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MEMORANDUM

To: Reporters and Editors
Re: Failure to invoke cloture on House tax extenders bill
Da: Tuesday, June 10, 2008

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following statement on the Senate's defeat of a motion to proceed to the House tax extenders bill. The vote was 50 to 44 on the motion to invoke cloture on the *Renewable Energy and Job Creation Act of 2008*, H.R. 6049, and the motion failed. Grassley is a lead co-sponsor, with Sens. McConnell and Kyl, of the Republican Alternative Minimum Tax (AMT) relief and extenders bill, S. 3098. He made the following statement on today's vote.

“Senate Republicans have been clear about our desire to finalize the AMT patch and tax and energy extenders legislation. We've urged our Democratic friends in the House and Senate to act quickly on these time-sensitive matters. In the latest indication of that intent, Senator McConnell introduced a bill on Friday that clearly indicated where the Senate Republican Conference is. That legislation contains a provision designed to ensure that 25 million families are not unfairly hit by the AMT.

“The legislation also, consistent with the Senate Republican Conference position, does not include offsets for the revenue loss associated with extending current law levels of tax relief, including incentives for renewable energy production and conservation. Anonymous Democratic lobbyists are misstating the Republican position on offsetting expiring tax relief provisions. The lobbyists have been quoted in Roll Call and other publications stating that part of Republican ‘theology’ is opposition to offsets.

“Republicans will support offsets if they make sense on the policy merits. If the revenue-raising proposal makes policy sense and offsets the revenue loss for new tax policy, then it will likely garner majority support in the Senate Republican Conference. Some might ask why oppose tax increases for extending current law tax relief? The answer is that it factors into transparency and fairness in budgeting. Pay-go and the budget baseline assume \$1.2 trillion of expiring entitlement spending provisions. These spending provisions may enjoy the same bipartisan support as the expiring tax provisions. But these expiring entitlement provisions, though they add \$1.2 trillion to the deficit, do not require spending cut offsets. Pay-go and the budget baseline assume all

appropriations continue and grow with inflation. Under the current Democratic leadership budget, that's at least \$300 billion over 10 years in extra appropriations spending that adds to the deficit and is not subject to pay-go.

“This double standard for appropriations applies to the current level of appropriations and any new appropriated amounts over the baseline and inflation. So, the Democratic leadership's notion of proper budgeting is that expiring spending and appropriations get a free pass, but current law levels of taxation must go up. This double standard is like a game of billiards. In this billiard game, the taxpayer sits in the path of the pay-go “8 ball” and the big spenders hold the cue stick. The position of the Senate Democratic Leadership is that this double standard favoring spending and disfavoring the American taxpayer must be enforced with this year's expired and expiring tax relief provisions.

“Senate Republicans do not buy into that double standard. The other day I pointed out how the House Blue Dog Democrats were most rigid in pressing this double standard. Their response was that I should propose a spending cut since I opposed the tax increase for new spending on veterans education benefits in the war supplemental bill. I'm not in the House or Senate Democratic leadership, but I'll respond to the Blue Dogs' demand. In the budget the Democratic leadership completed last week, there is \$300 billion in non-defense discretionary spending over the Congressional Budget Office baseline over the next 10 years. This new spending is built into the new baseline and is not subject to pay-go. The House Blue Dogs should consider letting one-sixth of that new extra spending expire. That budgeted undefined future spending could expire. It could in turn fund the GI benefits in the war supplemental. The House Blue Dogs need not raise taxes. They should make a choice between new spending priorities. Don't always look to the taxpayer to send extra money to Washington, D.C., so that we can avoid making choices about new spending priorities. That's my response to my friends in the House Blue Dog Coalition.

“The same could be said about today's cloture vote on the House extenders bill. From the perspective of the Senate Republican Conference, the vote was not a vote against offsets per se. There was no ‘waving of a bloody shirt,’ as a Democratic lobbyist said. The vote was about not falling into a slippery slope of ever higher taxes and ever higher spending with no progress on the deficit. The vote was about protecting the American taxpayer against the Democratic leadership's double standard, which favors higher spending and ensures higher levels of taxation on the already-overtaxed American taxpayer.”