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Floor Statement of Senator Chuck Grassley:  
Status of Tax Extenders Bill  
Delivered Thursday, June 26, 2008

We are almost half way through the year of 2008. Since January 1 of this year, several tax relief provisions have expired. I'm talking about the tax extenders. The biggest one is the alternative minimum tax ("AMT") patch. That affects 25 million families. There are a number of other widely-applicable tax relief provisions. One provides millions of families with a deduction for college tuition. Another provides a deduction for teachers for out-of-pocket expenses.

One that is very important to innovation in American business is the research and development tax credit. All of these tax relief provisions expired almost six months ago. This Congress has not passed legislation to deal with this problem. We have had two cloture votes in the Senate. But those votes have been on a bill that will not pass the Senate. And even if the House bill were to pass the Senate, the President will not sign it.

What's holding up these important, bipartisan, time-sensitive tax relief matters? It's an obsession with the Democratic Leadership's version of pay-go. I've spoken on this before, but the hang-up the Democratic Leadership has is that they obsess over raising taxes to offset continuing current law tax relief policies. I've offered up a deficit-neutral path for these tax extenders, a restraint on new spending, but I've got no takers from the other side. Haven't even gotten a response on the merits of my offer to the Democratic Leadership.

Their action proves my point. The Democratic Leadership is so obsessed with raising taxes that they're willing to hold hostage popular bipartisan tax relief measures.

Now the Democratic Leadership is threatening to kill these tax extenders unless they get the tax increase they want so badly. It reminds me of a nursery story. I'm referring to the story of the Big Bad Wolf. I have a chart here. The chart depicts the Big Bad Wolf. You remember the story. The Big Bad Wolf threatened the three little pigs. He said "I'm going to huff and puff and blow your house down."

The Democratic Leadership is playing the role of the Big Bad Wolf right now. Here's what my friend, the Distinguished House Majority Leader, said: "The extender bill is not going to pass

unless it's paid for." I might add I've been pleased to work with the House Majority Leader on S-CHIP and other matters. In this case of tax extenders, I beg to differ with his position.

That's some serious huffing and puffing. For those millions of families sending their kids to college, forget about your tuition deduction unless the Democrats get their offsetting tax increase. They've ignored the spending cut proposal I circulated over a week ago. So, they're not holding tax extenders hostage to a pledge to "pay for" them. They're holding extenders hostage to their version of pay-go which is guaranteed tax increases. More revenue means more spending and bigger government.

Now, I'll show you the Big Bad Wolf can sometimes be Republican too. Here's another chart. This chart contains a quote from about two years ago. At that time, the Republicans were the Congressional Majority. It was also the last time the folks in control of Congress were holding extenders hostage to an unrelated issue. In that case, the unrelated issue was death tax reform. Extenders were part of a "trifecta." The third part of the trifecta was a minimum wage increase.

Here's what then Senate Majority Leader Dr. Bill Frist said. Quote "If the Senate kills the trifecta bill, we will not return to it this year. That means we would have no .. death tax reform, no tax-policy extenders and no minimum-wage increase." The Majority Leader went on to say quote "It's now or never. It's this week."

What we have is huffing and puffing and a threat to blow the tax extenders house down. So, you can see my criticism is not partisan. I've shown a case of where the Republican Majority held tax extenders hostage.

As we all know, Dr. Frist came to his senses. He brought forward a bill that addressed the tax extenders in the lame duck session in December, 2006. The bottom line is that the folks on our side recognized the merits of the extenders. They recognized that the unsuccessful effort to leverage the popularity of these tax benefits did not mean that the extenders had to die on the vine. This recognition occurred despite earlier threats to kill the extenders.

It'll be the same tale of the Big Bad Wolf two years later. A partisan obsession with a tax increase version of pay-go will not, at the end of the day, trump bipartisan popular tax relief measures that millions of families are counting on. If I'm wrong, I think the Democratic Leadership should tell those millions of families and thousands of innovative businesses that their partisan agenda is more important than doing the People's business. I'll wait for a response. More importantly, the people should hear the answer.