



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Senator Grassley gave the following speech on the Senate floor this afternoon.

JOBS Act  
Post-Cloture Vote Floor Speech  
March 24, 2004

Mr. President, today the Senate defeated a motion to bring the JOBS bill to a cloture vote. This was not my preferred route for moving a strongly bipartisan bill.

The JOBS Act is a bill to create manufacturing jobs. It should not have required a cloture vote to get it passed. But politics have ruled the day.

I wanted to act on this bill last year because I was fearful that election year politics would get in the way of the Senate's ability to do its job. It looks like I might have been right after all.

The procedural shenanigans when we first brought up this bill confirmed my worst fears.

Senator Baucus and I had an agreed order of amendments that would have improved the bill and brought important relevant issues.

That agreement was undermined by the Democratic Leadership. They would prefer to turn this bipartisan bill into a political football.

That is inexcusable because we have worked hard throughout this process to make sure that everyone's concerns, both Republican and Democrat, were incorporated into this bill.

You do not play political games with a bipartisan bill that affects the jobs of manufacturing workers across this land.

I'd like to repeat my points from yesterday about the bipartisan history of this bill.

The construction of the JOBS bill began when Sen. Baucus was Chairman of the Finance Committee.

Senator Baucus held a hearing in July 2002 to address the FSC-ETI controversy within the World Trade Organization.

We heard vital testimony from a cross section of industries that would be adversely affected by repeal of ETI.

We also heard from U.S. companies that were clamoring for international tax reform because our tax rules were hurting their competitiveness in foreign markets.

Their foreign competitors were running circles around them because of our international tax rules.

During that hearing, Sen. Bob Graham of Florida and Sen. Hatch expressed concern about how our international tax laws were impairing the competitiveness of U.S. companies.

In response, Sen. Baucus formed an international tax working group among Sen. Graham, Sen. Hatch, and myself. It was open to any other Finance Committee senator that was interested in this issue.

This bipartisan Finance Committee working group formed the basis for the bill that is before us today.

We directed our staff to engage in an exhaustive analysis of international reform proposals to glean the very best ideas from as many sources as possible.

Senator Baucus and I also formed a bipartisan, bicameral working group with the Chairman and Ranking Member of the Ways & Means Committee in an effort to find some common ground on dealing with repeal FSC-ETI.

After that effort failed, Sen. Baucus and I continued to work with our Finance Committee colleagues on the bipartisan development of a FSC-ETI repeal and international tax reform package.

We continued our bipartisan efforts when I became Chairman in 2003. In July 2003, we held two hearings on the FSC-ETI and international reform issues.

These two hearings concluded our final bipartisan efforts in reviewing all of the policy options for creating the bill that is before us today.

Let me emphasize that there is not one provision in this JOBS bill that was not agreed to by both Republicans and Democrats. Not one.

We have acted in the best of faith to produce a bill that protects American manufacturing jobs and makes our companies globally competitive.

And we did this in a fully bipartisan manner, which is what the American people expect us to do on such an important issue as manufacturing jobs and our nation's economic health.

But these efforts are not enough for some. They don't want this bill to pass for political purposes.

But they can't openly oppose it. That would be bad form.

Instead, they try to destroy this bipartisan bill with amendments on controversial issues that are totally unrelated to the JOBS Act.

And that is why we found ourselves facing a cloture vote today.

Several weeks ago, an article in the Washington Post quoted a Democratic tax aide as saying "There's not a lot of incentive for us to figure out this [FSC-ETI] problem."

The Democratic aide went on to say that allowing the ETI controversy to fester would yield increased sanctions that could benefit the Democrats in November.

This is an appalling statement. This debate should be about policy, not petty politics.

We knew that the only way this bill could pass was by a yes vote for cloture. But at 11:30 today, the Democrats said no to cloture.

They went on record opposing the provisions that are in this bill.

Let's look at what is in the JOBS bill.

Let's consider what the other side all but killed today.

This bill will end \$4 billion a year of EU tariffs against U.S. exports. Those sanctions are already being imposed against U.S. exports of grain, timber, paper, and manufactured goods.

Those sanctions started on March 1st. They increase by 1% for each month that we fail to act. If we delay this bill, they will increase to 12% by the November elections. That is just too politically tempting for some to let pass by. We can end the \$4 billions in sanctions with this bill, but the Democrats said no by voting against cloture.

The CBO says we have lost 3 million manufacturing jobs since July 2000. The JOBS bill provides \$75 billion of tax relief to our manufacturing sector to promote rehiring in U.S.-based manufacturing. But the Democrats said no.

The Democrats claim they are worried about the scope of proposed overtime regulations. The regulations aren't even final. But how can you worry about overtime if you don't have a job in the first place? We needed to address the manufacturing jobs loss now, by voting for cloture for this bipartisan bill.

This JOBS bill gives a 3 percentage-point tax rate cut on all income derived from

manufacturing in the U.S. -- it is not for manufacturing offshore. We start those cuts immediately - in the current year.

This manufacturing rate cuts apply to sole proprietors, partnerships, farmers, individuals, family businesses, multinational corporations, foreign companies that set up manufacturing plants in the U.S. This should keep the government out of their pockets while they try to recover from this economic downturn. But the Democrats said no to cloture.

The JOBS bill extends the R& D tax credit through the end of 2005.

That is a domestic tax benefit that incentives research and development. That translates to good, high-paying jobs for workers here in America - not overseas.

But the Democrats said no today.

There are other important provisions in this bill.

The bill extends for two years tax provisions that expired in 2003 and 2004. This includes items such as the work opportunity tax credit and the welfare-to-work tax credits. But the Democrats said no to these measures.

There are enhanced depreciation provisions to help the ailing airline industry.

There are New Homestead provisions for rural development. This provides special assistance for businesses in counties that are losing population. It provides incentives for newly constructed rural investment buildings, for starting or expanding a rural business in a rural high out-migration county. But the Democrats said no.

We have a provision that allows payments under the National Health Service Corps loan repayment program to be exempt from tax. This is also for rural development. The Democrats said no to this, too.

The JOBS bill includes Brownfields Revitalization. The bill waives taxes for tax exempt investors that invest in the clean up and remediation of qualified brownfield sites. The Democrats voted no.

Mortgage Revenue Bonds. This proposal would repeal the current rule that mortgage revenue bond payments received after the bond has been outstanding for 10 years must be used to pay off the bond, rather than issue new mortgages. There are 70 Senate co-sponsors on this bill. But the Democrats said no.

We allow deductions from private mortgage insurance for people struggling to afford a home. If you vote no on today's cloture, then you are voting against these homeowners.

We have extended and enhanced the Liberty Zone Bonds for the rebuilding of New York

City. We also included \$100 million in tax credits to be used on rail infrastructure projects in the New York Liberty Zone.

The Democrats actually tied up funding for the Liberty Zone to prove a political point on a Labor Department overtime regulation that hasn't even been finalized. Where are their priorities?

Let's talk about measures to help economic development.

We have increased industrial development bond levels to spur economic development.

We have bonds for rebuilding school infrastructure.

We have included Tribal Bonds, which allow Native Americans to obtain bond financing for reservation projects in the same manner as state and local governments.

We have a new Tribal New Markets Tax Credit. This would add \$50 million annually in New Market Tax Credits dedicated to community entities serving Native Americans.

The JOBS bill provides \$500 million over 3 years in Federal tax credits to states for intercity passenger rail capital projects, and for so-called Short Line rail service.

Was it worth killing off these important priorities by voting against cloture to protect an unfinished regulatory issue that was already voted on by the Senate last year?

There is more in this bill. We have a special dividend allocation rule that benefits farm coops.

We have provisions that help cattlemen when drought, flood, or other weather-related conditions wipe out their livestock.

We have a provision to benefit rural letter carriers.

The JOBS bill enhances the broadband expensing.

We have included the Civil Rights Tax Fairness Act.

Our bill includes a tax credit to employers for wages paid to reservists who have been called to active duty.

The Democrats voted against cloture to kill all these measures. They did this over an unfinished regulation that is being used as a political scare tactic.

All of these benefits are being held hostage because the other side pushed a politically-motivated vote.

This is obstruction, and it didn't work in 2002 and it is not going to work today.

It is inexcusable to hold up a bill that will benefit millions of manufacturing jobs just to score political points.

We have worked hard throughout this process to make sure that everyone's concerns, both Republican and Democrat, were in this bill.

You see that concern reflected in the amendments I just listed. Anyone who voted against cloture voted against all of the items I just listed.

Let's stop playing politics and get serious about the manufacturing jobs crisis that is facing America.

We need to move the JOBS bill forward.