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Senator Chuck Grassley
Opening Statement, before the Committee on Finance
Hearing, "Revenue Issues Related to the Highway Trust Fund"
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Chairman Baucus, you have been a true leader for many years in the area of transportation. I especially appreciate your efforts to restore the integrity of the Highway Trust Fund. I know that transportation issues are very important to you and the state of Montana and for me and the State of Iowa. I look forward to working with you on these important matters.

As Congress approaches the re-authorization of TEA 21, it is important for us to evaluate the overall health of the Highway Trust Fund. This hearing will help us evaluate all revenue sources for the Highway Trust Fund to determine if adjustments are appropriate and to determine if adjustments are appropriate in the way we spend the Highway Trust Funds.

A number of issues are important. We should be working with Treasury and the Internal Revenue Service to improve the quality and the timeliness of the tax return information that reports the excise tax. I hope the Treasury and the Service will pledge a time line to schedule converting tax returns for excise taxes to an electronic system of reporting.

I was disappointed in the volatility of the current RABA estimates, because the Treasury may have been dealing with statistics that were over six months old. Not only did these statistics not take into account the beginning of the recession in March of 2001, but they failed to predict the devastating effect of September 11th on the American consumer. Obviously, a recession and a national crisis are not things that are generally built into an estimate baseline, but more timely electronic reporting would help give more accurate "real time" estimates.

Also of concern is the ongoing evasion of excise tax. If we are going to base our entire system on dedicated funds we also must focus on aggressive enforcement if evasion schemes are suspected. This Committee has previously focused several hearings on the various "schemes, scams and cons" that degrade the integrity of the tax system for the American taxpayers. The outright evasion of excise tax hurts the ongoing safety of the American highway system. Today more than ever after the crisis of September 11th, the safety, soundness and security of the highway system across all of the states is critically important.

This nation needs safe highways and so long as we cannot utilize the General Fund to pay for our highways, we must aggressively guard our dedicated taxes. And speaking of guarding our excise taxes, I want to again thank our chairman, Senator Baucus, for the amendment I supported as ranking member and added to the "Energy Tax Incentives Act of 2002." We will transfer 2.5 cents collected from gasohol, out of the General Fund, to be rededicated to the Highway Trust Fund.

This is something I have wanted to do, and it should have been done since 1998. I understand that our witnesses today will be doing some forecasting as to the future effects that this 2.5 cent transfer may have on the Trust Fund in the future.

This Committee and the Senate energy bill also actively support additional incentives for alternative vehicles and alternative fuels and substantial increases in fuel efficiency. Since the Senate has spoken as to the importance of these policies, we must consider whether a totally dedicated trust fund might need some rethinking. And we may need to ask some hard questions about a dedicated fund. Should we continue to use the fuel excise taxes to fund the “Leaking Underground Storage Tank Trust Fund.” Is this the right formula for the future? As Congress continues to encourage fuel efficiency and alternative fuels, we need to review how the dedicated funds of the Highway Trust fund are allocated.

I know I have also asked today’s witnesses to discuss simplification. When I was chairman of the Committee we devoted an entire hearing to the simplification of the tax system, and I know our chairman shares my ongoing concerns that the tax system is too complex and that we should strive to clarify and simplify the tax system. As we review the future of the Highway Trust Fund these are all issues that will remain important to me.