

Report to Iowans

from U.S. Senator Chuck Grassley

Fall 2008



Dear Friend,

Iowa has a heritage of civic engagement, community spirit, workforce productivity and personal ingenuity. I see the commitment to these ideals during meetings I hold every year in each of Iowa's 99 counties. For 28 consecutive years, the common sense dialogue at these meetings has helped me represent you in Washington.



Senator Grassley talks with Cedar Rapids residents about flood damage.

This year, Iowa's resolve and resourcefulness has been tested by devastating floods and tornados. Catastrophic losses have brought tremendous hurt. I see it in my hometown of New Hartford, which was hit by the EF5 tornado on Memorial Day weekend and floods less than three weeks later.

Our state will never be quite the same again, but Iowa's strength makes it possible for us to recover and be better than ever. Iowans have shown the country what can be accomplished in the face of disaster. In the Senate, I'm working to make sure federal dollars are available and flowing for housing, flood mitigation and business recovery. I'm also pushing Congress to pass federal tax relief as was done after Hurricane Katrina.

Another top concern is energy prices. To meet short and long-term goals for affordable and sustainable energy, I support a three-pronged national policy: tapping America's own resources with more domestic drilling for oil, expanding the production and use of renewable energy, and promoting conservation.

Many Iowa families continue to make tremendous sacrifices with loved ones serving in Iraq, Afghanistan and other places in the War on Terror. The military service of brave Americans is making it possible for freedom-loving people to build democratic processes and establish the foundations of self-government. This independence and freedom is hard won and deserves the highest tributes. It will mean nothing less than a safer world for all of us and a better life for millions of people around the world.

My work continues to make the bureaucracy and Congress more open and accountable. This year, I successfully fought a proposal that would have let government contractors engaged in fraud off the hook if their work was overseas. I've also fostered state-level adoption of tools to fight fraud against Medicaid and pushed for disclosure of payments that drug and device companies make to doctors. Billions of dollars are spent on prescription medicines through Medicare and Medicaid and federally supported medical research. My broad-based oversight of tax policy continues, too, including the laws governing nonprofits, as the tax-exempt sector has grown in size and complexity.

For your review, this newsletter addresses these issues and others. Please keep in touch, in turn, by sending me a letter or an email. Or, call or visit my offices anytime. I appreciate your views and want to answer your questions.

U.S. Senator Chuck Grassley

Online

grassley.senate.gov

Iowa Offices

206 Federal Building
101 1st Street SE
Cedar Rapids 52401
*Relocated due to flooding to
Westdale Mall, Suite H54
2600 Edgewood Road, SW
Cedar Rapids 52404
319/363-6832

307 Federal Building
8 South 6th Street
Council Bluffs 51501
712/322-7103

131 West 3rd Street
Suite 180
Davenport 52801
563/322-4331

Neal Smith Federal Building
210 Walnut Street, Room 721
Des Moines 50309
515/288-1145

103 Federal Building
320 6th Street
Sioux City 51101
712/233-1860

210 Waterloo Building
531 Commercial Street
Waterloo 50701
319/232-6657

Washington, DC Office

135 Hart Senate Office Building
Washington, DC 20510
202/224-3744

Flood and Tornado Recovery

The national media spotlight has dimmed, but I'm not going to let Washington forget the tremendous needs of Midwestern flood and tornado victims. Estimates in Iowa alone point to more than \$10 billion in losses.

Federal Dollars

With other Midwestern lawmakers, I'm seeking emergency disaster assistance funding. In June, \$2.67 billion was added to the federal coffers for disaster recovery, including the Federal Emergency Management Agency. I've urged FEMA to promptly consider requests from Iowa and have kept close tabs on the federal government's response. Another supplemental spending bill is pending in Congress. It includes about \$5 billion for disaster relief. The sooner this legislation is passed, the better chance for Iowa to get its share of help.

Courthouse

As a Member of the Senate Judiciary Committee, I worked to win support from the Admin-

istrative Office of the U.S. Courts for expediting a new federal courthouse for Cedar Rapids. It makes more sense for taxpayers and would be a big boost to the Cedar Rapids recovery effort.

Health Care

When flood waters hit, I sought immediate action by the U.S. Department of Health and Human Services to lift federal restrictions that might inhibit the delivery of health care services in Iowa. The department's waiver allowed hospitals of every size, nursing homes, dialysis facilities, pharmacies, medical equipment providers and others to serve those in need. A second request for flexibility has allowed Iowa and its Medicaid and Hawk-I Program to temporarily work around administrative hurdles resulting from the natural disasters, including lost records and missed premium payments.

Tax Relief

As Ranking Member of the tax-writing Senate Finance Committee, I'm leading a bipartisan effort for tax relief. Modeled after legisla-

tion Congress passed to help victims of Hurricane Katrina, the *Midwestern Disaster Tax Relief Act*, S.3322, would:

- let disaster victims with damage to primary residences withdraw money penalty-free from retirement plans
- suspend limits on tax incentives for charitable contributions
- create tax-credit bond authority to help local governments rebuild infrastructure with interest-free loans
- increase tax-exempt bond authority to help businesses receive below market interest rate financing
- remove limitations on deducting casualty losses due to natural disaster
- reduce business tax burdens for 2008 by increasing deductions for property depreciation and expensing.

Congress acted swiftly and fairly to help Katrina victims recover and rebuild. Iowans deserve the same.

Farm and Food

Congress passed a \$289 billion, five-year farm bill in June, reauthorizing crop subsidies, expanding land conservation programs, increasing funding for food stamps, and updating nutrition programs. Nutrition funding accounts for more than 73 percent of the farm bill cost. Under the new law, 45,000 elementary school kids in Iowa will be part of the Fresh Fruit and Vegetable Snack Program.

Tax Reforms

As the Ranking Member of the Senate Finance Committee, I was a lead negotiator of a tax package for this year's farm bill.

The tax package protects the Social Security checks of retired and disabled farmers enrolled in land conservation programs by making sure they can exclude CRP

payments from self-employment taxes. It also helps farmers and other self-employed individuals qualify for Social Security benefits by electing to pay additional payroll taxes. The tax package also includes tax credits for building cellulosic bio-refineries and developing switchgrass as an energy source. To continue fostering development of all kinds of ethanol, the farm bill maintains the tariff on ethanol imported from other countries and provides benefits to small producers.

Program Reforms

As a Member of the Senate Agriculture Committee, I fought for farm bill reforms to tighten income eligibility limits for direct payments and to strengthen competition in the livestock industry.

The payment limits that became law aren't as restrictive as I wanted, but the legislation took important steps to shut down other abuses, including the three-entity rule, used to get around limits. It also prevents farm program payments to dead farmers. From 1999 to 2005, USDA sent \$1.1 billion in payments to dead farmers. The farm safety net will lose public support with that kind of mismanagement and if Congress lets 73 percent of farm subsidies flow to just 10 percent of farmers.

The first-ever livestock title in the 2008 farm bill ends mandatory arbitration and gives independent producers more leverage in contracting with buyers. It also strengthens the Packers and Stockyards Act for more rigorous federal investigations of abusive practices in the livestock industry.

Housing

In May, I hosted a free Foreclosure Prevention and Mortgage Assistance Fair in Des Moines to give Iowa homeowners access to lenders and expert advice from mortgage and credit counselors.

Visit my website for more information.
grassley.senate.gov

Taking Action

Health Care

Improving the health care system is a top priority. That includes expanding insurance coverage, especially to children and small-business employees.

Fiscally healthy hospitals.

Hospitals in Spencer, Spirit Lake, Fort Madison, Muscatine, Carroll, Grinnell, Newton and Keokuk could better provide health care services to Iowans under my *Rural Hospital Assistance Act*, S.3300. "Tweeners" hospitals now suffer because Medicare payment formulas are tailored to small and large hospitals.

Fair treatment for Iowa doctors.

My *Medicare Physician Payment Equity Act*, S.3318, would fix the flawed geographic adjuster in the Medicare physician payment system that unfairly penalizes doctors in Iowa. The current situation makes it hard to recruit and retain doctors in rural Iowa.

At-home services for people with disabilities.

My *Empowered at Home Act*, S.3327, would make it easier for states to provide Medicaid home and community-based services to seniors and people with disabilities and would give tax breaks for long-term care insurance.

Rx: Sunshine

My *Physician Payments Sunshine Act*, S.2029, would require drug and medical device makers to publicly report payments they make to doctors for speaking, consulting, travel and entertainment. I'm also riding herd on the National Institutes of Health to track industry payments to doctors who are conducting federal research at universities and medical centers across the country. These institutions receive about \$24 billion each year from the federal Treasury for research.

Nursing home quality.

My *Nursing Home Transparency and Improvement Act*, S.2641, would give consumers access to more and better information, set stiffer penalties for quality deficiencies, and establish greater accountability about who owns and operates nursing homes.

Good Government

Fighting wartime fraud.

I co-authored legislation, the *Wartime Enforcement of Fraud Act*, S.2892, that passed out of the Senate Judiciary Committee to close a loophole in current law that lets individuals and corporations go unpunished for delivering defective products and overbilling for services.

Fortifying against fraud.

The whistleblower anti-fraud provisions I authored as part of the 1986 update of the *False Claims Act* have recovered \$20 billion for the U.S. Treasury. Today, court decisions threaten what Congress intended with the 1986 reform. My new legislation, the *False Claims Act Correction Act*, S.2041, looks out for taxpayers and holds government contractors accountable for fraud.

Safeguarding votes.

Working to make sure the votes of U.S. service men and women are counted in the 2008 election, I co-sponsored the *Military Voting Protection Act*, S.3073, and have urged the Attorney General to properly implement the Federal Voting Assistance Program.

Helping heroes cope.

I co-sponsored the *Honoring Our Nation's Obligation to Returning Warriors Act*, S.3008, to help prepare military personnel for the mental stress associated with combat and give veterans access to care for mental injuries.

Mobile resources for veterans.

I've co-sponsored legislation, S.2383 and S.1146, that would take VA health care services on the road to veterans' homes and provide travel resources for veterans to get to medical care.

Shedding light on the judicial branch.

My campaign continues to allow cameras in federal courtrooms. The Senate Judiciary Committee has passed my *Sunshine in the Courtroom Act*, S.352.

Preventing Tax Increases

Iowans face tax increases this year if Congress doesn't act. Otherwise, 24 million middle-income families and individuals nationwide -- including at least 134,370 taxpaying families in Iowa -- will pay an average of \$2,000 in the Alternative Minimum Tax on top of what they already owe.

Congress also must extend expiring tax laws for energy conservation, wind and solar energy production, college tuition, teacher supplies, public school repairs, charitable deductions, and research and development of new technologies.

As Ranking Member of the Senate Finance Committee, I introduced the *Alternative Minimum Tax and Extenders Tax Relief Act*, S.2886, to prevent tax increases this year. Looking ahead, Americans will face the biggest tax increase in history without a vote of Congress if income tax rate reductions and investment incentives passed in 2001 and 2003 aren't extended beyond 2010. The tax increases will hit virtually all Iowans who pay income tax. On average, Americans' tax bills will go up by 10 percent.



Senator Grassley welcomes Iowans to Capitol Hill to promote passage of his legislation for permanent, loving homes for kids in foster care.

Adopting Foster Kids

Inspired by Iowa graduates of the foster care system and parents who have adopted foster kids, in May I introduced the *Adoption Assistance and Relative Guardianship Support Act*, S.3038, to help move children from foster care to permanent, loving homes.

Keeping Track

Go to thomas.loc.gov for details about pending legislation.

Self Mailer

Visit grassley.senate.gov

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Energy Solutions

Domestic

I've cosponsored the *Gas Price Reduction Act, S.3202*, to help develop traditional oil and gas resources in America. The bill would also rein in oil speculation.

Renewable

I've led Senate efforts to create tax incentives for renewable energy. In 1992, I authored the first-ever wind energy production tax credit. In 1997, at a critical juncture, I secured passage of a 10-year extension of tax policy to develop ethanol. In 2005, as Chairman of the Senate Finance Committee, I put together the tax law for renewable energy. It dramatically expanded tax incentives for renewable energy like

wind, solar, biomass, biodiesel and ethanol. It also created Clean Renewable Energy Bonds that help

production tax credit. Renewable energy can displace foreign petroleum and give consumers viable alternatives.



Senator Grassley fights for U.S. national, economic, energy and food security.

rural electric cooperatives and municipalities generate renewable electricity. Congress now needs to extend and expand these incentives, including an uncapped wind energy

ies for use in plug-in hybrids and electric vehicles. Beyond public policies, we all need to act every day to conserve energy as individuals.

Green

The 2005 energy tax law created new incentives for conservation of energy in homes and cars. The law I sponsored also gave manufacturers tax breaks to make super energy efficient washers and refrigerators. Congress also needs to extend and expand these laws and take action on the pending *Gas Price Reduction Act*, which would accelerate development of batteries

Paying for College

As Chairman of the Senate Finance Committee, I was able to make permanent the deductibility of interest on student loans, expand tax-free college savings accounts, and create the tax credit for college tuition. I'm working to extend those policies and reviewing how tax-free endowments at colleges and universities can help educate more students. A dozen of the 135 college and universities with endowments over \$500 million have responded to my inquiry with enhanced student-aid packages funded by endowment dollars.

Gas and Groceries

Most experts agree that corn ethanol isn't responsible for more than a fraction of the increase in food prices. Oil that reached \$145/barrel is the biggest culprit, along with the demand for better food in China and India. Increased global demand for all commodities plays a role in food prices. The value of the U.S. dollar and the drought in Australia have been factors. The Consumer Federation of America has found that slashing ethanol production would increase gas prices substantially, which could further contribute to higher food prices.