



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: targeted provisions versus anti-tax abuse
Da: Thursday, May 20, 2004

Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today made the following comment on the targeted provisions in the Jumpstart Our Business Strength (JOBS) Act, S. 1637, repealing and replacing the Foreign Sales Corporation/Extraterritorial Income Act to bring the United States into compliance with its international trade obligations. Please note all cost estimates are over 10 years.

“Most of the media coverage of the JOBS Act has focused on the targeted provisions in this bill. Some members have criticized these provisions, too, even as they’ve asked for items addressing their own issues of concern. Every provision in the bill is the result of a joint recommendation from both of us. It’s frustrating that the media haven’t properly described the fact that in addition to the member provisions, this bill contains the most sweeping series of tax loophole closers in decades. The cost of the targeted provisions pales in comparison to the money we’ll bring into the Treasury by shutting off spigots of tax abuse. And the cost of the targeted provisions pales in comparison to the tax relief that received support across the Senate.

“This bill has \$74.6 billion dedicated to creating more domestic manufacturing. It has another \$37.3 billion dedicated to international tax reforms to make our U.S. companies more competitive overseas. There’s another \$17.6 billion in domestic manufacturing and domestic business incentives, including the research and development tax credit.

“Some of that package deals with issues like the unfair tax on bows and arrows, which has a domestic job impact. There’s another \$2.2 billion dealing with the extenders, including a permanent tax credit directed at hiring hard-to-place workers. There’s another \$1.9 billion dealing with housing, rural areas, hard hit urban areas, Indian tribes, and other sectors of our economy. We’re directing resources at economic development, plain and simple.

“Finally, there’s another \$19.4 billion for the bipartisan Finance Committee energy incentives package that’s passed the Senate twice before.

“All of this is offset with measures aimed at curtailing tax abuse. These include provisions

to shut down corporate and individual tax shelters, including ending corporate tax deductions of taxpayer funded assets, such as sewer lines and subway systems, legislation to prevent corporate and individual expatriation, comprehensive anti-tax shelter legislation, post-Enron corporate governance reforms, and specific measures that attack shelters used by Enron. These measures raise \$85 billion for the Treasury.

“These targeted provisions, or so-called pork provisions, cost less than 1 percent of the total cost of the bill. We challenge the critics to remember the many provisions that aren’t getting headlines.”

Attached are a breakdown of the bill’s costs prepared by the Finance Committee staff and the final score from the Joint Committee on Taxation.