



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

Chairman Grassley submitted this statement into the record.

HIGHWAY BILL CONFERENCE AGREEMENT:
SENATOR CHUCK GRASSLEY'S FLOOR STATEMENT
JULY 29, 2005

Today is our final step to positively reaffirm our commitment to a strong and dedicated highway program, the safety and soundness of its infrastructure, and the security of the Nation's transportation network. But in the process of pursuing and completing those goals, conferees had to make many decisions. As Chairman of the Finance Committee, at the outset, I committed to several fundamental principals during this conference. First, that the bill be paid for. Whatever we added to the trust fund should not increase the deficit. If you look at the revenue table, prepared by Joint Tax, you'll see that the new trust fund money raised by fuel fraud enforcement, is raised in a deficit neutral manner. The tax writing committees were fiscally responsible in our efforts to grow the trust fund.

Second, highway taxes pay for highways. These are taxes that will be collected regardless of whether or not we have a highway bill. They can't be used for anything else. The tax provisions of the Highway Bill aggressively focus on collecting ALL of the taxes due and owed to the Highway Trust Fund. So we increase the size of the Trust Fund. Primarily, we do it by being tough on fraud. Some of this fraud is just plain old criminal activity -- but we have reason to believe that billions of our highway tax dollars are being stolen for a more sinister purpose, that being the potential funding of terrorism. So we have the opportunity with this legislation to not only shut down these thieves but to rightfully collect ALL of our Highway taxes to fully fund this bill. Under the Senate Bill, several billion dollars will be added to the Highway Trust Fund merely by moving jet fuel to the rack. Unfortunately, we can't keep all of the untaxed jet fuel out of the diesel market unless all 50 states move all of their fuel tax collection to the rack. But we can collect billions that are currently stolen from both Airport and Highway Trust Funds.

The third principle was to provide the Highway Trust Fund with sufficient resources to serve America's highway needs. The additional resources the Finance Committee produced for the authorizers, I believe, enabled this deal to happen. Add up last year's FSC-ETI conference report changes and the trust fund gained \$24 billion extra. This year we have added another roughly \$3 billion in additional receipts for the trust fund. Without these additional resources, we would've faced another case of legislative gridlock. Legislative gridlock wouldn't help the folks we represent who were facing gridlock on their roads.

Mr. President, I'd also like to mention two policy initiatives that do not relate to the Highway

Trust Fund. The Senate carried into conference a package of excise tax reforms and a transportation bond proposal. The legislation before us also includes a number of excise tax reforms. These are small items, but important to the affected taxpayers. For the most part, these provisions simplify various Federal excise taxes. I will note that these excise tax reforms do lose some revenue. It is roughly \$1 billion over the ten year period. When the highway bill came out of the Senate, these measures were offset with revenue raisers to make them deficit neutral. The House did not accept the group of revenue raisers we had allocated to these provisions. It should be noted that the budget resolution provides \$36 billion over 5 years for tax relief outside of reconciliation. So, this relatively minor deficit impact is accounted for in the budget.

Finally, I'm pleased we were able to reach agreement on the Talent-Wyden transportation infrastructure private activity bond proposal. Senators Talent and Wyden are to be commended for pursuing this innovative concept. There will now be \$15 billion in bond authority for transportation projects. Mr. President, we did hear some sharp criticisms of the heavy lifting the Finance Committee did to make this bill happen. We were told our offsets weren't real and that phony accounting occurred in the highway trust fund. I rebutted these charges during Senate floor debate. I said our principles would be honored in conference and they were. We got the job done. In the end, that's what counts: doing the Peoples' Business. The conferees achieved an important policy objective. The highway trust fund more accurately reflects the resources it receives from the taxpayers who use our Nation's roads. The resources will go into maintaining and improving America's highway system. All of this will be accomplished in a fiscally responsible manner. That's what the folks back home should expect. That's what we've done. That's what really matters. That's why the folks back home sent us here in the first place. I yield the floor.