



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley
Chairman's Mark Regarding the Extension of Highway Trust Fund Provisions
and the Tax Court Modernization Act of 2005
Tuesday, April 19, 2005

Thank you for joining us at today's markup on two items: the Extension of the Highway Trust Fund Provisions and Senator Hatch's bill, the Tax Court Modernization Act of 2005. We need to move quickly this morning so I do not want to take too much time. However, I would like to say a few words about the highway portion of the mark-up. For several years, Senator Baucus and I have worked with the authorizing committees to prudently fund the highway and transit programs. It was not an easy process, but last year we found a way to fund the programs in a way that enabled every state of the Union to bring home more money. Let me repeat that. Every member of the Senate, including those who complained about our funding mechanisms, did better with our plan last year. This year we face a different set of challenges. There are conflicts that arose in conference that are still with us. These conflicts spring from three principles. I'll lay the conflicts out.

The first principle is to get a highway bill that is an improvement over current policy. That's where overwhelming majorities are in the House and Senate. We need adequate funding for transportation infrastructure. We need to do our best to meet the job, economic development, and transportation needs of the country. To be blunt, the authorizers say improved policy means more trust fund money. The second principle from conference is deficit reduction. President Bush has rightly put deficit reduction as a key objective in general and applied it to highways in particular. Toward that end, the Administration has pegged spending at \$284 billion in spending over the applicable period. In conference, the House brought forward a third principle. The members made it clear that they would not accept the use of general fund offsets to prevent deficit increases from the highway bill.

So, as Senator Baucus and I look out to the next two steps, Senate floor and conference, we can see that these three principles conflict. As one who is trying to get a bill, my goal will be grow trust fund revenues in a way that doesn't increase the deficit or require general fund offsets. Today, we mark up in alignment with the President's number. That was the deal the authorizing committees and this committee made with Leader Frist to get to the floor. When we get to the floor, I intend to work with Senator Baucus, our leadership, and the authorizers, to grow the trust fund revenues and to accommodate the principles above. To get there, I ask the Administration to be logically consistent and politically realistic. The Administration should shift its principle to deficit reduction. The obsession with a top line spending number, viewed outside of a deficit reduction context, will only lead to a repeat of last fall's conference gridlock. Gridlock in conference won't resolve the gridlock on our nation's highways. So, I'd ask all the key players at each end of Pennsylvania Avenue to focus on Main Street and work toward a fiscally responsible highway bill.