



<http://finance.senate.gov>
Press_Office@finance-rep.senate.gov

Statement of Senator Chuck Grassley
Floor Debate of Economic Stimulus Bill
Thursday, January 31, 2008

Mr. President, I want to start out by thanking Chairman Baucus for his courtesy, hard work, and patience in this legislative effort. As we have in the past, we wanted to process the economic stimulus issues, as we have always done in the past, through the committee. That process started shortly after this session of Congress opened. We talked substance and process. We had discussions with the Administration, especially Secretary Paulson. We had discussions with our leaders. We had two private meetings and took input from our committee members. We had two hearings on economic stimulus.

Our goal was a bipartisan economic stimulus package. We both wanted a bipartisan economic stimulus package that responded to the needs of Americans and business and would provide a very much-needed boost for the economy.

During the same period, the President sent a strong message that Congress must act and act quickly to design a fiscal stimulus plan aimed at boosting the economy. The President said that such a plan would provide a “shot in the arm” to keep the economy healthy.

Last week, the bipartisan, bicameral congressional leadership met with the President. At that meeting, the Senate leaders, more or less, yielded the legislative process and substance on this important question to the House and the Senate. In other words, Senate leaders agreed that whatever package the House leadership and the White House agreed on would be treated as a “fait accompli” in the Senate.

The Senate leaders’ sudden shift in direction caught Chairman Baucus and me by surprise. As I noted above, we’d already engaged the committee process for several weeks. We were fully engaged on a member and staff level. Many of our members and staff brought to the table the experience from three stimulus bills earlier in this decade.

Now, I respect the role of the leaders here. My guess is Chairman Baucus and the two-thirds of the committee members that supported the committee bill yesterday also respect the role of the leaders. Many in the leadership on my side of the aisle worried about the problems that might arise if the Senate had no role other than to rubber stamp the House bill. They are rightly concerned about the

Senate processing a bill, dragging it out, and loading the bill up. Certainly, that is a reasonable concern. Certainly, it is a carefully considered concern. But is that concern, in itself, so great that the Senate should abdicate all of its legislative responsibility? Is that concern so great that Finance Committee members should have no say over legislation that falls in its jurisdiction?

In my almost quarter century of service on the Finance Committee, I'm not aware of any precedent like this. I'm also not aware of any precedent on the House side. At the end of last session, some on the House side might have complained about the outcome of legislation favoring the Senate. I'm not, however, aware of a situation where House leaders, on either side, virtually ceded their role in legislating on a tax bill this important. As I said, I respect the concern of the leaders about timing.

It comes down to this, Mr. President. The leaders' concern with timing must be weighed against the question of the quality of the House bill. In other words, is a take-it or leave-it House bill, which passes quickly, better than a Senate bill which allows the Senate to work its will. I've laid out the leaders' concerns about timing. Now, we question of the adequacy of the House bill. That's the other side of the balance we need to strike. I know other members, on both sides, have asked themselves this same question, including our chairman.

The chairman makes the ultimate call. Even if I had decided the importance of quick action outweighed the benefits of going through the committee process, the chairman would've made the ultimate call to go forward. That was the call the chairman made back in 2002 and it was the call he made this time. In 2002, I disagreed on the substance and we had a party-line markup, but the committee did process a stimulus bill. So to anyone on my side who says my opposition would have stopped the chairman from going forward, I'd say look at history. It didn't stop the committee in 2002 and it wouldn't stop it now. The same outcome occurred in 2003 when I was chairman and Senator Baucus was ranking member. We went forward in 2003.

This time we proceeded in a bipartisan manner. And what did the committee process yield, Mr. President? Let's examine this side of the question. Asked another way, did the committee process improve the House bill with a Senate amendment? One thing I heard loud and clear from Republicans was concern about suffocating income limits. The Chairman heard me out and agreed to eliminate them. Unfortunately, the support from our side of the aisle did not line up with that principle. On the Chairman's side of the aisle, great controversy developed.

We heard the uncapped proposal, over and over again, defined by Bill and Melinda Gates. To those on the left, let me tell you there must be a lot of Bill and Melinda Gateses out there. The reason I say that is that \$12 billion of rebate checks is involved in going back to the House income caps. With the amount of checks capped, it means millions of families, not a few millionaires are the folks affected. Like I said, those facts didn't move many on my side away from the House bill that contains those caps. So, I revisited the issue with the Chairman. The caps are back, but at a much higher level. They begin to phase out at \$150,000 for single taxpayers and \$300,000 for married taxpayers.

Mr. President, that's double the House income limits. It's safe to say that the higher income limits will aid a lot of AMT tax paying families we hear about. From my perspective, this is a big improvement over the House bill. So, if you're support the Finance Committee bill, you're

recognizing the burden these taxpaying families bear. I don't want hear any more demagoguery about Bill and Melinda Gates getting checks. No billionaires get checks. No millionaires will get checks. No half-millionaires get checks. But a lot of upper middle income families who won't get a check under the House bill will get a check under the Finance Committee amendment.

Most on my side would consider these higher income caps an improvement over the House bill. I'd particularly credit Senators Crapo and Kyl for bringing this point up in our Finance Committee meetings. Some, on the other side, especially those from high-income, high-tax Blue States will quietly support this change as well.

On the other end of the income scale are 20 million low-income seniors. Let's underscore this point. The House bill leaves out 20 million low-income seniors. The Chairman's mark corrects that defect. Here is the House bill. You won't find seniors with social security income covered in this bill. You will find them covered in the Finance Committee bill.

Since we don't have bill text yet, I'm holding up the chairman's mark. We made this happen by including social security benefits as qualifying income in the Chairman's mark. Here's what the mark, at page 3, says:

"All eligible individuals are entitled .. if they satisfy at least two of the following criteria: The sum of an individual's: earned income .. and (2) social security benefits must be at least \$3,000."

That language is not in the House bill. Because that language is not in the House bill 20 million seniors won't get checks if the House bill passes as is.

During our committee process, many members discussed this defect in the House bill. As a result of careful Finance Committee member deliberations, we were able to improve the House bill.

Many disabled veterans don't get checks under the House bill. Disabled veterans get checks under the Finance Committee amendment. Here's what the Finance Committee document, at page 2, says:

"The provision modifies the Chairman's mark to expand the rebate benefit to disabled veterans."

During careful Finance Committee deliberations, Senators Lincoln and Snowe filed an amendment to insure that disabled veterans would be covered. The Chairman incorporated that amendment into his modified mark. Does anyone think that this is an inappropriate improvement to the House bill? I ask that of those who insist that we rubber stamp this House bill.

So, the House bill, which some are insisting cannot be improved by the Finance Committee, includes 20 million seniors and disabled veterans. The House bill also could send checks to illegal aliens. That's right, Mr. President, the House bill, which some are saying is the best bill we can get, covers illegal aliens.

Let's turn to the Modification to the Chairman's mark. On page 2, here's what the document says:

“The provision denies the basic credit and the qualifying child credit to individuals if they do not include on their tax return a valid taxpayer identification number for: (1) themselves (and if they are married, their spouse); and (2) any children for whom the qualifying child tax credit is claimed. For these purposes, a valid taxpayer identification number is defined as a social security number.

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. As under present law, the Internal Revenue Service (the “IRS”) may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and given 60 days to request that the IRS abate its assessment.”

Mr. President, this provision uses current IRS verification techniques. It ensures that the taxpayer getting the check is identified by the tax system.

During Finance Committee deliberations, Senator Ensign and his staff raised this important issue. Senator Ensign filed an amendment that was addressed in the modified Chairman’s mark.

The House bill has no provision on this. Here’s the bill. Take a look at this bill. There is no language in the House bill to address the problem Senator Ensign properly raised in the Finance Committee. The Finance Committee bill improves the House bill by making sure illegal aliens do not get the check.

The Finance Committee amendment also beefs up the business stimulus package by adding additional years to the current law net operating loss (“NOL”) carryback rules.

The Finance Committee bill adds extension of unemployment insurance benefits. I know this was a big sticking point in the negotiations between the House and the White House. In this respect, I favor the House bill. My personal preference would be to eliminate this provision. It, however, was a key issue for all the Democrats. So, in the compromise the Chairman has worked out, it was essential.

I pushed hard for investment energy incentives and the Chairman agreed with my respect. So, the last piece of this compromise is an expansion of the investment incentives to seamlessly extend investment incentives for wind, biomass and other renewable energy projects. In committee, these provisions caught some criticism and I expect we’ll hear more of the same today. I’ll respond in detail when those criticisms arise.

So, Mr. President, I compliment committee members on finding the bipartisan middle ground. The Committee’s stimulus package raises the caps on rebate checks, expanding the benefit to more middle class Americans, social security recipients and disabled veterans. It makes sure illegal immigrants don’t get checks. It also expands some of the business relief and addresses unemployment benefits. The energy investment incentives round out the package.

I ask members to go back to the basic question of balancing quick action on the House bill versus

improvements made by the Finance Committee.

The House bill could be passed quickly without improvements. Or we could finish the process here in the Senate and add the improvements made by the Finance Committee. I'd challenge anyone to argue that none of the improvements made by the committee process are important enough to finish the job here in the Senate.

Having made that point, Mr. President, we could prove our leaders right if we load up the bill in the Senate. We must keep our eye on the ball. We must not load up this stimulus package or else it is likely to sink. Christmas is over folks. Let's not load this up like a Christmas tree. Thank you, Mr. President.