



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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The substantive charts Chairman Grassley refers to are available at <http://finance.senate.gov/sitepages/legislation.htm> under November 2005.

Statement of Senator Chuck Grassley
Chairman, Committee on Finance
Floor Debate on Appointing Conferees on Tax Relief Reconciliation Bill
Monday, Feb. 13, 2006

Earlier this month, we began and finished the second floor debate on the tax relief reconciliation bill. At that time, I spoke in recognition of Groundhog Day. I have next to me a portrait of Punxsutawney Phil. In thinking of Phil and his unique form of weather report, I also thought of the popular film titled "Groundhog Day" starring Bill Murray, in which a man relives the same day, Groundhog Day, over and over again. This film has taken on greater significance for me as I seem to be in a similar situation. More than just a sense of déjà vu, I feel like I am reliving a couple of past experiences.

I've got another chart. This chart shows a scene from the Bill Murray movie -- Groundhog Day. If you take a look, you'll see the Groundhog, our friend, Phil driving and Bill Murray is helping Phil drive. Bill Murray is kind of the co-pilot. Phil is driving the car. As I said above, I feel like Bill Murray's character in the movie. It seems that we are re-living the same events over and over again. We are going through the same debates over and over again. We had these same debates just a couple of weeks ago.

Let me summarize the floor process we have been through on this bill. At 11:08 a.m. on Wednesday, February 1, 2006, I opened the second Senate floor debate on this bill. The final roll call vote on final passage occurred at 9:42 p.m. on Thursday, February 2, 2006. That day was Groundhog Day, by the way. Three Senators were not here for the vote on final passage. There were a total of 8 roll call votes, including the vote on final passage. You'll recall the debate earlier this month comes on top of the debate we had in November on the same bill.

At 3:35 p.m. on Wednesday, November 16, 2005, we took up S.2020: The Tax Relief Act of 2005. For 20 hours on Wednesday, Thursday, and into Friday, we debated this bill. A total of 80 amendments were filed and 7 of them were agreed to. This liveliness culminated in 18 roll call votes. The final vote on final passage came at 12:05 a.m. Friday morning, the 18th of November. According to the Secretary of the Senate, at least 97 of us were there for that vote, so I must not be the only one reliving that experience. For the record, I should clarify that Senator Menendez was not a senator during the first debate. Senator Menendez was here for the second debate because he joined the Senate after the first bill passed. So, maybe the second debate wasn't "old hat" to him.

Here are the two bills. The bill we first debated in November and passed back then is S.2020, the

“Tax Relief Act of 2005.” The Senate passed the second bill on February 9, 2006. That bill is H.R. 4297, as amended, is also the “Tax Relief Act of 2005.” The first bill, S.2020, as passed on November 17, 2005, is 417 pages long. The second bill, HR 4297, as amended, is 363 pages long. So, the bills are very close to the same length. What happened was the Senate removed the hurricane provisions and interest suspension provision because those proposals became law in December on separate legislation. Removing the hurricane provisions and the interest suspension provision accounted for a reduction of about 63 pages of text. The five amendments adopted during the second Senate floor debate added about 14 pages to the bill.

My point is, Mr. President, is that these two bills are virtually the same bill. The Senate basically debated the same popular, bipartisan bill twice. And we’re going through another one of these purposeful delays, at the insistence of the Democratic Leadership, again today.

As we consider these motions to instruct the conferees to H.R. 4297: The Tax Relief Extension Reconciliation Act of 2005, I have to ask, “Why are we doing this?” “Didn’t we already go through this exercise?” “Shouldn’t we be finished with Senate debate?”

In the face of the multitude of other important issues this body needs to deal with, does the Democratic Leadership really want to re-enact recent debates and resuscitate old talking points? Our tax reconciliation bill already passed with the support of 64 of us the first time. In the second exercise, the bill garnered the support of 68 members. Included in the first count were 15 Democrats. I’m pleased we picked up a couple more Democratic votes in the second go-around. Maybe, if we keep going through this exercise, we’ll have one hundred votes. By that time, however, we’ll be into the next year. Don’t think the millions of taxpayers expecting us to act would be very happy about running the Senate through that many Groundhog days. Even Phil, the groundhog, might get a bit irritated.

While I believe this legislation is extremely important and will debate it for as long as necessary, I question the necessity of going through a process that resulted in bipartisan passage of the same bill almost three months ago. So, Mr. President, that’s my first point: this is a curious exercise. It is an exercise with no apparent purpose other than delay. Is the delay on the part of the Democratic Leadership important? The answer is yes. Ask America’s taxpaying families and you’ll get an answer. The answer is yes if you are one of almost 20 million families waiting for certainty that you aren’t caught in the clutches of the alternative minimum tax (AMT). We hear a lot of talk about the AMT. You’ll hear about it in the debate over the next few hours. This bill does something about the AMT. It extends the “hold harmless” or “patch.”

I’m going to point to a chart that gives you the data on a state-by-state basis. The data is from the IRS and is the latest available in terms of state impact. Since the data is from 2003, it understates the problem. Basically, you can more than double these figures and get a rough state-by-state idea. Let’s take a look at this chart. The basis of the bill the Senate passed and the bill that is, once again, before us, is an extension of the AMT hold harmless. So, every member who is participating in this deliberate strategy of delaying our entry to conference is delaying the certainty these millions of American families deserve.

Those are the facts on the AMT. Look it up in the Internal Revenue Code. The AMT relief provision expired on December 31, 2005. I’d ask my friends in the Democratic Leadership to take a look at the calendar. One and one-half months have passed and the AMT hold harmless has not been

extended. That's the cornerstone of this bill. It is a cornerstone of a bill the Democratic Leadership is delaying. So, I don't want to hear folks talk about the AMT problem and at the same time delay real action to help those millions of taxpaying families.

This bill also includes popular and broadly-applicable tax benefits. I'll talk about them individually and use charts as I move along. Let's take a look at the deductibility of college tuition. This is a benefit for families who send their kids to college. By definition, this benefit goes to middle income families. A lot of these families aren't low-income, so their kids don't qualify for Pell grants. But, they're not high-income either. They get the full benefit of the deduction if they make up to \$65,000 as a single person or \$130,000 as a couple. Beyond those levels, the benefit phases out. A lot of these families are paying significant Federal, state and local taxes and they get no help in defraying the high cost of their kids' college education.

This tax deduction provides helps these hard-pressed middle income families with a benefit and furthers an important national goal of support for higher education. This deduction runs out at the end of this year. These families will face a tax increase if we don't act on this bill. This chart shows the number of families on a state-by-state basis that benefit from the deduction.

Another benefit addressed in this bill is the small savers' credit. Here, I'm talking about a tax credit for low-income folks that save through an IRA or pension plan. We all think savings is important. We all want low-income folks to save for retirement. This chart shows the number of low-income savers who benefit in this bill on a state-by-state basis.

The bill before you also extends a tax deduction for teachers who buy their own supplies for their students. This provision, developed by Senators Warner and Collins, makes whole teachers who go the extra mile by paying out-of-pocket expenses. Who could argue with that? I'm going to point to a chart that shows on a state-by-state basis the number of teachers taking this deduction.

Mr. President, this bill also extends small business expensing. Many small businesses use this benefit to buy equipment on an efficient after-tax basis. It is good for small business. It is good for small business workers. It is good for economic growth.

My final chart deals with the state and local sales tax deduction. For the states of Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming, this bill helps 12.3 million taxpayers in your states. Tennessee is the home of my friend, the Majority Leader. He has worked hard to get this bill to the floor. For the third time, Leader Frist has worked hard to get this bill to the floor and into conference. I hope the people of Tennessee know that.

Nevada is the home of my friend, the Democratic Leader. Unfortunately, the Democratic Leadership has fought this bill tooth and nail. They continue to fight this tax relief tooth and nail today. I'd ask them to focus on the taxpayers of their states. I still hold out hope that the Democratic Leadership will see the light. I hope they'll work with me to guarantee that folks in their states will be able to deduct their sales taxes this year. This is the third time the Democratic Leadership has delayed this bipartisan bill. Maybe the third time will be a charm. Maybe we'll finally get this bipartisan bill into conference.

These provisions are bipartisan and millions of American taxpayers rely on them. Every Senator ought to help us pass this bill for these provisions alone.

Mr. President, the bill before us addresses expiring business and individual provisions known as the “extenders.” These provisions include the research and development tax credit and the work opportunity tax credit.

This bill also includes many of the charitable incentives introduced in the CARE ACT and which have previously passed the Finance Committee and the Senate. I appreciate the work of Senators Santorum and Baucus in working with me to balance these incentives with several of the much-needed reforms that are supported by the charitable sector, the Treasury Department, IRS and donors and taxpayers.

Last, but not least, this bill contains loophole closers and tax shelter fighting provisions that raise revenue.

Mr. President, this bill is bipartisan. I thank my friend and Ranking Member, Senator Baucus, for his cooperation. He and I were not partners on this bill at the beginning and through the early part of the process, but we teamed up in the Finance Committee. We teamed up in the first Groundhog Day floor debate. We teamed up in the second Groundhog Day debate. I look forward to working with him today and hope he can team up with me in conference. As always, his cooperation and good humor make a big difference.

Let me also thank those Democratic Senators who joined us in this bipartisan effort on our first floor journey. I’d ask them to help me persuade their leaders to let this bill proceed. Ask your leaders to focus on taking care of tax legislative business. Ask your leaders to cut out the political games, roll up their sleeves, and get down to the people’s business. I yield the floor.