the next ten years, than the President's Fiscal Year 2009 budget.

This extra \$350 billion is like an extra checkbook that Congress is carrying around in addition to the already fat checkbook. This checkbook covers non-discretionary spending and current levels of discretionary spending. We simply asked that they take a few checks out of this extra checkbook over the next ten years to help pay for part of the needed tax relief provided in the tax extenders package.

However, this suggestion was summarily dismissed by Chairman Baucus. My colleagues on the other side of the aisle are unwilling to even consider decreasing their increased non-defense discretionary spending that is above the President's budget.

In summary, the Majority Leader's statement about my position was FLAT-OUT WRONG. I can not be any clearer than that.

Statement of Senator Chuck Grassley:
Path to Resolution on AMT Patch and Tax Extenders Bill

Folks across the country must wonder why the Senate can't pass the popular expiring tax relief provisions. There's no disagreement between the parties on the merits alone. Nearly all members of this body and the other body support the AMT patch and extenders. They'd be crazy not to. The problem is that the committee and floor process have been disregarded by the Senate Democratic Leadership. Debate, exchange of ideas, and up or down votes are the essence of the Senate. All of that Senate process has been bottled up.

Senate process is being truncated. For the first time in this decade, that is, since 2001, Finance Committee members have not been allowed to exercise their rights in a committee markup with respect to these issues. With one exception, the 2002 stimulus bill, for the first time in this decade, Senate members have not had the opportunity to debate and amend extenders in a real Senate floor

process.

For the first time in this decade, Senators in the Minority are being presented with a top-down deal crafted between the Democratic Leadership of the House and Senate.

For me, the irony of all of this is compelling. Almost two years ago today, we faced an attempt to end-run the natural order of the committee and floor process by the bicameral Republican Leadership of the House and Senate. I referred to it at that time as wrong-headed. It was doomed to fail. It envisioned a “unicameral” not a bipartisan, bicameral tax writing committee process. The unicameral tax writing committee process ignored the rights and privileges of members of both parties. I used sharp words and directed them at my side's leadership in the House and Senate. Am sure some on my side thought my comments were over the top. Then Health Education Labor and Pensions Chairman Enzi stood shoulder-to-shoulder with me. My friends on the Democratic side criticized my leadership for the harm it was doing to the rights of members. That’s why I find today’s actions bitterly ironic. I'm sorry to say today we find the Democratic leadership attempting to do much the same thing. Like the failed Trifecta jam then, today's jam will not work.

It’s part of a larger problem with the Senate. Because we are not going through the regular order at the committee and floor level, issues are building up, tempers are flaring and, most importantly, nothing is getting done. I reiterate what I said before the fourth failed cloture vote. That failed fourth cloture vote had the effect of Kaopectate. It further constipated the Senate. This legislative body needs to function. Legislation needs to circulate through this body in the usual form. We need real debate and real amendments. We need a legislative laxative. Another alternative to resolution is an informal bipartisan process. Either way repeated cloture partisan jams do not lead to an agreement that can pass the House, Senate, and be signed by the President.

I’ve got my pencils sharpened and my note pad out. I am ready to engage in our usual bipartisan process with my friend, Chairman Baucus. I’m hopeful that the Democratic Leadership will relieve the constipation on the tax extenders legislation. The Finance Committee and Senate need to function. On behalf of Leader McConnell, I am going to propound a unanimous consent agreement. The agreement, if accepted by the majority, would set in motion a process that would lead to resolution of these expired tax relief. If accepted by the majority, we’d have real debate, real votes, and a resolution of the matter before us.