



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Senator Chuck Grassley  
Hearing on Revenue Proposals in the President's Budget  
Tuesday, Feb. 8, 2005

Today, we will hear testimony on the revenue proposals in President George W. Bush's fifth budget. That budget covers fiscal year 2006. The witness will be Treasury Secretary John Snow. Secretary Snow, welcome back to the Finance Committee. Mr. Secretary, Senator Baucus, and members of the committee, we find ourselves with an ambitious agenda that the President laid out in last week's State of the Union address. President Bush wants to tackle Social Security problems and tax reform. He also wants to put our fiscal house in order by cutting the deficit in half over five years. The American people re-elected President Bush and sent him larger majorities in the House and Senate. That should tell members of both sides that the American people expect us to take the President's agenda challenges seriously.

The American people also returned a significant Democratic minority back to Congress. Although Republicans are in the majority in the House and Senate, we are not in a position to force through the President's agenda without bipartisan support. As everyone here knows, that's not the way I do business, anyway. The Finance Committee is the focal point for much of the President's agenda. To my fellow committee members, you hold the key to that agenda, at the very least on the Senate side, and perhaps on Capitol Hill altogether. This committee has a strong history of bipartisan problem-solving. I believe, despite some of the strident statements of last week, we'll rise to that challenge again. If not, those who play simple political games will be held accountable. There is a price to be paid for not tackling issues in a constructive manner. Both sides have learned that lesson over the years.

The subject matter of this hearing is the revenue proposals in the President's fiscal year 2006 budget. The President laid out many of the details of his Social Security reform proposal last week. Neither proposal is in this budget, but I expect Secretary Snow will engage us on both of these issues. Now, as I see it, Mr. Secretary, we have the two big long-term reforms involving Social Security and tax reform. We also should try and rationalize the tax system. Widely-applicable provisions from the 2001 and 2003 tax relief packages expire at different times. America's workers, investors, and business folks ought to be able to count on a rational and predictable tax code. That is why we need to extend or make permanent the bipartisan tax relief from the last four years.

In addition to the two big issues and tax code rationalization, we have a lot of time-sensitive tax legislative business before us. Several tax code provisions expire at the end of this year. If you add these provisions up, they cost well in excess of \$50 billion for a one-year extension. Finally, in the context of tax reform, good tax policy, and deficit reduction, I'd encourage you, Mr. Secretary, to take a look at Joint Tax's report on the tax gap. I look forward to Secretary Snow's presentation of the revenue proposals in the President's budget.