

1 OPEN EXECUTIVE SESSION TO CONSIDER AN ORIGINAL BILL  
2 ENTITLED THE "TAX CUTS AND JOBS ACT" (CONTINUATION)  
3 THURSDAY, NOVEMBER 16, 2017  
4 U.S. Senate,  
5 Committee on Finance,  
6 Washington, DC.

7 The hearing was convened, pursuant to notice, at  
8 11 a.m., in Room 216, Hart Senate Office Building, Hon.  
9 Orrin G. Hatch (chairman of the committee) presiding.

10 Present: Senators Grassley, Crapo, Roberts, Enzi,  
11 Cornyn, Thune, Burr, Isakson, Portman, Toomey, Heller,  
12 Scott, Cassidy, Wyden, Stabenow, Cantwell, Nelson,  
13 Carper, Cardin, Brown, Bennet, Casey, Warner, and  
14 McCaskill.

15 Also present: Republican Staff: Jennifer Acuna,  
16 Senior Tax Counsel and Policy Advisor; Chris Armstrong,  
17 Chief Oversight Counsel; Tony Coughlan, Senior Tax  
18 Counsel; Bryan Hickman, Senior Counsel; Matt Hoffman,  
19 Policy Director; Jay Khosla, Staff Director; Jennifer  
20 Kuskowski, Health Policy Director; Alex Monie,  
21 Professional Staff Member; Eric Oman, Senior Policy  
22 Advisor for Tax and Accounting; Martin Pippins, Detailee;  
23 Mark Prater, Deputy Staff Director and Senior Tax  
24 Counsel; Preston Rutledge, Senior Tax and Benefits  
25 Counsel; Jeff Wrase, Chief Economist; Nicholas Wyatt, Tax

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1 and Nominations Professional Staff Member. Democratic  
2 Staff: Ryan Abraham, Senior Tax and Energy Counsel;  
3 Robert Andres, Tax Policy Analyst; Christopher Arneson,  
4 Tax Policy Advisor; Adam Carasso, Senior Tax and Economic  
5 Advisor; Ryan Carey, Press Secretary and Speech Writer;  
6 Michael Evans, General Counsel; Elizabeth Jurinka, Chief  
7 Health Advisor; Sarah Schaefer, Tax Policy Advisor, Small  
8 Business and Pass-Throughs; Joshua Sheinkman, Staff  
9 Director; Tiffany Smith, Chief Tax Counsel; Arielle  
10 Woronoff, Senior Health Counsel; and Drew Crouch, Senior  
11 Tax and ERISA Counsel.

12 Non-Designated Staff: Jewel Harper, Senior Deputy  
13 Clerk; Joshua LeVasseur, Chief Clerk and Historian;  
14 Susanna Segal, Deputy Clerk; and Athena Schritz, Hearing  
15 Clerk.

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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR  
2 FROM UTAH, CHAIRMAN OF THE COMMITTEE

3

4 The Chairman. The committee will come to order.  
5 Today we are going to continue our consideration of the  
6 Chairman's Mark as modified for the Tax Cuts and Jobs  
7 Act, having walked through both the Mark and modification  
8 with extensive questioning and discussion of amendments  
9 last night.

10 Admittedly, things were a little chaotic at the  
11 outset, and I know some tensions ran high. We are going  
12 to improve the process and communication today, and  
13 hopefully make things move a little more smoothly.

14 With that issue addressed, I would like to say a few  
15 words about the tone of our discussion this week because  
16 I think it has been a real problem. As I have said, I do  
17 not begrudge anyone for holding a passionate viewpoint on  
18 any issue, and I do not doubt my various colleagues'  
19 sincerity in any views they express or any votes they  
20 take. But for the committee to operate, we need to be  
21 respectful and allow the debate to unfold in an orderly  
22 fashion.

23 Members are, of course, free to disagree about any  
24 issue, but no one should interrupt another member or shut  
25 down the other side or impugn their colleagues' motives

1 on substantive or procedural disagreements. In my  
2 opinion, we saw quite a bit of that yesterday, and some  
3 of it was pretty inflammatory.

4 As for myself, I can take it. I can guarantee that  
5 in my 40-plus years in the senate, I have been called  
6 worse names than anyone on this committee would come up  
7 with.

8 So for the good of the committee, I want to urge my  
9 colleagues to dial back the rhetoric and turn down the  
10 volume of some of our arguments. This is the last time I  
11 will raise issues about process for the duration of this  
12 markup because in my view, if we are going to have a  
13 lively debate, it should be about policy. So let us talk  
14 about policy differences for a moment.

15 Let me reiterate what our bill does. Our bill gives  
16 tax relief to individuals and families across the board  
17 with the middle class getting the largest benefit  
18 relative to their income. We provide this relief  
19 primarily by cutting rates and expanding credits for  
20 parents and families.

21 Our bill will also help businesses of all sizes.  
22 Our pass-through solution is simple and effective, which  
23 is why the bill is supported by the National Federation  
24 of independent business, the largest small business  
25 organization in the country -- in the world really, and

1 also most other small business organizations.

2 The business section of the Mark also includes,  
3 among other things, a significant reduction in corporate  
4 rates. I know my colleagues have characterized this in a  
5 number of ways, but this is not some radical right-wing  
6 approach. As I have noted, members of this committee on  
7 both sides have supported the proposition of lowering  
8 corporate rates for years now. The Ranking Member  
9 actually introduced legislation that would have reduced  
10 the rate to 24 percent in the past.

11 Yet, now it appears that the notion that we even  
12 consider moving down from the highest corporate tax rates  
13 in the industrialized world is something totally  
14 abhorrent to Democrats. I have yet to hear an  
15 explanation from anyone on the other side as to why they  
16 have changed their minds and are now characterizing our  
17 efforts to modernize American's business tax system as a  
18 "corporate giveaway." That would be interesting to hear.

19 As we debated at length yesterday, the mark will  
20 also zero out the punitive individual mandate tax  
21 established under Obamacare. Despite claims to the  
22 contrary, we contend that this is a pro-family, pro-  
23 middle class and pro-growth proposition. It will undo  
24 one of the most regressive taxes in the tax code and  
25 allow us to provide additional tax relief to middle class

1 families.

2 By now I am sure most of my colleagues are aware of  
3 the most recent developments with JCT's updated  
4 distributional analysis. I expect our friends on the  
5 other side will try to make some hay out of the new table  
6 this morning, and that is their right. But I want to  
7 provide some context before that begins.

8 We developed a modification to the Chairman's Mark  
9 that included additional tax relief for families  
10 throughout the middleclass. Once again, it expanded  
11 further the child tax credit, made it more refundable and  
12 provided it to a greater number of families with  
13 children.

14 We also adjusted the rates downward for middleclass  
15 families. And, of course, we relieved those middle- and  
16 lower-income families of the burdens imposed by the  
17 individual mandate tax.

18 With those changes in place, JCT noted a projected  
19 uptick in taxes owed by those in some lower income  
20 brackets. Obviously we have no intention of raising  
21 taxes on these families. Every Republican on this  
22 committee has been committed to providing tax cuts to  
23 every income cohort.

24 So here is the rub. JCT's analysis does not show  
25 that we are raising taxes on lower income Americans. We

1 are seeing some taxes go up in the distributional  
2 analysis because of a scoring assumption, not because of  
3 tax rates or even tax policy.

4 Congressional scorekeepers have assumed that if the  
5 individual mandate were to be repealed, a segment of  
6 people will opt to voluntarily not get health insurance.

7 The assumption extends even to those who currently get  
8 their insurance for free under Medicaid.

9 So JCT began with an assumption that some people in  
10 the lower income brackets will opt to not purchase health  
11 insurance and thus not take advantage of available tax  
12 credit subsidies. Without those credits, they see an  
13 overall uptick in their tax liability.

14 I do not fault JCT for this. They have to make  
15 assumptions in order to make credible projections.  
16 However, in the world that exists outside of those  
17 assumptions, people will be making their own choices. In  
18 fact, our bill will give them additional freedom to do  
19 so.

20 Nothing in our Mark will impact the availability of  
21 premium subsidy credits. Nothing in the Mark would  
22 direct or suggest to taxpayers that they should not take  
23 advantage of the credits. This is the result of an  
24 assumption about economic behavior that is 100 percent  
25 voluntary. I believe JCT has additional data that will

1 demonstrate that. But for the behavioral assumptions  
2 that accompany the repeal of the individual mandate tax,  
3 our mark provides significant relief to all low- and  
4 middleclass income brackets.

5 I know we are going to hear arguments to the  
6 contrary this morning, but let us be clear. Anyone who  
7 says that we are hiking taxes on low-income families is  
8 misstating the facts. Anyone who says people will see  
9 their taxes go up because we are taking away their health  
10 insurance is also misstating the facts.

11 Just to make sure this is abundantly clear I want to  
12 ask Mr. Barthold about the latest JCT distributional  
13 analysis. Now, let me just ask you this question, Mr.  
14 Barthold. Does anything in the Mark reduce the  
15 availability of premium subsidy tax credits?

16 Mr. Barthold. Mr. Chairman, your modified Mark  
17 leaves in place the existing premium subsidy credit  
18 structure, leaves it in place, no change.

19 The Chairman. Okay. Does anything in the Mark  
20 suggest or direct individuals in any income bracket to  
21 not purchase health insurance or to forego the use of  
22 available subsidy tax credits?

23 Mr. Barthold. No, it does not, sir.

24 The Chairman. Is the impact we are seeing in the  
25 distributional analysis relating to decreased utilization



1 of the premium subsidy tax credits the result of  
2 voluntary taxpayer behavior that is not mandated under  
3 the mark?

4 Mr. Barthold. That is correct, Mr. Chairman. All  
5 of the analysis that we try to provide to the members in  
6 the conventional revenue estimates and in the  
7 distributional analysis accounts for taxpayer behavior.

8 The specific example that you are referring to  
9 includes a lot of taxpayer behavior in the analysis.

10 The Chairman. Well, thanks, Mr. Barthold. I  
11 appreciate you and appreciate the work that you have done  
12 for this committee over the years.

13 Senator Wyden, and then we will start.

14

1       OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM  
2       OREGON

3

4             Senator Wyden.     Thank you, Mr. Chairman.

5             First, you made some comments about our personal  
6       demeanor and personal relations. I can go down the row  
7       and mention my colleagues' affection for you starting  
8       with Senator McCaskill who said, and I quote, she loves  
9       you.

10            The Chairman.    I love her too.

11            [Laughter.]

12            Senator Wyden.    I cannot top that, but as you know,  
13       Nancy and I are so fond of you and Elaine. Besides  
14       colleagues -- everybody does not know it -- Chairman  
15       Hatch is a former boxer. We do not want to mess with the  
16       prospect of his right cross. So that is the story --

17            The Chairman.    That is good advice.

18            Senator Wyden.    That is the story with respect to  
19       the personal relations.

20            Now colleagues, I am going to make my opening  
21       statement. Then I have a question based on the jaw-  
22       dropping news of yesterday and Senator Cardin indicated  
23       that a number of our colleagues have questions because of  
24       the very extraordinary news we have just learned about.  
25       So I will make my opening statement. Then I have a

1 question.

2 Now, Mr. Chairman, I feel very strongly that  
3 colleagues ought to be able to ask Mr. Barthold questions  
4 about what we have just learned. We have gotten  
5 astounding news in the last hour.

6 According to the latest figures from the Joint  
7 Committee on Taxation, in 2021, families earning \$30,000  
8 and under are going to get clobbered by a tax hike of  
9 nearly \$6 billion to pay for this handout to  
10 multinational corporations. A \$6 billion tax hike on  
11 low-income Americans.

12 And by 2027, the news is even worse. A decade out,  
13 this bill raises taxes by \$27 billion on families earning  
14 \$75,000 and under. And meanwhile, the big corporations  
15 are guaranteed a cut across the board.

16 Colleagues, I believe this process ought to end  
17 right here and now and we get together when we are  
18 prepared, as our side wants to do, to work in a  
19 bipartisan way. I do not know how anybody can go home  
20 now to the folks they represent and explain why it is a  
21 good idea to hike taxes on parents who barely stay afloat  
22 to pay for a massive corporate handout. What is  
23 happening now is just shame shameful.

24 Republicans in this room spent all day yesterday  
25 stating that repealing the individual mandate is a tax

1 cut. We now have proof positive that is dead wrong. This  
2 is what happens when you legislate in secret with such  
3 reckless haste. This amounts to writing tax policy in  
4 the dark, and the majority has done its best to keep the  
5 lights turned off.

6 The first version of the bill that came out last  
7 week was a huge tax hike for millions of middle-class  
8 folks. Then on Tuesday, after two entire days of markups  
9 had passed, there was a new version that attacked the  
10 health care of millions of Americans.

11 Now we have shocking new information as of this  
12 morning. At this rate, Republicans are going to test the  
13 limits of exactly how many different ways hard working  
14 Americans can be forced to pony up vast sums for  
15 corporate handouts.

16 I want to be clear, because we touched on this  
17 yesterday. I think we are getting bead, colleagues, on  
18 what is ahead.

19 Once the Finance Committee process wraps up, this  
20 bill is headed straight back behind closed doors.  
21 Senators head home at the end of the week for the  
22 Thanksgiving holiday. But the Majorities from the House  
23 and the Senate are going to be hashing out the  
24 differences in their two bills.

25 They are looking to cut a back room deal and make

1       \$10 trillion in tax changes on the fly. And if you are  
2 watching at home and it has been a minute since you took  
3 civics, here is what that means. When you are reaching  
4 for the cranberry sauce, Republicans are going to be  
5 reaching for your pocketbooks to give handouts to  
6 multinational corporations.

7           This is not a real, honest-to-God attempt to have a  
8 full bipartisan debate on tax reform that gives everybody  
9 a chance to get ahead. There were amendments to bring  
10 some sunshine to the process. There was an amendment to  
11 protect Medicare and Social Security. There was another  
12 on protecting veterans.

13           In my view, the real stunner was what happened with  
14 Senator Brown yesterday. He brought up an amendment  
15 because he wants to protect red-white-and-blue jobs. He  
16 does not want them going overseas. He has been leading  
17 this crusade for years now and he took his proposal to  
18 the president. He handed it to the president twice. I  
19 know because I was at the White House when he did it.

20           And when you are dealing with a smart bipartisan  
21 proposal that is all about protecting and creating red-  
22 white-and-blue jobs, Senators ought to look on a  
23 bipartisan basis at ways to make it happen. That is not  
24 what happened yesterday.

25           Yesterday it was said the amendment was non-germane

1       because Senator Brown did not have a score. He submitted  
2       his proposal for a score nearly a week ago, hours before  
3       the Chairman's bill even became public. How can you ask  
4       a Senator to do better than that?

5             In my judgment, it seems like a convenient excuse to  
6       say no. If a pro-jobs idea, a pro-American jobs idea as  
7       important as Senator Brown's gets blocked without any  
8       valid reason, it is hard to see what this process is  
9       about other than getting this bill out of committee and  
10      back into closed doors, back into secret discussions.

11            This morning people across the country are waking up  
12      to confirmation that the bill pays for massive handouts  
13      to corporations with a multibillion dollar tax hike on  
14      those who cannot afford it.

15            Colleagues, this is nothing like the thoughtful,  
16      measured, bipartisan approach that in my view defines  
17      this storied committee's history. This is not a process  
18      now of bringing together good ideas from both sides.  
19      This is an exercise in legislating with reckless haste  
20      and working families and middle-class families can now  
21      see, especially because of the news of this morning, that  
22      it has disastrous consequences.

23            Before my question, I just want to say -- and I say  
24      this with great sorrow -- that if this process continues  
25      this way when the history of this extraordinary

1 committee, the Senate Finance Committee is written, this  
2 is going to be a dark, dark chapter.

3 Now I want to ask my first question, Mr. Chairman.  
4 And then -- Mr. Chairman, like you, I have one question,  
5 but I want to emphasize colleagues on my side have asked  
6 specifically for the chance to ask Mr. Barthold about  
7 this extraordinary news of this morning.

8 Now, Mr. Barthold and colleagues, I have been asking  
9 for a distribution table on the --

10 The Chairman. Wait, wait, wait.

11 Senator Wyden. Mr. Chairman, I would like to ask a  
12 question like you did.

13 The Chairman. I am going to run the committee.  
14 What we are going to do is we are going to have ten  
15 minutes to each person. Everybody will get their chance  
16 to ask questions.

17 I apologize to you for having asked a question of  
18 Mr. Barthold, but --

19 Senator Wyden. Parliamentary inquiry, Mr.  
20 Chairman.

21 The Chairman. Sure.

22 Senator Wyden. In the interest of just fairness,  
23 could I now ask one question after my opening statement  
24 because you asked one question after your opening  
25 statement?

1           The Chairman.    Sure. You go ahead.

2           Senator Wyden.    Thank you for your courtesy.

3           I have been asking for a distribution table on the  
4 modified Mark for the past two days. I still have not  
5 received the table directly, but I understand the table  
6 was put out earlier today.

7           My understanding is that by 2027 almost every  
8 middle-class taxpayer is going to get a tax hike or  
9 crumbs. I would like Mr. Barthold to describe what the  
10 result is of this new plan for middle-class people in  
11 2027. That is my one question. As I have indicated, my  
12 colleagues have questions as well.

13          The Chairman.    Okay. Thank you.

14          Did you want to --

15          Mr. Barthold.    No, the Senator wanted me to  
16 respond. Senator Wyden.    Just as he did to you, Mr.  
17 Chairman.

18          The Chairman.    Sure. Sure.

19          Mr. Barthold.    Senator Wyden, in 2027 -- and  
20 remember, that is the year that includes the sunset of  
21 the individual income tax provisions in the Chairman's  
22 Mark as well as some additional provisions that increase  
23 taxes on businesses by changing business tax base. Page  
24 five of JCX 58 that we released approximately 9:40 a.m.  
25 this morning shows that -- let us see -- that compared to



1 present law, the change in federal taxes is generally  
2 positive for the income groups from less than \$10,000 to  
3 \$75,000, slight modest negatives in comparison to the  
4 underlying mark for taxpayers in our income categories  
5 above \$75,000.

6 Senator Wyden. That is my point. I am going to  
7 let other colleagues -- but I am looking at the chart on  
8 page 6, and everybody over \$75,000 -- these are  
9 hardworking middle-class families in Michigan, in  
10 Maryland, in Colorado, all of the states represented here  
11 -- you look at page 6, and those folks get hammered.  
12 Under \$75,000, excuse me. Under \$75,000, those folks get  
13 hammered, and it is right in the table, colleagues, on  
14 page 6.

15 Middle-class families making under \$75,000 in 2027,  
16 page 6, they get clobbered. They pay more taxes.

17 The Chairman. All right. You have made your  
18 point.

19 Senator Toomey?

20 Senator Toomey. Yes, Mr. Chairman, thank you.

21 I am going to -- I have to assume for now that there  
22 is a profound misunderstanding on the part of the Ranking  
23 Member, because I know him well enough to know that he  
24 would not knowingly suggest something as absurd as what  
25 he seems to be alleging. Let me explain what is going on

1 here to clarify this.

2 First of all, I think we all know we subsidize many  
3 activities through the tax code, whether people think  
4 that is a good idea or not, it happens all the time. And  
5 here in Congress we have very, very strange -- and I  
6 would say even ridiculous rules and scoring conventions  
7 that wildly mischaracterize these subsidies in a number  
8 of circumstances.

9 Specifically, when we think a taxpayer voluntarily  
10 chooses not to participate or engage in a program that  
11 has such a tax code subsidy, we take that subsidy and we  
12 stick it in a table as though it is a tax increase. The  
13 advanced premium tax credit is one such example. This is  
14 absolutely not a tax increase and you guys know that.

15 The fact is -- and I will demonstrate this in a  
16 minute -- every single income cohort has substantial  
17 savings in taxes and virtually all middle-income  
18 taxpayers are going to get a substantial tax cut.

19 So let me try an analogy here. Let us imagine  
20 somebody qualifies for unemployment insurance. They  
21 qualify, they could get unemployment. They lose their  
22 job, they could get unemployment insurances if they  
23 wanted it, but they choose not to sign up for whatever  
24 reason. They would not get the unemployment payments.

25 Did we raise their taxes? Did that person just get

1 a tax increase? Or how about more directly through the  
2 tax code, the Earned Income Tax Credit?

3 Let us imagine somebody is working. They have got a  
4 job that pays \$8 an hour and they get the Earned Income  
5 Tax Credit. They qualify for it. They get that.

6 For whatever reason, they decide to quit that job.  
7 Well, they could be still working. They could still be  
8 getting the Earned Income Tax Credit, but they have  
9 chosen not to. Do we think we have raised their taxes?  
10 That is ridiculous.

11 How about the American Opportunity Tax Credit? That  
12 is a partially refundable tax credit. It covers the  
13 costs, part of the costs of tuitions and fees of people  
14 who go to college, up to a \$1000 of it in my  
15 understanding is refundable.

16 If somebody decides they are not going to go to  
17 college, did we raise their tax because they did not take  
18 the American Opportunity Tax Credit? That's ridiculous.

19 And that is what our colleagues are suggesting is a  
20 tax increase. Now, it is not a tax increase if a person  
21 decides they do not want to buy an Obamacare plan and as  
22 a result, we do not send a payment to an insurance  
23 company.

24 That is what this is about. That is what the  
25 Advanced Premium Tax Credit is. It is a payment to an

1 insurance company if a person chooses to participate in  
2 the program. If they decide not to participate in the  
3 program, we do not send the payment to the insurance  
4 company. That is a tax increase? It is actually a tax  
5 cut.

6 And let me just show this chart that depicts this.  
7 And we will make sure everybody has got one if you do not  
8 all ready.

9 This simply shows the effect on taxpayers by  
10 cohorts, by income cohorts with the insurance company  
11 payments put aside. And it shows that each and every  
12 single income cohort has a substantial tax increase.  
13 What this reflects is the reality that the family is  
14 going to experience. They are going to owe less money to  
15 Uncle Sam.

16 And if somebody decides that they want to  
17 participate in Obamacare, then again, we do not make any  
18 change in that whatsoever and the premium tax credit goes  
19 as it would otherwise go forward. But if they decide  
20 they cannot afford that, we are going to give them the  
21 tax benefit of not penalizing them anymore and then we  
22 will not send a payment to the insurance company. It has  
23 no effect on them.

24 This is the chart that reflects the tax reality for  
25 working-class and middle-class families and everybody

1 else. And virtually everybody and every single cohort in  
2 every single year has a savings. And that is the  
3 reality.

4 Senator. What year is that?

5 Senator Toomey. Thank you, Mr. Chairman.

6 Senator Wyden. Mr. Chairman, just very quickly to  
7 respond --

8 Senator. Could somebody tell me what year that is?

9 The Chairman. Wait, wait, wait. Now, look, we are  
10 not going to have a free for all here today. This is  
11 going to be run in a fair but responsible manner.

12 Senator. Mr. Chairman?

13 The Chairman. I do not think we did it, yesterday,  
14 very well. Now we will turn to the Ranking Member first.  
15 Then we will go back and forth.

16 Senator Wyden. And I will take only 30 seconds  
17 because my colleagues have been waiting.

18 The Chairman. Okay.

19 Senator Wyden. I have never heard a Senator try to  
20 psychoanalyze a Joint Committee on Taxation table. But  
21 at the bottom of page 6, colleagues, it is all there in  
22 black and white.

23 You make under \$75,000 and according to the table --  
24 going through every group -- they pay more in taxes. And  
25 anybody who wants to try to psychoanalyze otherwise, it

1 is their constitutional right, but the table is  
2 indisputable. Senator. Mr. Chairman?

3 The Chairman. Let me just see, is there anybody on  
4 this side want to answer that?

5 Senator Crapo?

6 Senator Crapo. Yes, thank you, Mr. Chairman.

7 Look, it is correct that the table the Ranking  
8 Member is reading from has that number on it, but it is  
9 also correct that no American who is attributed a tax  
10 increase by that number is paying it. It is a payment to  
11 an insurance company, and it is a payment that every  
12 American who is on that chart could choose to take if  
13 they wanted to.

14 The bottom line is, if you look at the tax liability  
15 of the people that you are talking about, saying they are  
16 getting a tax increase here, and just calculate out their  
17 tax liability, whatever it was before this bill and  
18 whatever it will be under this bill, their tax liability  
19 is going down. The examples that Senator Toomey made are  
20 accurate. You could come up with a number more.

21 If somebody qualifies for food stamps and chooses  
22 not to apply for them, did we take away their money? No.  
23 If somebody qualifies for any of the other government  
24 programs, somebody qualifies for Medicaid but chooses not  
25 to sign up for Medicaid, did we give them a tax increase?

1 No.

2 And no matter how you try to characterize it,  
3 exactly what is reflected on these charts is the fact  
4 that people who are required by law to pay a penalty for  
5 not buying insurance and are, under this bill, relieved  
6 of paying that penalty are then going to have the choice  
7 as to whether to buy insurance or not buy insurance. But  
8 they now know they do not have to pay a tax penalty if  
9 they do not. And if they choose not to, that does not  
10 mean their taxes went up. There is not one dollar  
11 taken away from them if they make that choice. This bill  
12 does not take one dollar away from them or charge them  
13 one dollar more no matter what the way that our  
14 conventions about scoring refundable tax credits say.

15 Senator Cardin. Mr. Chairman?

16 The Chairman. Senator Cardin?

17 Senator Cardin. Mr. Chairman, I listened on  
18 Monday, Tuesday and Wednesday as my Republican colleagues  
19 pointed to the Joint Tax Committee distributional chart  
20 as evidence that this bill helped middle-income families.

21 Now, I also heard my Republican colleagues dis the Joint  
22 Committee on their revenue estimates, saying that they  
23 were wrong and the \$1.5 trillion would not be there when,  
24 in fact, we know it is going to be more than \$1.5  
25 trillion because a lot of this is temporary in nature and

1 will be a greater deficit than \$1.5 trillion.

2 Now we have the Joint Tax analysis that shows that  
3 middle-income families will actually see their taxes go  
4 up, not down as effective rates. Yet high income  
5 families, they do fine. They do fine.

6 Now I heard the Chairman talk, well, this is their  
7 own behavior. It is interesting that the \$180 billion we  
8 are talking about that comes out of middle-income  
9 families on the health care subsidies, the majority used  
10 that money in the Chairman's modified Mark. They used it  
11 to make certain changes that are reflected in the  
12 distributional charts.

13 So you are saying, no, we are not going to count the  
14 behavior on the health care in the distributional charts,  
15 but when you take that revenue that is not going to be  
16 spent and use it to make the distributional charts look  
17 better. How hypocritical can you be to do that?

18 Voluntary action -- people make decisions,  
19 businesses make decisions as to how they are going to  
20 spend their money. That decision affects their tax  
21 liability. You are not challenging that.

22 Look, let us at least have some decency to respect  
23 the professional work that has been done here, and call  
24 it the way it is. What this modified Mark will mean is  
25 that middle-income families are going to pay more.



1 Higher-income families are going to pay less. You have  
2 targeted the relief to help the wealthy and the middle-  
3 income families are going to get stuck with it.

4 But now when you are saying voluntary activity, a  
5 person makes a voluntary charitable contribution. That  
6 affects their tax returns. The Joint Tax Committee has  
7 to make certain assumptions as to what is going to  
8 happen.

9 I do not think you are challenging their  
10 assumptions, because you have taken that \$180 billion  
11 under the affordable care act and you spent it. You also  
12 took the money with less people in Medicaid and you spent  
13 it.

14 The Chairman. Senator, your ten minutes is way up.  
15 Let me call on Senator Cornyn.

16 Senator Cornyn. Thank you, Mr. Chairman.

17 The Chairman. After Senator Cornyn finishes, we  
18 are going to go back and forth.

19 Senator Cornyn. Thank you, Mr. Chairman

20 I found since I have been in the senate the more  
21 shouting that goes on, the more tenuous the ground of the  
22 Senator is on, and I think that is the case here today.  
23 We flatly deny, disagree with the accusations made by my  
24 friend from Maryland and the Ranking Member.

25 Let me just ask -- could I ask Mr. Barthold, what is

1 the income threshold for let us say a single mom with two  
2 children? What is the income threshold that has to be  
3 achieved before they will actually pay any income tax at  
4 all?

5 Mr. Barthold. The standard deduction for a head of  
6 household, which is what you are describing, Senator  
7 Cornyn, is \$9,000 -- let us just approximate \$9,000, and  
8 each personal exemption is \$4,050. You said there were  
9 three, so that is \$12,150. So we are saying  
10 approximately the first \$21,000 of income for that  
11 household is exempt from tax before calculating any  
12 benefit that the household might receive, assuming it is  
13 a working mother in your situation from the Earned Income  
14 Tax Credit and the refundable portion of the Child Tax  
15 Credit.

16 Senator Cornyn. So what is --

17 Mr. Barthold. So in fact, more income would  
18 effectively be not taxed by reason of those credits.

19 Senator Cornyn. So did I understand correctly  
20 \$33,000 roughly under this circumstance that would be tax  
21 free? Do I understand that correctly?

22 Mr. Barthold. Well, let us see, there is --

23 Senator Cornyn. You said 20 --

24 Mr. Barthold. A thousand dollars of tax credit,  
25 the person would be in the 10 percent bracket, so there

1 is \$3,000 of Child Tax Credit. So that would -- so that  
2 would -- let us see. I hate doing this on the fly.

3 Senator Cornyn. You are doing better than I could.

4 Mr. Barthold. Yes. No. So if we had another --  
5 you said another \$33,000 -- so another \$13,000 worth of  
6 taxable income, most of it in the 10 percent bracket,  
7 would be only \$1,300 of income tax before claiming the  
8 Child Tax Credit. So the \$33,000 worth of income, this  
9 individual should have no tax liability under present  
10 law.

11 Senator Cornyn. Okay. So --

12 Mr. Barthold. Sorry to be confusing.

13 Senator Cornyn. So the single mom with two  
14 children earning \$33,000 a year would pay zero tax before  
15 this legislation -- current law?

16 Mr. Barthold. Under present law, rough  
17 calculation. Senator Cornyn. Under the Chairman's  
18 modified Mark, how much would be the income tax  
19 responsibility of that same single mom with two children?

20 Mr. Barthold. No change there.

21 Senator Cornyn. You are -- wait a second.

22 Mr. Barthold. There might be some changes in the  
23 refundable portion. No change.

24 Senator Cornyn. You are kidding. Our colleagues  
25 over here are claiming that we are somehow targeting

1 individuals like this single mother of two kids saying we  
2 are going to raise her taxes to benefit multinational  
3 corporations when, from what you have told me, her tax  
4 liability under current law is zero and after this bill  
5 passes, her tax liability will be zero.

6 Thank you.

7 The Chairman. Is that accurate?

8 Mr. Barthold. The income tax liability for the  
9 household that Senator Cornyn described should be zero  
10 under present law, and under the Chairman's Mark as  
11 modified.

12 The Chairman. Well that is the point he is making,  
13 is it not?

14 Mr. Barthold. I believe that was his point, sir.

15 The Chairman. -- distinction of some of the  
16 outrageous claims by the other side.

17 All right. We will go back and forth, five minutes.  
18 Senator Stabenow?

19 Senator Stabenow. Well, thank you, Mr. Chairman.

20 First, a comment and then a question -- this bill  
21 just gets worse and worse and worse. It was trickledown  
22 economics on Monday, and then it got worse and more  
23 people were going to have to pay more on Tuesday, plus --  
24 now people losing health insurance and now today it is --  
25 well actually this is Thursday, right? I guess. Which

1 day is it? They all bleed together.

2 But the fact is that today we now see the worst yet  
3 in terms of the numbers. And I guess the broad point I  
4 would make is no matter how you cut this, this bill is  
5 about trickledown economics. It is about giveaways for  
6 the wealthiest Americans, multinational corporations.

7 Most people, people under \$75,000 a year, will pay  
8 many -- pay more in taxes and many, many people will lose  
9 their health insurance. So you lose your health  
10 insurance to give trickledown tax cut to the wealthiest  
11 among us or you pay more taxes so that those who are the  
12 wealthiest among us will be able to get another supply  
13 side tax cut. Every piece of this bill is skewed to the  
14 wealthy and those at the very, very top and the very,  
15 very largest corporations, wealthiest individuals, every  
16 single piece of it.

17 And now we know that within three years, 2021, the  
18 latest version gives families earning less than \$30,000 a  
19 year a tax increase. Altogether \$6 billion spread out  
20 among taxpayers while millionaires and billionaires get a  
21 \$28 billion tax cut. That is what the Joint Committee on  
22 Taxation has given us in terms of numbers. So every day  
23 this bill gets worked on, it gets worse and worse for  
24 middle-income and working-class people.

25 So let me just ask a question regarding the Child

1 Tax Credit. And by the way, I should say that the  
2 personal exemption is eliminated in this bill so that if  
3 you have more than one child, you are going to be  
4 penalized. If you are a family of two children, three  
5 children, four children, that personal exemption is gone,  
6 which means you start in a hole.

7 But the Child Tax Credit to me is another example of  
8 how this is skewed to the top and trickledown economics.  
9 The current Child Tax Credit, Mr. Barthold, is \$1,000,  
10 correct?

11 Mr. Barthold. That is correct, Senator.

12 Senator Stabenow. And the new version is \$2,000,  
13 correct?

14 Mr. Barthold. That is correct.

15 Senator Stabenow. Which sounds good. How much of  
16 that is refundable?

17 Mr. Barthold. Under the Chairman's modified Mark,  
18 \$1,000 remains refundable and that is indexed.

19 Senator Stabenow. Okay.

20 Mr. Barthold. Which is a change from current law.

21 Senator Stabenow. So there is an increase, but if  
22 you are a working family, the mom that was just talked  
23 about, you will not benefit from that increase. But you  
24 know who benefits from that increase? They raise the cap  
25 on the income of the households that can benefit from the

1 Child Tax Credit five times higher, five times higher,  
2 \$500,000.

3 So the working mom who now, under this analysis,  
4 earning less than \$30,000, may see a tax increase, may  
5 have more difficulty getting health insurance, but she is  
6 not going to benefit from this child tax credit any more  
7 than she does now, maybe a tiny bit because of the  
8 indexing. But the folks that will benefit is somebody  
9 making a half a million dollars.

10 So every piece of this bill, unfortunately, in the  
11 fine print goes back to the same thing. It is skewed to  
12 the wealthy and the well-connected and it is trickledown  
13 economics, which has never worked. Just ask the folks in  
14 the state of Kansas where after the disaster they had  
15 there, a bipartisan group of Democrats and Republicans  
16 had to come back and repeal the whole thing, because it  
17 was hurting families in their state.

18 Thank you, Mr. Chair.

19 The Chairman. Senator Warner, we understand you  
20 are next.

21 Senator Warner. Thank you, Mr. Chairman.

22 I guess I just want to make three quick points.

23 One, with all due respect, if we are assuming that  
24 individuals are not going to make rational economic  
25 choices in their own best interests in terms of receiving

1 benefits that are available, I agree they are volunteer.

2 I guess then I would say should we also make those  
3 assumptions that businesses are going to not choose the  
4 expensing opportunities, that businesses are not going to  
5 choose to immediately write off their R&D expenses?

6 We get ourselves into a land of hypotheticals that I  
7 think are -- really do not get us there, and  
8 consequently, you guys -- JCT, you have got a hard job.  
9 You have got to assume rational behavior. I think a  
10 business would make a rational choice. We think an  
11 individual would make a rational choice.

12 So I respectfully completely disagree with some of  
13 my friends on the other side that people are not going to  
14 act that way, and has been made mention by other folks on  
15 this side, you cannot argue people -- that there is not  
16 going to be this loss when you then use the dollars for  
17 other purposes of folks who make choices -- presuming  
18 that people are not going to make rational choices to  
19 take their subsidies or other benefits from the  
20 government.

21 Also, I heard one of my colleagues make mention of -  
22 - putting out a hypothetical that said this individual  
23 with three children -- and because I think our tax code  
24 under current and future proposals does try to take care  
25 of those. I guess I would ask Mr. Barthold, using your



1 numbers, if a young man in Dallas Texas, a young  
2 struggling entrepreneur trying to get his business  
3 started in Dallas, and he makes \$29,000 in 2027, I  
4 believe based on your charts he is going to see a 25.4  
5 percent increase in his taxes from where they were at  
6 least in 2019. Is that not a correct assumption?

7 Mr. Barthold. We are looking at 2027?

8 Senator Warner. Yes, sir. I am looking at page 5.

9 Mr. Barthold. Okay.

10 Senator Warner. So this young, single entrepreneur  
11 who is trying to make a business -- entrepreneur self,  
12 failed a few times. I have lived in that tax bracket.

13 But based on the proposal of where he might be in  
14 2018-2019 if this bill goes through, and then happens in  
15 2027, is he not going to see a 25 percent increase in his  
16 taxes?

17 Mr. Barthold. It depends. Twenty-five percent for  
18 a specific individual depends on the specifics of --

19 Senator Warner. All right, but I am giving --

20 Mr. Barthold. -- the change --

21 Senator Warner. Not somebody with three kids, not  
22 a single mom. This is a young entrepreneur in Dallas,  
23 Texas trying to make things -- am I misreading any of  
24 your charts?

25 Mr. Barthold. The only clarification I was trying

1 to make, Senator, is that the specifics -- when you say a  
2 single individual, entrepreneur, \$29,000 in income, that  
3 is one of many of actually millions of people in there in  
4 different circumstances. The total that we report there  
5 is the aggregate change in tax -- attributable to that  
6 income.

7 [Simultaneous speech.]

8 Senator Warner. -- tax liabilities. The point  
9 being if we created an example that says the single mom  
10 that is struggling with three kids, maybe she is going to  
11 -- as you pointed out -- not going to have tax liability.

12 Well if you have got a 25.4 percent blended increase  
13 on that cohort, then someone -- I was just trying to pick  
14 an example that would seem to have the least amount of  
15 other deductions -- is going to see a big hit.

16 Mr. Barthold. Okay. And this would reflect --  
17 just to maybe be more precise, what this reflects is in  
18 the Chairman's modification there is the modified  
19 indexing. So that means that the tax brackets, the  
20 values of the personal exemption which would be back in  
21 effect under present law because of the sunset, that they  
22 are lower than they would be under present law.

23 Senator Warner. I do not want to abuse the  
24 Chairman's time, but I just want to say we could all show  
25 examples, but I think you are the referees. And I think

1 we have to count on the referees.

2 My last point, Mr. Chairman, very briefly, is just  
3 that if we are going to end up -- and you have made the  
4 point, and unfortunately since I have been here we have  
5 done this. And I remember a few years back -- I want to  
6 give you and the Ranking Member credit. I thought we  
7 were going to vote on the final time of extenders.

8 Well, we have created a whole new bucket of  
9 extenders by this "gimmicks" being used. Not my words,  
10 the Committee for a Responsible Federal Budget. I,  
11 again, just want to introduce, if I could, into the  
12 record their analysis which -- this group that most of us  
13 on both sides have supported -- that really say this  
14 added to the debt about \$2.2 trillion when you presume  
15 that when these popular benefits expire, we are going to  
16 extend them.

17 We ought to be straight with the American people.  
18 Adding \$2.2 trillion, that includes the additional  
19 interest charges. That is, I believe, a much more  
20 accurate number of what we are doing to the debt index.

21 The Chairman. Senator Warner, your time is way  
22 expired.

23 Senator Warner. Thank you, Mr. Chairman.

24 The Chairman. Let me call first Senator Toomey and  
25 then Senator Portman.

1           Senator Toomey.    Thank you, Mr. Chairman.

2           The Chairman.    Each no more than five minutes.

3           Senator Toomey.    To my colleague from Virginia, I  
4 do not think anybody here is suggesting that people are  
5 not going to make rational choices.  People will make  
6 rational choices.

7           What I am pointing out is the bizarre anomaly of the  
8 way we require Joint Tax to account for them.  That is  
9 what is so misleading about what you guys are alleging  
10 here.

11          So the Senator from Michigan seemed to suggest that  
12 every iteration of this is getting worse.  These  
13 iterations are getting better and better for working  
14 families, middle-class and in every cohort.

15          So, Mr. Barthold, let me ask you a couple of  
16 questions, if I could.  And I want to focus on taxes that  
17 people actually have to pay, not payments that the  
18 federal government makes to insurance companies.  So let  
19 us not focus on payments that my colleagues are absurdly  
20 suggesting is a tax increase.

21          If you look at the actual taxes that are actually  
22 paid by human beings, and I look at the chart that was  
23 produced on November 11th, I see reductions in every  
24 single cohort, every income cohort.  Let us take, for  
25 instance, the \$20-\$30,000 cohort.  The number on my sheet

1 here is a seven percent average reduction in taxes. Do  
2 you see that number?

3 Mr. Barthold. Which year, Senator Toomey?

4 Senator Toomey. I am sorry, 2023.

5 Mr. Barthold. The Senator is referring to JCX 53?

6 Senator Toomey. Right.

7 Mr. Barthold. -- which was the distribution  
8 analysis for the underlying Chairman's Mark. Yes, in the  
9 \$20-30,000 we had estimated that the total taxes  
10 collected attributable to that income group would fall by  
11 7 percent.

12 Senator Toomey. Right. And it falls in all the  
13 brackets.

14 Senator. The original.

15 Mr. Barthold. He is on page 3 of JCX 53-17, which  
16 was the distribution of the Chairman's Mark before the  
17 modification.

18 Senator Toomey. Which simply illustrates, contrary  
19 to what we have been hearing all week long, that every  
20 middle-income tax cohort has a tax cut on average.

21 Senator Toomey. And then again, putting aside the  
22 payments that the federal government makes to insurance  
23 companies, which is ridiculous to consider taxes, I know  
24 you ran a set of numbers, exclusive of that dynamic. I  
25 have got a chart up here for the calendar year 2023.

1 That is the Joint Committee on Taxation November 16th,  
2 2017, D-17-52.

3 Mr. Barthold. Yes, Senator Toomey, you and the  
4 Chairman had asked if we could distribute the effects of  
5 the mark as modified absent the zero rated individual  
6 mandate penalty --

7 Senator Toomey. Right, and when you then --

8 [Simultaneous speech.]

9 Mr. Barthold. -- all effects of that.

10 Senator Toomey. Right. And when you look at the  
11 \$20-\$30,000 income cohort, the average savings now is not  
12 the 7 percent it was before, but it is 9.5 percent.

13 Mr. Barthold. That is correct, Senator.

14 Senator Toomey. And actually, every single cohort  
15 has a larger savings which is to say a bigger tax cut  
16 under this more recent version than the previous version.

17 Right? Mr. Barthold. That is correct in --

18 Senator Toomey. So contrary to what our friend  
19 from Michigan said, actually --

20 [Simultaneous speech.]

21 Senator. Mr. Chairman, do we have this document?

22 Senator Toomey. -- every iteration is getting  
23 better.

24 Senator. Do we have this document? I am just  
25 trying to follow.

1 [Simultaneous speech.]

2 Senator Toomey. You should have it.

3 Senator. I do not believe we do, sir.

4 Senator. I do not believe it was given to us.

5 Mr. Barthold. Senator Toomey, it was not a public  
6 document. You had requested it separate analysis. I can  
7 provide -- I will have it provided to all the Members.

8 Senator Toomey. I had no idea that this was not  
9 being distributed. And I put it on a chart. This is how  
10 big a secret I wanted to keep.

11 [Simultaneous speech.]

12 Senator. I cannot read it.

13 Senator. My eyes are not as good as yours.

14 Senator Toomey. I get that. And my glasses work  
15 well. I will help with you that.

16 But listen, the fact of the matter is what we have  
17 done in the latest version is further reduce -- and there  
18 is no mystery about how. Again, Mr. Barthold, what are  
19 some of the devices that were used to further reduce the  
20 tax burden for middle- and working-class families? For  
21 instance, did we increase the child tax credit?

22 Mr. Barthold. In the Chairman's Mark as modified,  
23 you increased the tax credit from \$1,650 to \$2,000.

24 Senator Toomey. Any other changes that had the  
25 effect of reducing taxes?

1           Mr. Barthold.    You also changed -- the original  
2 Mark had tax brackets of 22.5 percent, 25 percent, 32.5  
3 percent in sort of the middle brackets.  Each of those  
4 you reduced to 22 percent, 24 percent, and 32 percent  
5 respectively.

6           Senator Toomey.   So we lowered rates --

7           Mr. Barthold.    Lowered rates.

8           Senator Toomey.   -- on working- and middle-income  
9 families.  We increased the child tax credit for these  
10 families.  And that is why, unsurprisingly, the tax  
11 burden in this iteration is lower still, a bigger savings  
12 for middle-income families.

13          The Chairman.    All right.  Senator Portman?

14          Senator Portman.   Thank you, Mr. Chairman.

15          If I were watching this from the real world, not  
16 from this podium, I would wonder how this all squares  
17 because we are hearing very different messages.  Let me  
18 just make one obvious point, I hope.

19          When the Ranking Member, Senator Wyden and more  
20 recently Senator Warner talked about 2027, which is 10  
21 years from now, and what the effect is going to be on  
22 middle-class families, they were talking, of course,  
23 about after the proposal is sunset.  And so Senator Wyden  
24 went to page 6 and talked about 2027 and said that he was  
25 concerned that taxes went up for individuals.



1           Well yes, they go up because the tax cuts that we  
2           are putting in place with this proposal end. So if you  
3           are watching and wondering how could both these things be  
4           true, that there are middle-class tax cuts, as Mr.  
5           Barthold just said, from today until ten years from now,  
6           but somehow in ten years from now, taxes go up. Yes,  
7           that is true because it sunsets.

8           So my friend, Senator Warner talked about the  
9           entrepreneur in Texas and he referred to the chart of  
10          2027. Yes, that is true. Of course, the taxes go up  
11          because under the budget rules within which we have to  
12          operate here, there cannot be even a penny of deficit as  
13          scored on a static basis in the second ten years. And so  
14          we sunset those tax cuts that are substantial between now  
15          and then for that individual you are talking about  
16          because of these budget rules.

17          And Mr. Barthold, is it true that in 2027 the  
18          difference you see in these charts -- and again, I will  
19          refer you to the chart that Senator Wyden asked us to go  
20          to, page 6 of JCX 58-17. If you look at that, you will  
21          see there is substantial tax relief until that last year,  
22          2027. Look at the bottom chart, all taxpayers. Is that  
23          accurate that there is tax relief until the 2027 year?

24          Mr. Barthold. Yes, Senator Toomey.

25          Senator Portman. I am Senator Portman, but --

1 Mr. Barthold. Portman. I am sorry.

2 Senator Portman. I appreciate the compliment.

3 [Laughter.]

4 Senator Portman. So thank you, John. I mean tom,  
5 sorry.

6 [Laughter.]

7 Senator Portman. So I just -- for the folks in the  
8 real world watching this, that is what we are talking  
9 about here.

10 Now, every member of this panel, including the  
11 Democrats have the opportunity to strike that sunset. If  
12 they want to offer an amendment to say let us not have  
13 this sunset, let us not sunset this legislation after ten  
14 years because we want to continue this substantial tax  
15 relief that we are providing under this bill, we have the  
16 opportunity to do that on the floor of the United States  
17 Senate.

18 And it was indicated yesterday that, perhaps, one of  
19 our colleagues is going to do that. And if so, this will  
20 not be an issue. The tax relief will continue.

21 But again, if I were watching I would be kind of  
22 confused. The other part I might be confused about is  
23 this notion that in the lower bracket, \$10,000 to  
24 \$20,000, \$20,000 to \$30,000, there has been the argument  
25 made here that there is a tax increase. That tax

1 increase is because of the expiration of the individual  
2 mandate as was talked about it.

3 But let me just try to put it as plainly as  
4 possible. These are people who do choose -- Senator  
5 Warner is absolutely right. People are rationally going  
6 to make their choices, and the Joint Committee on  
7 Taxation is supposed to reflect that rational choice.  
8 People are going to say, you know what, I would rather  
9 not take this Affordable Care Act Health Care Plan even  
10 though I get a tax credit if I do it because I will have  
11 other costs attendant to that.

12 Some people get more of a premium credit than  
13 others. Some people are going to have copays. Some  
14 people are going to have deductibles that are higher. So  
15 I am choosing not to take that.

16 Tom Barthold and the Joint Committee reflects that  
17 as a tax increase. It is a choice by people not to  
18 accept the tax credit because they would rather, as a  
19 rational human being, make a decision, not have the other  
20 costs associated with that.

21 So I mean that is why I just hope as you are  
22 watching this and listening to what we are saying, it is  
23 a decision. It is a policy decision. And I would hope  
24 that the bottom line is recognized, which is that this  
25 provides substantial tax relief, particularly, to middle-

1 class families. And that tax relief is going to be  
2 across the board in every single different group of  
3 taxpayers as is indicated on these charts, as Tom  
4 Barthold has confirmed time and time again, again today.

5 And that means that the promise that we have made that  
6 there will be relief for middle-class families that are  
7 feeling the stress, higher expenses, flat wages, middle-  
8 class squeeze are going to get substantial relief. In  
9 Ohio it is about \$2,400 for a family at the median  
10 income.

11 Thank you, Mr. Chairman.

12 The Chairman. [Off mic.] Thanks, Senator.

13 Senator McCaskill, then we will wind up here.

14 Senator Wyden. [Off mic.] Senator Bennett --  
15 Senator Nelson --

16 The Chairman. [Off mic.] Okay. Senator McCaskill  
17 is next, and then we are going to come back to --

18 Senator Wyden. [Off mic.] Okay. Senator  
19 McCaskill and Senator Bennet.

20 The Chairman. [Off mic.] We will turn to Senator  
21 McCaskill now. Then we will go to Senator Heller, and  
22 after that --

23 Senator Wyden. Great.

24 Senator McCaskill. Thank you.

25 Going to 2027, ceding Senator Portman's point that

1 the personal tax, individual tax cuts expire there, but  
2 let us look at what happens in 2027.

3 Mr. Barthold, is it not true based on the last  
4 distribution table that you have given us that while  
5 taxes go up for people with \$100,000 of income or less in  
6 2027, they continue to be lower for everyone over  
7 \$200,000?

8 Mr. Barthold. Senator McCaskill, that is correct  
9 in the total table, and you can see the components on  
10 page 6 in the two sub tables above.

11 Senator McCaskill. Right. So the point is that  
12 even when the individual goes away, the millionaires are  
13 still paying less taxes. Folks that make \$500,000 to \$1  
14 million are still paying less taxes. It is only the  
15 bottom folks that end up paying more, assuming these  
16 individual rates are not -- and then let us look at  
17 another diagram.

18 On year 2021, based on the distribution table,  
19 federal taxes paid in -- people between \$20,000 and  
20 \$30,000 under the present law pay in \$22 billion in  
21 taxes, \$22.5 based on your chart. On page 2, year 2021 -  
22 - people between \$20,000 and \$30,000, nothing has expired  
23 yet, they pay \$22.5 billion in taxes now. They are going  
24 to pay \$25.5 under this proposal, \$3 billion more,  
25 correct?

1           Mr. Barthold.    That is the consequence of --  
2           predominantly of the change in the premium credit  
3           subsidies.

4           Senator McCaskill.    And CPI.

5           Mr. Barthold.    And CPI.

6           Senator McCaskill.    Okay.   For millionaires -- they  
7           are going to pay 671 under the current law and they are  
8           only going to pay 643.   So they get to pay \$28 billion  
9           less in 2021 while people between 20 and 30 have to pay  
10          \$3 billion more.

11          Now, let us look at the last one, 2025.   It is  
12          really stark here.   If you add up the numbers of the  
13          federal taxes paid by people who make \$30,000 or less,  
14          they are going to pay \$4 billion more in 2025 based on  
15          this proposal -- 27.2 is going to 31; -4.7 is going to -  
16          .9; 5.9 is going to 6.1.   So that is a total of \$4  
17          billion more they are going to pay.

18          But if you add up everybody who makes more than  
19          \$200,000, they are going to pay \$90 billion less.   If you  
20          add up how much taxes they pay presently, 943.3, 200 to  
21          500 -- follow with me guys -- 889 under this proposal;  
22          500 to a million, they pay \$321 billion in taxes.   Under  
23          this proposal they are going to pay 301.   A million and  
24          over, they pay 780 now.   They are going to pay 764 under  
25          this proposal.

1           So in 2025 -- let me make sure everybody understands  
2 this -- people making less than \$30,000 a year are going  
3 to pay \$4 billion more in taxes while people who make  
4 \$200,000 and over are going to pay \$90 billion less.  
5 That is what we are talking about. That is what is wrong  
6 with this bill. That is why we are offended at all of  
7 these things that are skewed toward the people at the top  
8 of the income charts.

9           And if anybody is confused about the numbers I just  
10 did, I am happy to walk them through it, but I added them  
11 up myself and I used to be an auditor.

12           Thank you, Mr. Chairman.

13           Senator Heller. Mr. Chairman, thank you. And  
14 thanks for this hearing.

15           I -- listening to the previous speaker wondering if  
16 -- what her point is. To make all these rates -- make  
17 all of these rates permanent? I will join you on that if  
18 you want to make these individual rates permanent. If  
19 that is what your --

20           [Simultaneous speech.]

21           Senator McCaskill. I would love to work in a  
22 bipartisan way to lower the corporate rate, --

23           Senator Heller. I do not think there is anybody on  
24 this --

25           Senator McCaskill. -- help child tax credit --

1           Senator Heller.    There is not anybody on this side  
2 that is going to disagree --

3           Senator McCaskill.  I think there is a group of us  
4 who would love to get together and do that.

5           Senator Heller.    With making these personal rates  
6 permanent.

7           But I want to go on the theme of --

8           Senator McCaskill.  -- this thing first.

9           Senator Heller.    -- of my friend, Senator Portman  
10 in that if you are watching this on TV, outside listening  
11 to the other side of the aisle argue against themselves,  
12 it is pretty fascinating.

13           I listened to my friend from Michigan talk about how  
14 those less than \$30,000 a year are going to be paying  
15 more taxes.  And we just had JCT tell us that they will  
16 not be paying more taxes.  Then my friend from Virginia  
17 said he agrees with JCT that they will not be paying more  
18 taxes because that is the facts.  Now I listen to my  
19 friend from Missouri, and now she is saying under \$30,000  
20 you are paying more taxes.

21           Which is it?  I want to hear from the other side  
22 what is it?  The fact is -- and I will tell you what it  
23 is.  If you are making less than \$30,000 a year under the  
24 current tax system, you are not paying taxes.  And that  
25 was well-documented by the Majority Whip.  And under this



1 new -- under this new tax system that is being presented  
2 today, you still will not be paying taxes.

3 So to listen to -- time and time again, I know we  
4 wear ear plugs around here, and that is the key because  
5 you have got your talking points in front of you. But  
6 the fact of the matter is Mr. Barthold was very upfront  
7 on this and said, under the current system if you make  
8 less than \$30,000 a year today, you do not pay taxes.  
9 You do not have a federal liability. Under the new --  
10 the new bill that we have in front of us today and you  
11 make \$30,000 or less, you still will not be paying  
12 additional taxes.

13 So maybe I should ask this question one more time.  
14 Mr. Barthold, is there anything under this legislation  
15 that would prohibit an individual from receiving federal  
16 assistance to help them afford coverage?

17 Mr. Barthold. Senator Heller, the Chairman's Mark,  
18 as modified, makes no changes to the credits available  
19 under 36-b, the Advance Premium Subsidy Credit.

20 Senator Heller. If you make \$30,000 or less today  
21 under the current system, do you have a federal  
22 liability?

23 Mr. Barthold. Again, individual specific case, if  
24 we return to Senator Cornyn's example --

25 Senator Heller. A mother with two children?

1           Mr. Barthold.   None.

2           Senator Heller.   None. Under the bill that is in  
3 front of us today, would that same individual have a tax  
4 liability?

5           Mr. Barthold.   That same individual would have no  
6 tax liability.

7           Senator Heller.   Mr. Chairman, I am getting tired  
8 of listening to individuals talk about those who make  
9 \$30,000 or less and having their taxes increase. That is  
10 absolutely absurd and not true.

11           So if we could go on to other portions of this  
12 particular piece of legislation, I am willing to listen,  
13 but to continue to beat on that point is literally  
14 untrue,   Simply because -- simply because you choose --  
15 because you choose not to take the individual mandate is  
16 not a tax increase.

17           I can tell you stories after stories back in my  
18 state that was hit hard by the recession of individuals  
19 that lost their jobs and were told that they could pick  
20 up unemployment insurance and they said, you know by my  
21 boot straps I am going to pick myself up. We are going  
22 to work hard. We are going to find a job, chose -- chose  
23 themselves not to take unemployment insurance.

24           None of them believe that their taxes were raised on  
25 them. There is none of them out there, and I have talked

1 to hundreds of people in Nevada that chose not to take  
2 unemployment insurance during the depth of the recession.

3 Yet, everybody on the other side over here is saying  
4 they got their tax increased. That is what you are  
5 saying.

6 I want to make one other point before I finish, and  
7 I want to thank my friend from Virginia for his indoor  
8 voice. I want to thank you for your indoor voice, and I  
9 hope the others on that side of the panel will use that  
10 as an example -- as an example of how we can have a  
11 decent discussion back and forth. Thank you for that.

12 Mr. Chairman, I am done.

13 Senator Stabenow. Mr. Chairman, a point of  
14 personal privilege, if I might, just for a moment.

15 My comments have been -- a number of folks have  
16 referenced comments. I would like to just ask one  
17 question of Mr. Barthold given the fact that my comments  
18 have been referenced on a number of times.

19 The Chairman. I want to keep this in a regular  
20 order.

21 Senator Stabenow. I know, but as a point of  
22 personal privilege, I --

23 [Simultaneous speech.]

24 The Chairman. The next person up was Senator  
25 Bennet.

1           Senator Stabenow.    Might I take 30 seconds from --  
2   I have -- Mr. Chairman, I just know that in looking at  
3   these charts just for record, 2021 the new version of the  
4   bill -- families earning less than \$30,000 a year a net  
5   tax increase of almost \$6 billion according to JCT.

6           Thank you.

7           Senator Bennet.    Thank you, Mr. Chairman.

8           I will clear this up later, but Mr. Barthold's  
9   answer to Senator Warner was very clear that there was a  
10  circumstance where there is a tax increase.

11          Look, this is supposed to be a tax bill.  It comes  
12  on the heels of two attempts to try to repeal the  
13  Affordable Care Act.  The Republicans decided to put  
14  health care into this bill, and the result of that is  
15  that at least 13 million people are going to lose their  
16  health insurance.

17          Speaking of real life and in real Colorado, I was  
18  recently this summer in Frisco, Colorado where I went to  
19  visit the health clinic there.  It is a rural part of our  
20  state.  And I asked what the payer mix at the health  
21  clinic was.  Thirty-three percent was Medicaid.  Fifty-  
22  three percent was uncompensated care.

23          I said what?  What is that 53 percent?  And they  
24  said those are people that are making too much money to  
25  get Medicaid, but not enough money to get private

1 insurance. They are in the middle of the middle-class  
2 and those are the people whose insurance you are taking  
3 away with this tax bill, 13 million Americans. And the  
4 reason it shows up in the tax tables is that you are  
5 making it harder and harder for them to be able to afford  
6 insurance.

7 With respect to my friend from Nevada -- and I have  
8 a lot of admiration for him -- it is not true that people  
9 are not paying taxes. They are paying payroll taxes.  
10 They are paying state and local taxes. They are paying  
11 sales taxes, all of which are regressive -- many of which  
12 are regressive taxes.

13 And we could, in fact, you will have an opportunity  
14 today to vote for a bill here that recognizes that fact,  
15 a bill that I have with Senator Brown and Senator Casey  
16 that would actually make a profound difference in the  
17 lives of working people in this country, especially ones  
18 that are raising children. You will have a chance to  
19 vote for that. So if that is your concern, is what I  
20 have heard stated today, you will have the chance to  
21 express that in this vote.

22 But the tax tables that I have seen -- and I am  
23 happy to be proven wrong on this. The tax tables that I  
24 have seen, when you add up the state and local taxes that  
25 people pay, the payroll taxes that people pay, it is

1 roughly in proportion to what they are earning.

2 So the idea that there are a bunch of people in the  
3 country that are kind of free loading or might have some  
4 opportunity to pay more at the bottom, I think just is  
5 incorrect. I guess I would ask Mr. Barthold whether it  
6 is true that people at this level are paying lots of  
7 taxes. I will not even use that characterization -- are,  
8 paying taxes, state and local taxes, payroll taxes. That  
9 is a federal tax.

10 Senator Heller. Mr. Chairman, this is a distortion  
11 of what I said. I said federal tax liability. I did not  
12 say they do not pay federal taxes. I said federal tax  
13 liability.

14 You have got to understand. I do not understand --  
15 Senator Bennet. I hear you. I appreciate that.

16 Could -- Mr. Barthold, could you answer my question.

17 Mr. Barthold. Certainly, sir. There are many  
18 taxes levied at different levels of government and at the  
19 federal level. We have the income tax. We have payroll  
20 taxes. We have some selected excise taxes.

21 Senator Bennet. Right.

22 Mr. Barthold. And many people, particularly low-  
23 income people purchase gasoline, purchase alcoholic  
24 beverages, tobacco products.

25 Senator Bennet. Thank you. And that is federal

1 tax liability.

2 And I guess all I would say is, I enjoyed so much  
3 the chance to work with the Senator from Nevada on our  
4 Infrastructure Subcommittee from this committee. And I  
5 thank the Chairman for putting that together.

6 I really think that what all this reveals, this  
7 argument that we are having today between Senator Toomey  
8 and Senator Warner, and between me and Senator Heller,  
9 all of it suggests to me we should go back to regular  
10 order. Let us have a bipartisan approach to reforming  
11 our tax code, to reforming the corporate rate, to  
12 bringing it down. Let us do it together, and let us do  
13 it in plain sight of the American people.

14 I think they would have a lot more confidence in  
15 this process if we were doing that, especially with the  
16 Chairman and the Ranking Member leading it than they will  
17 have in a process where the numbers change from day to  
18 day and the work is done behind closed doors.

19 Mr. Chairman, I yield back 40 seconds of my time.

20 The Chairman. Well, thanks so much.

21 We will go to Senator Thune, and then we will wind  
22 it up with Senator Cantwell.

23 Senator Thune. Thank you, Mr. Chairman.

24 Mr. Chairman, and I think that in response to the  
25 Senator from Colorado's comment, I think in a lot of ways

1       our colleagues on the other side foreclosed that  
2       opportunity early on this year by sending a letter  
3       stating the conditions under which they would participate  
4       in a tax reform bill, many of which were just not  
5       feasible.

6               So let me just come back to this question that has  
7       been kind of batted around all morning, and I think with  
8       respect to federal income tax liability, the issue has  
9       been raised by Senator Cornyn, raised by Senator Heller,  
10      as well that if you have an individual with the income  
11      characteristics that was described earlier, that person  
12      would not have a federal income tax liability.

13             And I would just ask Mr. Barthold, under the  
14      Chairman's modified Mark, the standard deduction goes  
15      from what for a single and what for a married filing  
16      jointly?

17             Mr. Barthold.   Married filing joint goes from  
18      present law today \$12,700 to \$24,000.   Head of household  
19      goes from \$9,350 to \$18,000.   The single goes from -- I  
20      do not have the right numbers -- \$6,000 and a couple  
21      hundred dollars to \$12,000.

22             Senator Thune.   So you are lifting more and more  
23      people, raising the income thresholds at which somebody  
24      would have a federal income tax liability.   And then in  
25      the Chairman's modified Mark, what does the Child Tax



1 Credit which is \$1,000 per child today go to under the  
2 Chairman's modified Mark?

3 Mr. Barthold. It increases to \$2,000.

4 Senator Thune. Two thousand per child?

5 Mr. Barthold. Per child.

6 Senator Thune. And who benefits from a \$1,000  
7 increase in the Child Tax Credit distributionally if you  
8 look at the income distribution table?

9 Mr. Barthold. Well, the increase -- remember the  
10 tax credit reduces tax liability. So anyone who under --  
11 who before the Child Tax Credit would have a positive tax  
12 liability. So that is -- part of its refundable as under  
13 present law. That is everyone up and down the income  
14 level, except the area where it is phased out which the  
15 mark would set at above \$500,000.

16 Senator Thune. Right. So basically, those two  
17 basic changes are going to flow through all the income  
18 categories, income cohorts that have been talked about  
19 and when we have stated as our objective in all this, the  
20 desire to lower taxes for middle-income families, those  
21 changes would, in effect, make that happen.

22 And then we also are reducing the rates throughout  
23 the entire tax structure in a way too that I think also  
24 helps, or in many ways impacts those same income cohorts.

25 Would that be right, that they would also benefit from

1 the rate reductions that are occurring under the  
2 Chairman's modified mark?

3 Mr. Barthold. The mark maintains the 10 percent  
4 bracket, and then lowers brackets above that by having 12  
5 instead of 15; 24 instead of 25, et cetera.

6 Senator Thune. So basically, everything that the  
7 Chairman's modified mark does should accrue to people who  
8 are in those middle-income categories, those middle-  
9 income families that have been the principal  
10 beneficiaries as has been our intention with this  
11 legislation all along.

12 So it is hard to understand why our colleagues on  
13 the other side somehow think that they are not going to  
14 benefit from this. People in the lower-income thresholds  
15 who we talked about earlier who do not have a tax  
16 liability, federal income tax liability - you cannot  
17 raise taxes on people who do not have a federal income  
18 tax liability.

19 And that is for single mom, as was suggested  
20 earlier, with a couple kids in the \$30,000 to \$33,000  
21 range. So it is hard to argue that taxes are going to go  
22 up on somebody in those income categories if that is all  
23 true, and that is all true under the Chairman's modified  
24 Mark.

25 So what I would say, and I guess, and I look at the

1 distribution tables that have been distributed based upon  
2 the initial proposal, the Chairman's modified Mark, and  
3 if you look at who bears the tax burden when this is all  
4 said and done, it is very similar to today. And, in  
5 fact, people over a million dollars -- as far as I can  
6 tell, in most cases their actually share of taxes paid,  
7 burden of taxation in this country is higher than it is  
8 today.

9 So people over -- the so-called rich, the people who  
10 are in that income category are going to pay more as a  
11 percentage of total tax burden than they pay today. So  
12 it seems to me that the Chairman's modified Mark  
13 accomplishes the objectives that it set out to accomplish  
14 and that is to deliver meaningful tax relief to middle-  
15 income families all across those middle-income families.

16 I hope we can get on with it and vote on some  
17 amendments, but let us move this legislation forward and  
18 bring much needed relief to middle-income families in  
19 this country.

20 Thank you, Mr. Chairman.

21 The Chairman. I appreciate the distinguished  
22 Senator's comments because that is true.

23 We are going to wind up here with Senator Cantwell.

24 A vote has already been called. She will finish it up,  
25 and then we are going to recess until 2:30.

1           Senator Cantwell.    Thank you, Mr. Chairman.

2           And I wish -- anyway, I will take the opportunity  
3 even though I think this is a very important subject and  
4 I know we have a vote that is down to one minute on  
5 floor.

6           Mr. Barthold, the Mark repeals the Subpart F that  
7 specifies that foreign-based oil related income are  
8 subject to the current taxation. Is that correct.

9           Mr. Barthold.    That is correct, Senator Cantwell.

10          Senator Cantwell.    So how much revenue does this  
11 provision lose, this break? How much revenue?

12          Mr. Barthold.    I will have to look it up on our  
13 table.

14          Senator Cantwell.    I think it is somewhere around  
15 3.9 billion over 10.

16          Mr. Barthold.    If that is what we reported in JCX  
17 57, I agree.

18          Senator Cantwell.    Okay. So the foreign -- your  
19 comments are that the foreign-based company income  
20 consists of personal holding, company income, which  
21 includes passive income such as dividends, interest,  
22 rent, royalties of income, business operations, foreign-  
23 based company sales income, foreign-based services,  
24 foreign-based companies or related income. Are there any  
25 other categories of foreign-based company income repealed

1 in this Mark in addition to oil companies?

2 Mr. Barthold. No, Senator.

3 Senator Cantwell. Okay. So why are we assuming a  
4 revenue loss for this provision? Does JCTA believe that  
5 the oil company revenue will not be captured by the  
6 Mark's current inclusion of global and tangible low taxed  
7 income? Does drilling a well not create a global low  
8 tax intangible income?

9 Mr. Barthold. Well drilling would not necessarily  
10 create global intangible low taxed income, Senator. The  
11 estimates provided here reflect a lot of interaction  
12 between the different provisions. So I will have to -- I  
13 will have to provide you -- I do not want to waste your  
14 time by floundering here. I will -- I will provide a  
15 more detailed explanation to you separately if that is  
16 all right.

17 Senator Cantwell. Thank you. Well I think the  
18 question here is that current law was initially enacted  
19 to combat any kind of tax haven for these kinds of  
20 operations. So the committee report from which this  
21 provision was enacted stated because of complex  
22 structures, oil income is particularly suited to tax  
23 haven type activities. The net result is that petroleum  
24 companies have paid little or no U.S. tax on their  
25 foreign subsidiary operations despite their extremely

1 high revenue.

2 So if we repeal that provision, will there be  
3 foreign-based oil revenues that will never be taxed by  
4 the United States? Will we be creating a new tax haven  
5 opportunity for oil companies?

6 So my concern here is understanding why oil  
7 companies get a special deal on this. I think our  
8 colleagues would say oh, no, no, this is about this  
9 larger repatriation, but if it is, then why do we have to  
10 give this additional tax break to them and what haven are  
11 we creating by doing that? So you can take the time and  
12 come back to us but that is the concern I have with this  
13 provision. And it is a very costly provision. It is  
14 nearly \$4 billion. So it is a big cost and really want  
15 to understand the difference for oil companies, versus  
16 other companies.

17 Thank you, Mr. Chairman.

18 Mr. Barthold. I will provide you a more detailed  
19 answer.

20 The Chairman. Well thank you, Senator.

21 The committee will stand in recess until 2:30 this  
22 afternoon. We will resume.

23 [Whereupon, at 12:22 p.m., the Committee was  
24 recessed, reconvening at 2:34 p.m.]

25 AFTER RECESS

1 [2:34 p.m.]

2 The Chairman. The committee will come to order. I  
3 want to welcome everybody back.

4 We have had a lively back and forth so far today,  
5 but the one thing we have not done is process any  
6 amendments. I want to talk about the plan for how we  
7 will proceed this afternoon.

8 But before that, I would like to say just a few  
9 words in summation of this morning's debate. So far  
10 today the debate has been almost entirely about the  
11 meeting of the latest JCT distribution table. As the  
12 discussion has worn on, we have seen some smoke and  
13 mirrors, and we have seen members talk past each other  
14 and we have heard more than our share of strawman  
15 arguments.

16 But cutting through all of this, here are the basic  
17 facts that should at this point be beyond dispute.  
18 First, nothing in the Mark impacts the availability of  
19 the insurance premium tax credits. We have heard the  
20 Chief of Staff of JCT specifically tell us that was the  
21 case.

22 Second, nothing in the Mark discourages anyone from  
23 taking advantage of available tax credits to subsidize  
24 the purchase of insurance. Mr. Barthold specifically  
25 confirmed that as well.

1           Third, the distributional effect we have seen on the  
2 most recent table that results in an increased tax burden  
3 in lower brackets is rooted entirely in JCT's behavioral  
4 assumptions about taxpayer voluntary choices. That was  
5 confirmed as well.

6           But it does not end there. Fourth, the behavioral  
7 assumptions regarding the utilization of tax credits do  
8 not result in more taxes being paid by those in the lower  
9 brackets. We all heard Mr. Barthold say that the  
10 voluntary decision to forego a premium subsidy credit  
11 does not increase the taxpayer's income tax liability.

12           As the Senator from Pennsylvania indicated, when  
13 someone chooses on their own accord to not take advantage  
14 of a tax subsidy, one that is paid not to them, but to an  
15 insurance company, they do not owe the government a  
16 single additional dime in taxes. So distributional table  
17 or no, it is absurd to call that a tax hike.

18           I have not heard any of my colleagues really try to  
19 argue otherwise. Most of them have conveniently side-  
20 stepped that particular plan -- plain basic truth.

21           And the final fact that was plainly established this  
22 morning was this, when this specific behavioral impact of  
23 repealing the individual mandate -- which no one can  
24 reasonably argue is a tax increase -- is isolated and  
25 removed -- the Chairman's modified Mark cuts taxes for



1 every income bracket with the largest proportional  
2 benefit going to those in the middleclass. There is a  
3 JCT document to that effect and we have all looked at it.

4 So let me state the plain conclusion that stems from  
5 these facts which at this point should also be beyond a  
6 reasonable dispute. Under our plan, every income group  
7 will get a tax cut, and the biggest proportional tax cuts  
8 will go to those in the middleclass.

9 I am quite certain that my colleagues will want to  
10 respond by, once again, citing the number from the table  
11 absent any context and ignoring the fact that our  
12 interpretation of the data has been confirmed by the  
13 expert at the table. But at this point, it is time to  
14 move on.

15 This morning once the distribution table was  
16 released, I gave members of the committee an additional  
17 hour to go through it knowing that it contained a lot of  
18 information they would want to discuss. Then we had  
19 roughly an hour and a half of unscheduled debate entirely  
20 on the information contained in the distribution table.  
21 So I think I have been more than accommodating on this  
22 particular point.

23 In a moment, I intend to turn it over to Senator  
24 Wyden for any initial comments he would like to make.  
25 After that, we are going to start processing amendments.

1           We have an agreed upon queue of amendments. So we  
2 will begin there and keep going for as long as it takes.

3           If that means coming in tomorrow, so be it. But I have  
4 a feeling some members would rather finish this evening.

5           We will have to see where it leads.

6           With that, I will turn to my friend and the Ranking  
7 Leader, Senator Wyden.

8           Senator Wyden. Thank you very much, Mr. Chairman.

9           Mr. Chairman, I am going to be brief, and just point  
10 out that the Joint Committee on Taxation, those are the  
11 folks that taxpayers, all the people listening to this,  
12 watching it, they have their tax dollars go to the Joint  
13 Committee on Taxation to analyze these kinds of  
14 proposals. What we got, in effect, Tuesday night at  
15 10:30.

16           And I know the Majority has done somersaults to try  
17 to dismiss the findings. I have enormous respect for the  
18 economic talents of our colleague from Pennsylvania. I  
19 told him during the break I thought he was in Judd Gregg  
20 league in terms of a tax ability, my partner on the first  
21 bipartisan one.

22           But despite his psychoanalysis of a Joint Committee  
23 on Taxation table -- and he certainly made a case that  
24 might sound attractive to some -- the figures,  
25 colleagues, on the bottom of page 6 of this

1       distributational table do not lie.     What the joint  
2       committee said is, money is going to come right out of  
3       the middle-class's pockets to the folks, for example, who  
4       make \$1 million and over.

5             And I will tell you, colleagues, I had a sense for  
6       quite a while that the Majority's numbers did not really  
7       add up.    And I thought what would happen is the Majority  
8       would say, well just go to the multinationals and tell  
9       them you are going to take a haircut.    You are just not  
10      going to get all the benefits originally promised.

11            They did not do that.    In effect, they went to the  
12      middleclass and did not just give them a haircut, they  
13      kind of got scalped.    They are going to, if you look at  
14      the bottom of page 6, if you are making \$40,000 to  
15      \$50,000, you are going to pay \$4,070 more.    That is what  
16      you lose.    And if you make \$1 million or more, you get a  
17      tax cut of getting close to \$6,000.

18            So everybody is entitled to their own opinion.    I do  
19      not think you are entitled to your own set of facts, as I  
20      touched on today.    And I think we also know that this  
21      does relate to behavior.

22            I have said from the very beginning, in my  
23      conversation with Senator Toomey, a lot of us over here  
24      feel that behavior does matter.    But behavior also  
25      involves the chance to get affordable health coverage,

1 and because of the Majority's desire to repeal the  
2 individual mandate, the Congressional Budget Office has  
3 said that for millions of middleclass people, health care  
4 will no longer be affordable, that their premiums will go  
5 up by 10 percent.

6 And that is what my colleagues have said. So that  
7 was really the point. That maybe you get a little break  
8 on the income tax side, but you go even further in the  
9 hole because of the increase in your health insurance  
10 premiums.

11 So I am not going to continue this, Mr. Chairman.  
12 You and I have talked about the process going forward.  
13 We have got some discussion that we will have. I just  
14 want colleagues to know before anybody talks about  
15 dismissing the work of the Joint Committee on Taxation,  
16 there was a reason why I said Tom Barthold and his staff  
17 are very professional.

18 And now we see it in the facts that they have given  
19 us with respect to the fact that not only are the tax  
20 cuts permanent for the multinationals, for the  
21 multinational corporations, and temporary to the  
22 middleclass. We see a very unfair distribution of that  
23 revenue.

24 Mr. Chairman, that will conclude my remarks. I  
25 understand that you wanted to describe the process going

1 forward, and we will have a discussion about that.

2 The Chairman. We are going to go to amendments now  
3 on each side. There will be five minutes to each side,  
4 equally divided on any amendments that come up.

5 So I am prepared to --

6 Senator Wyden. Mr. Chairman, can I be recognized  
7 on that point?

8 The Chairman. Sure.

9 Senator Wyden. Thank you, Mr. Chairman.

10 As the Chairman and I have discussed, the Chairman  
11 has the power to call for a vote on an amendment if as  
12 the rule says, "he determines that the amendment has been  
13 adequately debated" -- "he or she." But I hope that the  
14 Chairman will exercise this power as he historically has  
15 in a reasonable and fair way. That is what the Chairman  
16 has always done in the past, and as he and I have  
17 discussed, I have tried to be supportive of efforts to be  
18 fair to both sides.

19 Now, the markup began on Monday. We did not get the  
20 real text of the Chairman's proposal until Tuesday night  
21 at 10:30. Following the schedule established by the  
22 Chair, we began offering amendments yesterday morning.  
23 We considered 14 amendments.

24 I do not believe, colleagues, any member was  
25 dilatory, was just trying to stall things out. I believe

1 it is appropriate for the Chairman to allow a reasonable  
2 debate on each amendment without arbitrary time limits.

3 There are issues, colleagues, today with  
4 extraordinary implications. We are going to consider the  
5 proposal to repeal the state and local tax deduction  
6 which involves \$1 trillion in tax revenue, and would be  
7 the most significant change in the fiscal relationship  
8 between the federal and state governments in more than a  
9 century, possibly ever.

10 We are going to consider the Majority's decision to  
11 make the tax cuts for families temporary. The tax cuts  
12 for multinationals permanent. We are going to consider  
13 how this midnight health care repeal amendment is going  
14 to affect the health care coverage of millions of  
15 Americans.

16 I feel strongly that members should get a full and  
17 fair opportunity to debate. And as I have indicated to  
18 the Chairman, and we have talked about it with our  
19 colleagues, if somebody is dragging things out or saying  
20 something that is just repetitive, we understand. We  
21 will work with the Chairman to move things along.

22 On the Affordable Care Act, we started our Markup on  
23 Tuesday, September 22nd, 2009. The final vote to report  
24 the bill out of committee was on Tuesday, October 13th,  
25 21 days later. Markups of eight days, 64 hours, over 500

1 amendments filed, consideration of 120 amendments, 70  
2 roll call votes. And on the 1986 tax reform bill, which  
3 always used to be considered the gold standard for  
4 bipartisanship, the time from the beginning of the Markup  
5 until the end was 48 days.

6 Mr. Chairman, we recognize your power to call for  
7 votes. You have always been reasonable and fair, and I  
8 just want to take this moment to say, particularly, on  
9 some of these votes that are especially important, that  
10 are precedent setting, I hope you and I can work together  
11 so that members can get a bit more than five minutes.

12 The Chairman. Well I hope so too, but I intend to  
13 allow five minutes for each side on the amendments. If  
14 we need more time, ask for it.

15 Senator Wyden. We will.

16 The Chairman. But frankly --

17 Senator Wyden. Count on it.

18 The Chairman. Well I will count on it, but I do  
19 not want to have that happen on every doggone amendment.

20 If that is the case, then we are going to set more rigid  
21 rules because I do not intend this to go on forever, and  
22 it is just the way it is.

23 So as far as I am concerned, the Mark is open for  
24 amendment.

25 Senator Brown. Mr. Chairman?

1           The Chairman.    Senator Brown?

2           Senator Brown.    Thank you, Mr. Chairman.

3           This is listed as Brown, Casey, Bennet number one.  
4           For the past four days, Democrats, one after another,  
5           have had one piece of advice for our Republican  
6           colleagues, if you want to cut taxes for the middleclass,  
7           then cut taxes for the middleclass.

8           We started with a bill that gave most of the tax  
9           cuts to corporations and the wealthy.  Then in the middle  
10          of the night, Mr. Chairman, you gave us a bill that made  
11          the tax cuts for corporations permanent, and the tax cuts  
12          -- smaller, of course -- but the tax cuts for working  
13          families temporary.

14          Now you have a bill that raises taxes on every  
15          working family in the country and takes away health care  
16          for millions.  It is all to finance permanent tax cuts  
17          for corporations, and as we have demonstrated from the  
18          questions and answers we have had with the professional  
19          staff, many of these tax cuts go for corporations that  
20          outsource jobs as this new bill accelerates the  
21          outsourcing of jobs.

22          Mr. Chairman, there is another bipartisan way.  This  
23          amendment, the Brown, Casey, Bennet amendment, does three  
24          things to put more money back in the pockets of working  
25          people.



1           First, it rewards work by expanding the Earned  
2           Income Tax Credit to workers without kids. Right now,  
3           these workers literally, because of the payroll tax --  
4           these workers, single workers can be taxed into poverty -  
5           - taxed into poverty by the government. This amendment  
6           will fix that.

7           Second, Mr. Chairman, it expands the Child Tax  
8           Credit to help working families. It lets them start  
9           applying the credit on the very first dollar they earn.  
10          Why would you not want to incent that?

11          Third, it creates a tax credit to help families  
12          afford children, which is critical for working parents.

13          I want to thank Senators Casey and Bennet for their  
14          work on this. We have been on this for a long time.  
15          They both, during their careers, devoted a lot of effort  
16          to children's issues and especially something like this.

17          Every single Democrat on this committee supports  
18          this amendment. I have heard it said over the past two  
19          days, that Republicans want this process to be  
20          bipartisan, that they want Democrats to be part of the  
21          process. Well, this idea has universal Democratic  
22          support.

23          It is an idea that President Trump at the White  
24          House, and when we were in the Library of Congress on the  
25          telephone, told me he supports. Most importantly, it is

1 something that puts real money into the pockets of  
2 working families -- families making 25, 50, 75, up to  
3 \$100,000.

4 Include this amendment, and we change the  
5 conversation on tax reform. Build this whole process --  
6 build this -- this is a major, major amendment that will  
7 put real dollars in the pockets of working families and  
8 middleclass workers. Build from this. We can have a  
9 bipartisan process. We show the people we work for tax  
10 reform that really is about cutting taxes for the  
11 middleclass.

12 And I yield to my two cosponsors.

13 Senator Bennet. Thank you, Senator Brown, for your  
14 leadership.

15 Recently, I met a mother in Rifle, Colorado, at a  
16 daycare center. We were having some conversation earlier  
17 about single moms. She told me, I have got a job so I  
18 can have health insurance, and every single dollar that I  
19 earn goes to pay for this early childhood center.

20 And there are so many people in our states that are  
21 like that. Too many Americans face this vicious cycle  
22 forced into impossible choices their parents and  
23 grandparents never had to make.

24 Consumer spending drives 70 percent of our economy.  
25 When costs rise and wages stagnate, as they have for

1 middleclass families in this country, families cut back  
2 on groceries, on school supplies, even on health care.  
3 That hurts our economy. That is why our economy has been  
4 slow. That is the problem that we should be addressing.

5 With that, I will turn it over to Senator Casey for  
6 the last minute and five seconds.

7 The Chairman. Well, let us have the chair  
8 recognize.

9 Senator Bennet. I am sorry.

10 The Chairman. Okay?

11 Senator Bennet. I am sorry, Mr. Chairman.

12 The Chairman. That is okay, but from here on in,  
13 let us ask the chair.

14 Senator Bennet. I apologize.

15 The Chairman. That is okay. No problem. I just  
16 want to establish a situation.

17 Senator Bennet. I understand.

18 The Chairman. So we do not run into just a  
19 constant hubbub of irritation to everybody.

20 Okay. Go ahead, Senator.

21 Senator Casey. Thank you, Mr. Chairman.

22 Just in one minute, the Child and Dependent Care Tax  
23 credit is the only federal tax credit that specifically  
24 assists parents with child care expenses, but very few  
25 lower-income families are able to benefit from it. Just

1 in 2016 alone, nearly 65 percent of the benefits were  
2 estimated to accrue to families with adjusted gross  
3 incomes of above -- above \$60,000.

4 We want this to apply to most working families. We  
5 want to make sure that families can benefit so they can  
6 go to work every day, if that is what they choose to do,  
7 and be able to benefit from the security of knowing they  
8 are going to get help with child care, which, for most  
9 families, most working families, might be their number  
10 one worry.

11 Thank you, Mr. Chairman.

12 The Chairman. Let me say a word or two.

13 The Mark is designed to reduce tax rates across the  
14 board with a specific focus on providing overall tax  
15 relief for the middleclass. We have all worked to  
16 maximize child tax credits, as well as other tax  
17 benefits, for families in the form of lower rates, and  
18 increase standard. We have increased the refundability  
19 and the overall availability of the child tax credit so  
20 that larger credit can be claimed by more middleclass  
21 families.

22 I guess what I am getting to is, let me ask the -- I  
23 understand the people, but if people believe we should  
24 have been more generous -- but I believe we have balanced  
25 the necessary factors and resources to arrive where we

1 are. Therefore, I urge my colleagues to vote no on the  
2 amendment.

3 Let me just ask Mr. Barthold just one question.  
4 Does the amendment score as revenue positive?

5 Mr. Barthold. We have not been able to do a formal  
6 estimate, but all of the provisions in it, as I read  
7 them, would reduce the -- would reduce revenue relative  
8 to the Chairman's Mark.

9 The Chairman. So it does not score as revenue  
10 positive?

11 Senator Brown. Mr. Chairman, if I could? Mr.  
12 Chairman?

13 Over here -- the offset or the exit tax in striking  
14 the AMT -- the Individual AMT repeal, according to the  
15 letter from Mr. Barthold.

16 The Chairman. Well, are you prepared for a vote?  
17 The clerk will call the roll.

18 The Clerk. Mr. Grassley?

19 Senator Grassley. No.

20 The Clerk. Mr. Crapo?

21 Senator Crapo. No.

22 The Clerk. Mr. Roberts?

23 The Chairman. No by proxy.

24 The Clerk. Mr. Enzi?

25 Senator Enzi. No.

1           The Clerk.    Mr. Cornyn?  
2           The Chairman.  No by proxy.  
3           The Clerk.    Mr. Thune?  
4           Senator Thune.   No.  
5           The Clerk.    Mr. Burr?  
6           The Chairman.  No by proxy.  
7           The Clerk.    Mr. Isakson?  
8           The Chairman.  No by proxy.  
9           The Clerk.    Mr. Portman?  
10          Senator Portman.  No.  
11          The Clerk.    Mr. Toomey?  
12          Senator Toomey.  No.  
13          The Clerk.    Mr. Heller?  
14          Senator Heller.  No.  
15          The Clerk.    Mr. Scott?  
16          The Chairman.  No by proxy.  
17          The Clerk.    Mr. Cassidy?  
18          The Chairman.  No by proxy.  
19          The Clerk.    Mr. Wyden?  
20          Senator Wyden.  Aye.  
21          The Clerk.    Ms. Stabenow?  
22          Senator Stabenow.  Aye.  
23          The Clerk.    Ms. Cantwell?  
24          Senator Cantwell.  Aye.  
25          The Clerk.    Mr. Nelson?

1 Senator Wyden. Aye by proxy.  
2 The Clerk. Mr. Menendez?  
3 Senator Wyden. Aye by proxy.  
4 The Clerk. Mr. Carper?  
5 Senator Wyden. Aye by proxy.  
6 The Clerk. Mr. Cardin?  
7 Senator Wyden. Aye by proxy.  
8 The Clerk. Mr. Brown?  
9 Senator Brown. Aye.  
10 The Clerk. Mr. Bennet?  
11 Senator Bennet. Aye.  
12 The Clerk. Mr. Casey?  
13 Senator Casey. Aye.  
14 The Clerk. Mr. Warner?  
15 Senator Wyden. Aye by proxy.  
16 The Clerk. Ms. McCaskill?  
17 Senator McCaskill. Aye.  
18 The Clerk. Mr. Chairman?  
19 The Chairman. No.  
20 The clerk will report.  
21 The Clerk. Mr. Chairman, the final tally is 12  
22 ayes, 14 nays.  
23 The Chairman. The amendment is defeated.  
24 Senator Brown. Mr. Chairman? Mr. Chairman, for a  
25 moment?

1           We are going to keep trying to be bipartisan. This  
2 was an amendment that really did give the middleclass a  
3 tax break, all kinds of working families. The president  
4 supported the idea.

5           I do not know where we go to become bipartisan. We  
6 are going to keep trying. I hope you will give us some  
7 guidance --

8           The Chairman. Keep trying.

9           Senator Brown. -- to real tax policy that is  
10 bipartisan.

11          The Chairman. Senator Wyden?

12          Senator Wyden. Thank you, Mr. Chairman. And I  
13 guess apropos of Senator Brown's comment, we will have a  
14 chance now to be bipartisan.

15          I have amendment 161. I guess it is Wyden 17.  
16 Several of my Republican colleagues have said they are on  
17 board with making the individual tax cuts in the bill  
18 permanent. This amendment is your chance to do it, and  
19 to pay for it.

20          What we would do here is make the individual tax  
21 cuts permanent and make the corporate tax cuts temporary.

22          Before we get to debate, here is why I think this is  
23 necessary. The individual -- the middleclass person  
24 drives 70 percent of the economic activity in our  
25 economy. These are the people who buy houses, and they



1 buy cars and they pay for education, and they pay for  
2 childcare.

3 And it just seems to me to give them short shrift  
4 with a temporary break, and say that the multinational  
5 corporation should get their relief permanent, shows that  
6 what this has been about from day one is to write into  
7 black letter law a double economic standard. It seems  
8 particularly unfair, given the spectacle that we watched  
9 on television involving Mr. Gary Cohn, who is the White  
10 House point person, along with Secretary Mnuchin, on  
11 taxes.

12 Mr. Cohn, a couple of days ago, we all saw it on TV,  
13 went to a program with corporate leaders, and he said,  
14 look, we are giving you all of these big tax cuts, and he  
15 wanted a show of hands of how many of the people in the  
16 room, the CEOs, the leaders of these major multinational  
17 companies, would put the money into creating more red-  
18 white-and-blue jobs. We all watched on TV -- this has  
19 been kind of a loop on a lot of the shows -- that  
20 virtually nobody raised their hands.

21 The reason why is because the multinationals are  
22 awash in cash, and we have been listening to investor  
23 calls, and they said that they would be using the tax  
24 breaks in order to help shareholders and the like.

25 So it just does not seem right to have a bill, given

1       these circumstances, that in effect says that the typical  
2       middleclass family is going to get short shrift, compared  
3       to multinational corporations who, if you just have  
4       watched a little TV in the last couple of days, have made  
5       it clear they are not going to put this money into  
6       creating more jobs.

7               If we make the relief permanent for the middleclass  
8       guy, and you accept my view -- and I am sitting here with  
9       Senator Stabenow -- Henry Ford, the great auto  
10      industrialist, said, look, I want to be successful. I  
11      want to do well. For me to do well, my people have got  
12      to have enough money to buy my cars. Well, that is what  
13      this amendment really does.

14             Now, I am sure that some on the other side are not  
15      going to support this amendment that would make the  
16      individual cuts for families permanent and sunset the  
17      corporate code. I have said that what we can do is say,  
18      with my amendment, we are going to make them permanent  
19      for the families, and we are going to pay for it.

20             We should not make tax relief for America's hard-  
21      working families, in effect, held hostage to lock in this  
22      huge array of new tax breaks for multinationals, who have  
23      shown us, at least on the base of these investor calls,  
24      they are not going to put this into jobs.

25             I am going to close with a point I have not made. I

1 think we talked about a lot of stuff, but we are now,  
2 colleagues, doing the opposite of what was done in 1986.

3 In 1986, in effect, the corporations took steps to  
4 give up some of their benefits to help the middleclass  
5 families. That was the heart of 1986 -- Ronald Reagan  
6 and Democrats. This is just the opposite. This means  
7 individuals -- individual families in Michigan and  
8 Washington, they are going to have to give something up  
9 to help the multinationals.

10 So what I am saying is, let us put the middleclass  
11 families first, and for colleagues that are serious about  
12 -- and there have been some challenges over there --  
13 saying that folks were willing to make the break for  
14 middleclass families permanent, let us do it with this  
15 amendment. Let us pay for it, and we provide a path to  
16 do that.

17 Mr. Chairman, I yield.

18 The Chairman. Well, thank you, Senator.

19 I understand my colleague's desire to make the  
20 individual rates in the Mark permanent. We share that  
21 goal. I hope that Minority Members will help us out in  
22 the end.

23 Once the bill is on the floor, we can file an  
24 amendment to make the individual rates and reforms  
25 permanent, and enough Democrats are willing to vote in

1 favor of that amendment, we are going to get it done. We  
2 will need 60 votes to waive the Budget Act for that  
3 amendment. The Democrats will not even have to vote for  
4 the final bill, but they can vote to make individual cuts  
5 permanent.

6 For now, this amendment is a poison pill. It is  
7 designed to take down the Mark, not to improve it. As  
8 Mr. Barthold noted yesterday, sunseting the corporate  
9 reforms in the bill would significantly diminish the  
10 positive economic impact of the Mark.

11 Mr. Barthold, your operation has not -- that is not  
12 changed, I do not think. Your, particular, opinion has  
13 not changed, has it?

14 Mr. Barthold. Mr. Chairman, we noted yesterday in  
15 response to your question, positive investment incentive  
16 is under the business provisions and no reason to change  
17 that assessment.

18 The Chairman. Okay. So I urge my colleagues to  
19 vote no, but I hope the Ranking Member and the other  
20 Democrats on the committee will commit to working with us  
21 down the line to help lock our middleclass tax cuts in  
22 permanently. I would be happy to work with my good  
23 friend --

24 Senator Wyden. Mr. Chairman, if I could wrap it  
25 up, unless any of my colleagues --

1           The Chairman.    Before you do.  Let us let Senator  
2 Toomey have a chance, and then you can --

3           Senator Wyden.    Oh, I thought you had one crack at  
4 it.

5           The Chairman.    No, no.  Other Senators --

6           Senator Toomey.   We did not use all five minutes.

7           The Chairman.    Senator Toomey?

8           Senator Toomey.   Thank you, Mr. Chairman.

9           I am going to be very brief.  I take this as an  
10 acknowledgment that we are providing middleclass tax cuts  
11 and that the Ranking Member wants to make them permanent,  
12 and that is terrific.  We all want to make them  
13 permanent, or at least most of us, I think.

14           There will be an opportunity to do so on the floor -  
15 - is my understanding -- in a way that will not  
16 jeopardize the bill.  But, it is also essential that the  
17 business side be permanent, as well, so that the hundreds  
18 of billions of dollars of investment that I think we are  
19 going to attract by virtue of making America an  
20 attractive place to invest and do business, that only  
21 comes if people have the certainty of knowing that they  
22 are going to have a stable tax regime that extends well  
23 into the future.  That is a precondition for making large  
24 investment decisions like the kind we want, opening new  
25 factories, hiring new workers, expanding existing

1 businesses and creating new ones. That comes with tax  
2 certainty.

3 So I think we should vote no on this amendment. We  
4 should keep the business side permanent. Then let us  
5 work together on the Senate floor and make the individual  
6 side permanent.

7 The Chairman. I think that is a good suggestion.  
8 Senator Wyden, you can sum up.

9 Senator Wyden. If any of my colleagues want to say  
10 anything? I think this is one of those amendments that  
11 is important. I will let them, and otherwise, I will  
12 wrap it up.

13 Mr. Chairman, again what this comes down to is  
14 whether middleclass families are going to be held hostage  
15 to lock in tax cuts for multinational corporations. My  
16 amendment ensures that that is not the case.

17 And because I share Senator Toomey's view that  
18 behavior matters, what we saw with Gary Cohn and this  
19 televised spectacle here a couple days ago, where he  
20 asked for a show of hands from the multinationals. The  
21 multinationals and the decisions they are going to make  
22 goes right to the heart of the behavior that my colleague  
23 and I have been talking about here for several years.

24 They said they were not going to, if they got the  
25 corporate tax cuts, put it into creating more red-white-

1 and-blue jobs. So what I have said is, let us make sure  
2 we do not do by the middleclass, something that will  
3 really harm the people who drive our economy, who drive  
4 70 percent of economic activity in our country.

5 This gives us a chance to do right by those folks.  
6 I ask for my colleagues to support the amendment, and I  
7 yield back.

8 The Chairman. Okay. The clerk will call the roll.

9 The Clerk. Mr. Grassley?

10 Senator Grassley. No.

11 The Clerk. Mr. Crapo?

12 Senator Crapo. No.

13 The Clerk. Mr. Roberts?

14 The Chairman. No by proxy.

15 The Clerk. Mr. Enzi?

16 Senator Enzi. No.

17 The Clerk. Mr. Cornyn?

18 Senator Cornyn. No.

19 The Clerk. Mr. Thune?

20 Senator Thune. No.

21 The Clerk. Mr. Burr?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Isakson?

24 The Chairman. No by proxy.

25 The Clerk. Mr. Portman?

1 Senator Portman. No.  
2 The Clerk. Mr. Toomey?  
3 Senator Toomey. No.  
4 The Clerk. Mr. Heller?  
5 The Chairman. No by proxy.  
6 The Clerk. Mr. Scott?  
7 The Chairman. No by proxy.  
8 The Clerk. Mr. Cassidy?  
9 The Chairman. No by proxy.  
10 The Clerk. Mr. Wyden?  
11 Senator Wyden. Aye.  
12 The Clerk. Ms. Stabenow?  
13 Senator Stabenow. Aye.  
14 The Clerk. Ms. Cantwell?  
15 Senator Cantwell. Aye.  
16 The Clerk. Mr. Nelson?  
17 Senator Wyden. Aye by proxy.  
18 The Clerk. Mr. Menendez?  
19 Senator Wyden. Aye by proxy.  
20 The Clerk. Mr. Carper?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Cardin?  
23 Senator Cardin. Aye.  
24 The Clerk. Mr. Brown?  
25 Senator Wyden. Aye by proxy.



1           The Clerk.    Mr. Bennet?  
2           Senator Bennet.   Aye.  
3           The Clerk.    Mr. Casey?  
4           Senator Casey.   Aye.  
5           The Clerk.    Mr. Warner?  
6           Senator Warner.   Aye.  
7           The Clerk.    Ms. McCaskill?  
8           Senator McCaskill.   Aye.  
9           The Clerk.    Mr. Chairman?  
10          The Chairman.    No.  
11          The clerk will report.  
12          The Clerk.    Mr. Chairman, the final tally is 12  
13          ayes, 14 nays.  
14          The Chairman.    The amendment is defeated. Who is  
15          next?  
16          Senator Stabenow.    Mr. Chairman?  
17          The Chairman.    The Senator from Michigan.  
18          Senator Stabenow.    Thank you, Mr. Chairman.  
19          I would like to offer Stabenow number 7, which would  
20          make sure that the tax reform benefits go to the  
21          middleclass.  
22          The Chairman.    Go ahead.  
23          Senator Stabenow.    You have heard my colleagues and  
24          I express deep concern that this bill goes far too much -  
25          - it gives far too much of the benefit to the wealthy and

1 minimal benefits to the middleclass. We have seen that,  
2 and the JCT reports. We have seen that in other analysis  
3 of this bill.

4 Just one example, on the individual side alone, just  
5 two of the changes that benefit the wealthy cost a  
6 staggering \$800.5 billion. Under this bill, a couple  
7 with \$10 million in taxable income would see their tax  
8 cuts go down -- their taxes cut by more than \$130,000.  
9 So if you make \$2 million as a couple, you would get tax  
10 cuts of \$130,000.

11 My amendment is very simple. It would repeal all of  
12 the tax benefits for millionaires and billionaires. It  
13 would use those to send a rebate check to middleclass  
14 taxpayers at the beginning of next year.

15 Our Republican colleagues have said that this bill  
16 is going to be the biggest middleclass tax cut ever.  
17 Well, I think we should make sure that happens. My  
18 amendment would make sure that starting the beginning of  
19 the year, middleclass taxpayers would get a big tax cut.

20 If we took away the tax cuts for households making over  
21 \$1 million a year, my rough estimate is that we would  
22 send every middleclass family about \$1,100.

23 But that is pretty significant for families who have  
24 seen, in too many cases, their wages stagnant, not go up,  
25 while we have seen huge explosions on the stock market

1 and the incomes of the wealthy go up and up and up. Too  
2 many people in the middleclass and working-class families  
3 are not seeing that. They are not feeling that kind of  
4 growth.

5 Let us really give. Let us really give the  
6 middleclass tax cut to people, and this amendment would  
7 do that.

8 The Chairman. Well, thank you, Senator.

9 As I view it, this bill is designed to provide tax  
10 cuts across the board with a focus on the middleclass.  
11 The top rate comes down by roughly a single percentage  
12 point, and most itemized deductions used by high-income  
13 earners are repealed.

14 Translation. That means a slightly lower top rate  
15 applied to a broader base of income. JCT has made it  
16 clear that the middleclass will receive a larger  
17 proportional tax cut than those at the high end. In  
18 fact, the taxpayers targeted in this amendment, those  
19 making over \$1 million a year, will pay a higher share of  
20 the overall tax burden under this bill. JCT has made  
21 that clear, as well.

22 The notion that the bill -- by slightly lowering the  
23 top rate is a massive giveaway to the rich is simply  
24 false, and I think it is time to put that mislocation to  
25 bed.

1 Anybody else?

2 Senator Stabenow. Mr. Chairman, if I could, unless  
3 there are other colleagues -- if I might just follow up?

4 The Chairman. Go ahead.

5 Senator Cantwell. Thank you.

6 The reality is, and, again, according to the new JCT  
7 analysis, when you look at various incomes, 2021, the  
8 latest version of the bill that we are going to be voting  
9 on, gives families earning less than \$30,000 a year a tax  
10 increase. That does not mean everybody gets a tax  
11 increase, but as a group, a tax increase of almost \$6  
12 billion in increase. Millionaires and billionaires get a  
13 \$28 million tax cut.

14 We have seen this in every part of the bill,  
15 including the fact that the help for families goes away.

16 It is time-limited. The help for the large  
17 multinational corporations continues on, even to the  
18 point where people are going to have to give up health  
19 insurance to pay for that permanency for the largest  
20 corporations.

21 So I think this is very straightforward, Mr.  
22 Chairman. If we are serious about giving a middleclass  
23 tax cut, well, let us give a middleclass tax cut. If you  
24 just say -- if you are doing well now as a millionaire,  
25 or above, you do not need another tax cut, but \$1,100 in

1 the pocket of somebody making 30, 40, \$50,000 a year is a  
2 big deal, and would help them pay for that childcare that  
3 they are going to have to worry about, because the other  
4 amendment from my colleagues did not pass.

5 And so if we mean it, let us start with a real  
6 middleclass tax cut, and let us give everybody a check  
7 and mail it out in January.

8 The Chairman. Okay. Let me turn to Senator Toomey  
9 first, and then Senator Portman -- Senator Portman first,  
10 and then Senator Toomey.

11 Senator Portman. Thank you, Mr. Chairman. I will  
12 be brief.

13 I know we have had this discussion several times  
14 today and yesterday, but I would just ask Tom Barthold to  
15 confirm, again, that there is substantial middleclass tax  
16 relief in this legislation. It is at every income  
17 bracket. It is the biggest middleclass tax cut that we  
18 have ever done, certainly in our careers. It includes  
19 doubling the Child Tax credit. It includes making it  
20 more refundable than it already is. It results in, for a  
21 family in my home state of Ohio, at least a \$2,400 tax  
22 cut for the median family income.

23 The issue that we discussed earlier today is how you  
24 score the fact that some people will choose, without the  
25 individual mandate, not to move forward with the

1 Affordable Care Act insurance. And the way that is  
2 scored is that means that they do not get the refundable  
3 tax credit that would go along with that.

4 That is not a tax increase. It means they are not  
5 getting as much of a refundable tax credit as they would  
6 get from other refundable tax credits, which make it as  
7 Mr. Barthold said earlier, likely that no one in that  
8 category -- you mentioned \$30,000, a year, \$20,000 a year  
9 -- would have any tax liability.

10 So just to make sure we are not talking past each  
11 other, the tax relief is substantial. I point you to the  
12 tax forms that you can all find on [jtc.gov](http://jtc.gov), another  
13 advertisement for them because it shows at all these  
14 income tax levels, substantial tax decreases, with the  
15 exception of the effect of this refundable tax credit,  
16 which, again, is something that people would choose not  
17 to proceed with.

18 And, by the way, this is based on Joint Committee's  
19 estimation of what people's behavioral changes would be.

20 Rational individuals who you represent, and I represent  
21 are going to say, you know, yes, I would get a tax credit  
22 if I were to get the health care that the government is  
23 telling me to get, but I also would have other costs  
24 associated with that, sometimes a co-pay, sometimes a  
25 deductible or other costs. So I am going to choose to

1 get my health care elsewhere.

2 That is their choice, but it is not a tax increase  
3 on that person. It is less of a refundable tax credit  
4 that they choose not to access.

5 I would ask Mr. Barthold, again, is there anything  
6 in this legislation which would keep those individuals  
7 from pursuing that refundable tax credit, should they  
8 choose to pursue it?

9 Mr. Barthold. As we have discussed, Senator  
10 Portman, the Chairman's Mark, as modified, does not  
11 change the code section 36b, which permits taxpayers to  
12 avail themselves of the Advance Exchange Credit.

13 Senator Portman. Thank you.

14 Senator Stabenow. That -- Mr. Chairman --

15 The Chairman. Senator Toomey, do you want to  
16 comment about this?

17 Senator Toomey. Just briefly, Mr. Chairman.

18 It is a fact that we have established repeatedly  
19 today that our bill will lower taxes for -- on average --  
20 every income cohort there is. It is also a fact that the  
21 savings accrue on a bigger percentage terms for the  
22 lower- and middle-income folks, which means that the  
23 high-income taxpayers will pay an even greater share of  
24 the total tax burden than they do today.

25 I know that is not good enough for some people.

1 They have to be punished further, but I just disagree  
2 with that. I think it is okay to lower the tax burden  
3 for everyone, especially at a time when we are giving the  
4 greatest savings to working and middle-income families.

5 So I would urge people to vote against this  
6 amendment.

7 Senator Stabenow. Mr. Chairman, if I might  
8 conclude? First of all, to my friend from  
9 Pennsylvania, I do not see that anywhere in the numbers.

10 I mean, honestly, when the public looks at this, when  
11 people look at what the motivation is for this tax bill,  
12 most middle-income families do not believe that this is  
13 for them. And when we hear colleagues in the House  
14 saying, I am not going to be able to call my donors  
15 anymore unless I can get this tax cut passed, we know --  
16 we know what this is about in terms of who receives the  
17 additional dollars.

18 But let me respond to my friend from Ohio, who is my  
19 friend. We worked together on many things -- Great  
20 Lakes, manufacturing, many things.

21 Here is the problem I have with talking about, on  
22 the one hand, the fact that people can choose to have  
23 insurance or not. I understand what you are saying. But  
24 in the calculation, on the one hand, what is being said  
25 is that people will not be hurt, even though they have



1 counted 13 million people will have less health  
2 insurance.

3 But it most create money, because you are using the  
4 money to be able to fill the hole to extend the corporate  
5 tax cuts. So it has to create money, and that money must  
6 come from somewhere, if it actually creates money, and  
7 where it is coming from is middleclass and working-class  
8 people as it relates to their health care.

9 So I understand what you are saying, except that it  
10 does not add up, if on the one hand it does not hurt  
11 anybody, and they are not losing anything, and yet we are  
12 going to get all this money, in order to be able to  
13 permanently extend the corporate tax cut. Somewhere  
14 along the line there, that just does not work.

15 The Chairman. Okay.

16 Senator Thune?

17 Senator Thune. Thank you, Mr. Chairman.

18 Well, it is interesting to me every, I think,  
19 Democrat over there just voted to make these tax cuts  
20 permanent. And now you are already talking about raising  
21 taxes. I mean, it kind of plays into the stereotype.

22 But let me just show you. This is the income tax  
23 cuts by income category under the Chairman's modified  
24 Mark. So if you look at every category, everybody is  
25 getting tax relief and it kind of distributes all the way

1 through the different income categories -- people  
2 \$50,000, \$75,000, 8.3 percent cut; \$75,000 to \$100,000,  
3 7.5 percent cut; those a million and over, 5.4 percent  
4 cut.

5 But as you can see, everybody gets tax relief here.  
6 And this is what, again, every Democrat just voted to  
7 make permanent. So it seems to me, at least, that we are  
8 in a pretty good place where we are delivering tax  
9 relief, meaningful tax relief, to middle-income  
10 Americans, which was the purpose of this whole exercise  
11 in the first place, and is consistent with what the  
12 Chairman's modified Mark does.

13 Senator Stabenow. Mr. Chairman, if I might just  
14 say, this amendment would give approximately \$1,100 to  
15 every middle-income household, taxpaying household, and  
16 would simply say that for those who earn \$1 million or  
17 more, our priority is going to be middle-income people.  
18 This amendment would make sure that that went out right  
19 away next year. I think certainly folks in my state that  
20 would be a big help.

21 The Chairman. All right.

22 The clerk will call the roll.

23 The Clerk. Mr. Grassley?

24 Senator Grassley. No.

25 The Clerk. Mr. Crapo?

1 Senator Crapo. No.  
2 The Clerk. Mr. Roberts?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Enzi?  
5 Senator Enzi. No.  
6 The Clerk. Mr. Cornyn?  
7 Senator Cornyn. No.  
8 The Clerk. Mr. Thune?  
9 Senator Thune. No.  
10 The Clerk. Mr. Burr?  
11 The Chairman. No by proxy.  
12 The Clerk. Mr. Isakson?  
13 The Chairman. No by proxy.  
14 The Clerk. Mr. Portman?  
15 Senator Portman. No.  
16 The Clerk. Mr. Toomey?  
17 Senator Toomey. No.  
18 The Clerk. Mr. Heller?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Scott?  
21 Senator Scott. No.  
22 The Clerk. Mr. Cassidy?  
23 The Chairman. No by proxy.  
24 The Clerk. Mr. Wyden?  
25 Senator Wyden. Aye.

1           The Clerk.    Ms. Stabenow?  
2           Senator Stabenow.    Aye.  
3           The Clerk.    Ms. Cantwell?  
4           Senator Cantwell.    Aye.  
5           The Clerk.    Mr. Nelson?  
6           Senator Nelson.    Aye.  
7           The Clerk.    Mr. Menendez?  
8           Senator Wyden.    Aye by proxy.  
9           The Clerk.    Mr. Carper?  
10          Senator Carper.    Aye.  
11          The Clerk.    Mr. Cardin?  
12          Senator Cardin.    Aye.  
13          The Clerk.    Mr. Brown?  
14          Senator Wyden.    Aye by proxy.  
15          The Clerk.    Mr. Bennet?  
16          Senator Bennet.    Aye.  
17          The Clerk.    Mr. Casey?  
18          Senator Casey.    Aye.  
19          The Clerk.    Mr. Warner?  
20          Senator Warner.    Aye.  
21          The Clerk.    Ms. McCaskill?  
22          Senator McCaskill.    Aye.  
23          The Clerk.    Mr. Chairman?  
24          The Chairman.    No.  
25          The clerk will read the vote.

1           The Clerk.    Mr. Chairman, the final tally is 12  
2 ayes, 14 nays.

3           The Chairman.   The amendment is defeated.

4           I think our next person to offer an amendment is  
5 Senator Carper.   Senator Carper?

6           Senator Carper.   Yes, thanks, Mr. Chairman.

7           Mr. Chairman, I want to call up amendment number  
8 217. It is Carper 1, and our cosponsors include Senators  
9 Bennet, Stabenow and Wyden.

10           Our colleagues have heard -- probably ad nauseam --  
11 whenever confronted with a tax reform proposal, I always  
12 ask four questions: Is it fair? Does it foster economic  
13 growth? Does it simplify the tax code or make it more  
14 complex? Is it fiscally responsible -- what is the  
15 effect on the budget deficit?

16           The amendment that I am offering this afternoon  
17 reflects my serious concerns with two of those questions.  
18 One of those is with fairness, with respect to fairness.  
19 The second is with respect to fiscal responsibility.

20           Under current law, as we know, there is a 39.6  
21 percent tax on top earning couples in the country. That  
22 is for couples that earn more than \$470,000 per year.  
23 The Chairman's Mark lowers that tax rate from 39.6  
24 percent to 38.5 percent, while also increasing the rate's  
25 threshold to \$1 million.

1           This tax cap is expensive. I think it is  
2 unnecessary, benefiting only couples who earn about \$1  
3 million or more per year. I do not believe that is fair.

4           I do not believe that is fiscally responsible.

5           The amendment that I am offering at this time  
6 reverses this change, restores current law using the  
7 revenue saved from restoring the top tax rate, in a  
8 revenue-neutral way to cut the 10 percent bracket so that  
9 all taxpayers are subject to it.

10           Eight years into our country's longest-running  
11 economic expansion, we ought to be reducing last year's  
12 \$666 billion budget deficit, not exploding it with  
13 another 1.5 or more trillion dollar tax reform proposal  
14 that cuts taxes for the wealthiest among us, while  
15 raising taxes on middleclass. I do not think that is  
16 fair. I do not believe that is fiscally responsible.

17           And by the way, I would just remind us that a  
18 reduction in the 10 percent bracket is something that  
19 every one of us who pays taxes -- any federal income  
20 taxes, would benefit from. It would help people at the  
21 lower end of the income spectrum and it would also help  
22 the wealthiest as well.

23           But if the instructions under the Budget Resolution  
24 require tax cut, I believe we ought to be putting money  
25 back into the pockets of middleclass families, not just

1 those in the top bracket. I would encourage our  
2 colleagues to join me on this amendment today to increase  
3 the number of middleclass families who get a tax cut and  
4 to ensure that those at the top of the income spectrum  
5 pay the same top rate.

6 The Chairman. Okay.

7 Anybody care to comment?

8 Senator Wyden. Mr. Chairman?

9 The Chairman. Yes?

10 Senator Wyden. I would like to support Senator  
11 Carper's amendment. I think this is very important,  
12 because all of the individual tax title, except for the  
13 slower inflation adjustment in the tax bracket turns into  
14 a pumpkin at midnight, December 31, 2025.

15 Even the tax cuts for small businesses expire. I  
16 think it is very important that we try to address the  
17 needs of this particularly vulnerable group. It is basic  
18 fairness, and I urge colleagues to support this proposal  
19 offered by Senator Carper.

20 The Chairman. I would cite the prior arguments  
21 that we have made.

22 The clerk will call the roll.

23 The Clerk. Mr. Grassley?

24 Senator Grassley. No.

25 The Clerk. Mr. Crapo?

1 The Chairman. No by proxy.  
2 The Clerk. Mr. Roberts?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Enzi?  
5 Senator Enzi. No.  
6 The Clerk. Mr. Cornyn?  
7 Senator Cornyn. No.  
8 The Clerk. Mr. Thune?  
9 Senator Thune. No.  
10 The Clerk. Mr. Burr?  
11 The Chairman. No by proxy.  
12 The Clerk. Mr. Isakson?  
13 The Chairman. No by proxy.  
14 The Clerk. Mr. Portman?  
15 Senator Portman. No.  
16 The Clerk. Mr. Toomey?  
17 Senator Toomey. No.  
18 The Clerk. Mr. Heller?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Scott?  
21 Senator Scott. No.  
22 The Clerk. Mr. Cassidy?  
23 The Chairman. No by proxy.  
24 The Clerk. Mr. Wyden?  
25 Senator Wyden. Aye.



1           The Clerk.    Ms. Stabenow?  
2           Senator Stabenow.    Aye.  
3           The Clerk.    Ms. Cantwell?  
4           Senator Cantwell.    Aye.  
5           The Clerk.    Mr. Nelson?  
6           Senator Nelson.    Aye.  
7           The Clerk.    Mr. Menendez?  
8           Senator Wyden.    Aye by proxy.  
9           The Clerk.    Mr. Carper?  
10          Senator Carper.    Aye.  
11          The Clerk.    Mr. Cardin?  
12          Senator Cardin.    Aye.  
13          The Clerk.    Mr. Brown?  
14          Senator Wyden.    Aye by proxy.  
15          The Clerk.    Mr. Bennet?  
16          Senator Bennet.    Aye.  
17          The Clerk.    Mr. Casey?  
18          Senator Wyden.    Aye by proxy.  
19          The Clerk.    Mr. Warner?  
20          Senator Warner.    Aye.  
21          The Clerk.    Ms. McCaskill?  
22          Senator McCaskill.    Aye.  
23          The Clerk.    Mr. Chairman?  
24          The Chairman.    No.  
25          The clerk will announce the tally.

1           The Clerk.    Mr. Chairman, the final tally is 12  
2 ayes, 14 nays.

3           The Chairman.    The amendment is defeated.

4           Our next amendment is Senator Nelson's, I believe.  
5 Is it not?

6           Senator Nelson.    Thank you, Mr. Chairman.

7           Mr. Chairman, when you broke for lunch, I was trying  
8 to get recognized to put into the record a correction  
9 that Mr. Barthold had made to me of a statement that was  
10 made yesterday. May I enter that into the record?

11          The Chairman.    Sure.

12          [The information appears at the end of the  
13 transcript.]

14          Senator Nelson.    And the bottom line is, it  
15 confirms the fact that there is an increase in deductions  
16 for the oil industry.

17          Now, my amendment has to do with the personal  
18 exemption. What you have done in the Chairman's Mark is  
19 that you take away the personal exemption, which under  
20 current law is \$4,050 per person. My amendment would  
21 restore that.

22          And I would simply point out that folks that are  
23 going to really get it in the neck are the people who  
24 have a lot of children, and otherwise they would be  
25 getting a personal exemption of everyone in their

1 taxpayer household. And you might see that anybody under  
2 \$200,000 a year annual income would see their taxes go up  
3 because of the loss of personal exemptions.

4 Basically, what personal exemptions do is help the  
5 taxpayer to lower their taxes because they have got other  
6 dependents in the household, the taxpayer, the taxpayer's  
7 spouse and all of the dependents. So that means that a  
8 family of five can get an immediate tax break of in  
9 excess of \$20,000 even before claiming the standard  
10 deduction, or any itemized deductions.

11 That certainly seems to me to be a good thing for  
12 hard-working families trying to earn a living. So I  
13 would simply say, if there is enough money in this bill  
14 to cut corporate taxes, there ought to be enough money to  
15 keep personal exemptions for ordinary people.

16 The Chairman. Senator, I agree the bill is  
17 designed to provide tax relief across the board with a  
18 focus on the middleclass. The bill accomplishes that by,  
19 among other things, lowering rates, nearly doubling the  
20 standard deduction, which expands the zero tax bracket  
21 and significantly growing the Child Tax Credit.

22 And as JCT has indicated, Americans in all income  
23 brackets, particularly those in the middleclass, are  
24 going to see their taxes go down under the Mark. The  
25 Mark repeals personal exemptions to make those kinds of

1 reforms possible. Simply reinstating them would blow a  
2 hole in the cost of the plan. This amendment is a -- in  
3 my view -- a poison pill. It is designed to bring down  
4 the bill, not improve it.

5 So I urge my colleagues to vote no.

6 The clerk will call the roll.

7 Senator Nelson. May I close on my amendment?

8 The Chairman. I would be happy to have you close -  
9 - hesitated for a minute. I thought you did not want to.

10 Senator Nelson. Thank you, Mr. Chairman.

11 So it would blow a hole in the plan, but what we are  
12 trying to do is to get relief to ordinarily hard-working  
13 people that are in the middleclass. And if you are one  
14 of those hard-working people, and you have a bunch of  
15 children, your taxes are basically being hiked up here by  
16 taking away this personal exemption of \$4,050 that is in  
17 the current law.

18 Thank you, Mr. Chairman.

19 The Chairman. It would make a lot of other reforms  
20 possible that are even more important and better than  
21 that. So --

22 Senator Nelson. Not the reforms for corporations,  
23 Mr. Chairman.

24 The Chairman. Not really. For individuals.

25 The clerk will call the roll.

1           The Clerk.    Mr. Grassley?  
2           Senator Grassley.   No.  
3           The Clerk.    Mr. Crapo?  
4           The Chairman.   No by proxy.  
5           The Clerk.    Mr. Roberts?  
6           The Chairman.   No by proxy.  
7           The Clerk.    Mr. Enzi?  
8           Senator Enzi.    No.  
9           The Clerk.    Mr. Cornyn?  
10          Senator Cornyn.   No.  
11          The Clerk.    Mr. Thune?  
12          Senator Thune.   No.  
13          The Clerk.    Mr. Burr?  
14          The Chairman.   No by proxy.  
15          The Clerk.    Mr. Isakson?  
16          The Chairman.   No by proxy.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   No.  
19          The Clerk.    Mr. Toomey?  
20          Senator Toomey.   No.  
21          The Clerk.    Mr. Heller?  
22          The Chairman.   No by proxy.  
23          The Clerk.    Mr. Scott?  
24          Senator Scott.   No.  
25          The Clerk.    Mr. Cassidy?

1           The Chairman.    No by proxy.  
2           The Clerk.     Mr. Wyden?  
3           Senator Wyden.    Aye.  
4           The Clerk.     Ms. Stabenow?  
5           Senator Stabenow.   Aye.  
6           The Clerk.     Ms. Cantwell?  
7           Senator Cantwell.   Aye.  
8           The Clerk.     Mr. Nelson?  
9           Senator Nelson.    Aye.  
10          The Clerk.     Mr. Menendez?  
11          Senator Wyden.    Aye by proxy.  
12          The Clerk.     Mr. Carper?  
13          Senator Carper.    Aye.  
14          The Clerk.     Mr. Cardin?  
15          Senator Cardin.    Aye.  
16          The Clerk.     Mr. Brown?  
17          Senator Wyden.    Aye by proxy.  
18          The Clerk.     Mr. Bennet?  
19          Senator Bennet.    Aye.  
20          The Clerk.     Mr. Casey?  
21          Senator Casey.    Aye.  
22          The Clerk.     Mr. Warner?  
23          Senator Warner.    Aye.  
24          The Clerk.     Ms. McCaskill?  
25          Senator McCaskill.   Aye.

1           The Clerk.    Mr. Chairman?

2           The Chairman.   No.

3           The clerk will report.

4           The Clerk.    Mr. Chairman, the final tally is 12  
5 ayes, 14 nays.

6           The Chairman.   The amendment is defeated.

7           Let us go to Casey number one.

8           Senator Casey.   Thank you, Mr. Chairman.

9           This is Casey amendment number one, and it is about  
10 a promise that I think has been made in this process.  
11 The amendment's aim is very simple -- and I'll describe  
12 it in a moment -- to make sure that this tax plan keeps  
13 the promise that was made to the American people that  
14 their wages would increase by \$4,000.

15           I am holding in my hand a *USA Today* article dated  
16 October 11th -- "White House: \$4,000 more for families  
17 with business tax cuts." So that is the promise: 4,000  
18 bucks a family. In fact, the promise is based upon a  
19 story out of Harrisburg, Pennsylvania.

20           We know that on November the 11th, in a JCT table  
21 that was presented to us, it indicated in pertinent part  
22 that the bill would increase taxes -- increase taxes on  
23 13.8 million Americans making under \$200,000 a year in  
24 2019. This amendment simply ensures that now that that  
25 promise has been made, that for taxable years beginning

1 after 2019, this amendment would require that the real  
2 median household income must increase by \$4,000, compared  
3 to December 31st of 2017. So that is the base  
4 comparison.

5 If not, the Internal Revenue Code of 1986 shall be  
6 applied and administered. So in essence, it reverts back  
7 to the prior internal revenue code.

8 The reason I think we need this amendment is to  
9 ensure that this promise that was made that huge  
10 corporate tax breaks are going to lead to an increase in  
11 wages -- that promise has to be fulfilled. We know that  
12 the Economic Policy Institute tells us that in 2016, the  
13 CEOs of America's largest firms made 271 times the annual  
14 pay of the typical worker. In 1989, the ratio was 59-1.

15 So after 37 years, the ratio between CEO and typical  
16 workers, 271 times the annual pay of the worker after  
17 being a fraction of that 37 years earlier. We know that  
18 worker pay has stagnated, and this is one way to hold the  
19 bill and the proponents of the bill accountable to the  
20 promise that was made to the American people.

21 Mr. Chairman, I want to leave some time in my period  
22 of time here for Senator Stabenow, and I will yield at  
23 this moment.

24 The Chairman. Well, thank you, Sir.

25 Mr. Barthold, what are the economic effects of this,



1 or what would the --

2 Mr. Barthold. If the test were satisfied, it would  
3 turn off the provisions of the bill, and so it would  
4 raise revenue relative to the Chairman's Mark.

5 The Chairman. I see.

6 Mr. West, is this administrable?

7 Mr. West. Senator, if the definitions were  
8 adequately defined in the statute, we could administer  
9 this, I think.

10 The Chairman. But it may not be?

11 Mr. West. It would depend on how these different  
12 measures of income were defined, sir.

13 The Chairman. What is your betting on this?

14 [Laughter.]

15 Mr. West. Mr. Chairman, I am not a gambling man.

16 Senator Casey. Mr. Chairman? Mr. Chairman?

17 The Chairman. I understand that. I just want to  
18 show how ridiculous -- you know, I understand what --

19 Senator Casey. Mr. Chairman, could I --

20 The Chairman. Yes.

21 Senator Casey. Could I recapture maybe just 20  
22 seconds of my time?

23 The Chairman. Of course, you can.

24 Senator Casey. I want to leave some time for  
25 Senator Stabenow.

1           The Chairman.    Of course, you can.

2           Senator Casey.    I am heartened by what Mr. West  
3           said. I would be willing to work with the administration  
4           or anyone else who wants to work on any procedures that  
5           would make this administrable.

6           Senator Stabenow.   Mr. Chairman?

7           The Chairman.    Yes, the Senator from Michigan.

8           Senator Stabenow.   Thank you, Mr. Chairman.

9           I am very pleased to be joining with Senator Casey  
10          in this amendment. I would like to call this the proof  
11          is in your paycheck amendment because we have heard the  
12          president, we have heard others in the administration say  
13          that, in fact, -- in fact, a recent report by  
14          administration promised that the corporate tax cuts in  
15          this bill will cause the average family's annual income  
16          to go up by at least \$4,000, maybe as much as \$9,000.

17          So I think we should make sure that promise is kept.  
18          This would simply say that after five years, after five -  
19          - if that has not happened, after five years, then it  
20          would end the corporate tax rate cuts.

21          I also want to say, Mr. Chairman, that I am glad  
22          that corporations are doing well. Profits after taxes in  
23          recent years have been higher than at any other time in  
24          the last 50 years. That is good. We want business to do  
25          well.

1           But it is not good that wages are still at an all-  
2 time low. It is the differential. It is the problem.  
3 It is the ongoing promises that workers are given over  
4 and over and over again that never happen that is the  
5 problem.

6           So Mr. Chairman, I think the proof is in their  
7 paychecks, and I would hope that we would all want to  
8 keep this promise by the president.

9           The Chairman. Well, I am concerned about the  
10 snapback of jobs going overseas. Am I misconcerned  
11 there? Mr. Barthold?

12          Mr. Barthold. I am sorry. I misunderstood your  
13 question, Mr. Chairman.

14          The Chairman. I am concerned about losing jobs  
15 overseas.

16          Mr. Barthold. In having the provisions return to  
17 present law, it would in and of itself turn off some of  
18 the incentives that you discussed earlier.

19          The Chairman. Yes.

20          The Chairman. It would also -- I guess an added  
21 feature of it in terms of planning is it creates  
22 uncertainty.

23          The Chairman. That is right, and it would  
24 undermine a lot of what we are trying to do. Well --

25          Senator Stabenow. Mr. Chairman, I thought what we

1       were trying to do is put more money in people's  
2       paychecks.

3             The Chairman.    No, that is not what we are trying  
4       to do.  We are trying to have a tax system that means  
5       something, that works well, that is honest and decent,  
6       and is not just a playoff for votes.

7             The clerk will call the roll.

8             The Clerk.    Mr. Grassley?

9             Senator Grassley.   No.

10            The Clerk.    Mr. Crapo?

11            Senator Crapo.   No.

12            The Clerk.    Mr. Roberts?

13            The Chairman.   No by proxy.

14            The Clerk.    Mr. Enzi?

15            Senator Enzi.    No.

16            The Clerk.    Mr. Cornyn?

17            Senator Cornyn.   No.

18            The Clerk.    Mr. Thune?

19            Senator Thune.   No.

20            The Clerk.    Mr. Burr?

21            The Chairman.   No by proxy.

22            The Clerk.    Mr. Isakson?

23            Senator Isakson.   No.

24            The Clerk.    Mr. Portman?

25            Senator Portman.   No.

1           The Clerk.    Mr. Toomey?  
2           Senator Toomey.   No.  
3           The Clerk.    Mr. Heller?  
4           Senator Heller.   No.  
5           The Clerk.    Mr. Scott?  
6           Senator Scott.   No.  
7           The Clerk.    Mr. Cassidy?  
8           The Chairman.   No by proxy.  
9           The Clerk.    Mr. Wyden?  
10          Senator Wyden.   Aye.  
11          The Clerk.    Ms. Stabenow?  
12          Senator Stabenow.   Aye.  
13          The Clerk.    Ms. Cantwell?  
14          Senator Cantwell.   Aye.  
15          The Clerk.    Mr. Nelson?  
16          Senator Nelson.   Aye.  
17          The Clerk.    Mr. Menendez?  
18          Senator Wyden.   Aye by proxy.  
19          The Clerk.    Mr. Carper?  
20          Senator Wyden.   Aye by proxy.  
21          The Clerk.    Mr. Cardin?  
22          Senator Cardin.   Aye.  
23          The Clerk.    Mr. Brown?  
24          Senator Wyden.   Aye by proxy.  
25          The Clerk.    Mr. Bennet?

1 Senator Bennet. Aye.

2 The Clerk. Mr. Casey?

3 Senator Casey. Aye.

4 The Clerk. Mr. Warner?

5 Senator Warner. Aye.

6 The Clerk. Ms. McCaskill?

7 Senator McCaskill. Aye.

8 The Clerk. Mr. Chairman?

9 The Chairman. No.

10 The Clerk. Mr. Carper?

11 Senator Carper. Aye.

12 The Chairman. The clerk will tell us the tally.

13 The Clerk. Mr. Chairman, the final tally is 12

14 ayes, 14 nays.

15 The Chairman. The amendment is defeated.

16 Senator Casey, you have number 12. Do you want to

17 bring that up?

18 Senator Casey?

19 Senator Casey. Mr. Chairman, I want to bring up

20 Casey number 12.

21 The Chairman. Okay.

22 Senator Casey. This amendment simply states that

23 the legislation would not go into effect if taxes go up

24 for Americans earning under \$50,000 a year. We have

25 heard a lot about that income amount this week. There is

1 a concern that has been expressed by Republican Senators  
2 about people making under \$50,000 a year. So we will see  
3 how strong that concern is.

4 Folks have repeatedly indicated that they want to  
5 provide a tax cut for the middle class. I believe that  
6 their intentions are sincere, but the bill does not  
7 reflect those expressions of solidarity with the middle  
8 class.

9 As it stands now, the Joint Committee on Taxation's  
10 November 13th assessment of the bill finds that 6.8  
11 percent of Americans making between \$40,000 and \$50,000 a  
12 year will see a tax increase of \$100 or more, just in  
13 2019. This translates to 873,000 Americans earning  
14 between \$40,000 and \$50,000 a year.

15 Mr. Chairman, I would again just want to restate  
16 generally that the amendment indicates that the bill  
17 would not go into effect if taxes increase on individuals  
18 making less than \$50,000 annually, and this does not  
19 require an offset.

20 The Chairman. Okay.

21 Does anybody care to comment on our side?

22 Senator Toomey. Mr. Chairman?

23 The Chairman. Senator Toomey?

24 Senator Toomey. I mean, it is really just more of  
25 the same. I mean the fact is, and, again, anybody can

1 look at the Joint Committee on Taxation, November 16th,  
2 2017, JCX 58-17.

3 Every income group gets a tax cut. Everybody is  
4 going to be saving on their taxes in terms of the various  
5 income groups, and as Senator Thune observed -- I do not  
6 see the chart at the moment -- but as a general matter,  
7 the greatest percentage reductions occur in the lower-  
8 income brackets, which mean that the upper-income  
9 brackets are going to bear an even greater percentage of  
10 the total tax burden than they do today.

11 That is what our bill does. We have an agreement on  
12 that. I think this amendment disrupts that bill in a way  
13 that is unconstructive, and we should reject it.

14 Senator Wyden. Mr. Chairman, just very quickly.

15 I hope colleagues will support Senator Casey on  
16 this. The Republicans' bill manages to spend \$1.4  
17 trillion and still raises taxes on 14 million taxpayers  
18 in 2019 alone, and many, many more by 2027.

19 What Senator Casey is saying is let us have some  
20 basic fairness. I hope my colleagues will support it,  
21 and I am pleased to be one of Senator Casey's cosponsors.

22 Senator Casey. Mr. Chairman?

23 The Chairman. Let us address the chair, if you  
24 want to be heard.

25 Before I turn to you for final remarks, I think



1 Senator Enzi has some comments.

2 Senator Enzi. In just one sentence, the amendment  
3 is too broad the way I read it, and it would gut the bill  
4 if one single person who earns \$50,000, saw a tax  
5 increase. I already established in my questions before  
6 that within any of the cohorts, there are some people  
7 that gain and some that lose. And to say that all have  
8 to gain is pretty broad to destroy something.

9 Senator Casey. Mr. Chairman?

10 The Chairman. Yes, sir.

11 Senator Casey. Mr. Chairman, I will go back to the  
12 data that my colleague from Pennsylvania noted, that we  
13 have been talking about most of the day. JCX 58, dated  
14 November 16th, if you go through the tables by year, it  
15 says what the *Washington Post* today said it would. It  
16 indicates -- the headline says, "Tax Bill Cuts Taxes of  
17 Wealthy and Hikes Taxes on Families Earning Under \$75,000  
18 a Year Over a Decade."

19 After indicating that it raises taxes on American  
20 families earning \$10,000 to \$75,000 over the decade, the  
21 second paragraph indicates the portion of the debate  
22 which we probably have not gotten to today, which says,  
23 "tax hikes for households earning \$10,000 to \$30,000  
24 would start in 2021."

25 So even though 2019 might look good for some of

1 those families, starting in 2021, it starts to erode to  
2 the point where you get to 2027, after that erosion, and  
3 folks in the \$20,000 to \$30,000 income have a change in  
4 their federal taxes of 25 percent in the wrong direction.

5 So that erosion, which is inexorable over the next  
6 couple of years, starts in 2021.

7 Senator Toomey. Mr. Chairman?

8 The Chairman. Yes, sir?

9 Senator Toomey. Mr. Chairman?

10 The Chairman. Senator Toomey?

11 Senator Toomey. I would just point out that the  
12 erosion that my colleague and good friend from our state  
13 points to is only arrived at if you take the payments to  
14 insurance companies and pretend that that is somehow a  
15 tax increase on people who do not owe a dime in taxes  
16 with respect to those payments to insurance companies.

17 Senator Casey. Mr. Chairman?

18 The Chairman. The Senator from Pennsylvania.

19 Senator Casey. I think my colleague's quarrel is  
20 not with the numbers, not with the data, but with the  
21 Joint Committee on Taxation. It is pretty clear what the  
22 numbers say.

23 The Chairman. Okay.

24 The clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 The Chairman. No by proxy.  
2 The Clerk. Mr. Crapo?  
3 Senator Crapo. No.  
4 The Clerk. Mr. Roberts?  
5 The Chairman. No by proxy.  
6 The Clerk. Mr. Enzi?  
7 Senator Enzi. No.  
8 The Clerk. Mr. Cornyn?  
9 Senator Cornyn. No.  
10 The Clerk. Mr. Thune?  
11 Senator Thune. No.  
12 The Clerk. Mr. Burr?  
13 The Chairman. No by proxy.  
14 The Clerk. Mr. Isakson?  
15 Senator Isakson. No.  
16 The Clerk. Mr. Portman?  
17 The Chairman. No by proxy. Oh, he is here.  
18 The Clerk. Mr. Toomey?  
19 Senator Toomey. No.  
20 The Clerk. Mr. Heller?  
21 Senator Heller. No.  
22 The Clerk. Mr. Scott?  
23 Senator Scott. No.  
24 The Clerk. Mr. Cassidy?  
25 The Chairman. No by proxy.

1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    Aye.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Wyden.    Aye by proxy.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    Aye.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    Aye.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    Aye by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Carper.    Aye.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    Aye.  
15          The Clerk.    Mr. Brown?  
16          Senator Wyden.    Aye by proxy.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    Aye.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    Aye.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    Aye.  
23          The Clerk.    Ms. McCaskill?  
24          Senator Wyden.    Aye by proxy.  
25          The Clerk.    Mr. Chairman?

1 The Chairman. No.

2 The Clerk. Ms. Stabenow?

3 Senator Stabenow. Aye.

4 The Chairman. The clerk will report.

5 The Clerk. Mr. Chairman, the final tally is 12  
6 ayes, 14 nays.

7 The Chairman. The amendment is defeated.

8 Shall we go to Carper number two?

9 Senator Carper. Why not?

10 The Chairman. Sure. Okay.

11 Senator Carper. Thanks, Mr. Chairman.

12 This would be amendment number 218, and Carper  
13 amendment number 2.

14 I want to express my thanks to Senators Bennet and  
15 Wyden for cosponsoring this particular amendment. I  
16 sometimes joke with Mark Warner and others in the room  
17 who are like me, recovering governors. We once said if  
18 we had a dollar for every time we started a sentence with  
19 "when I was governor," we would have enough money to  
20 almost balance the budget.

21 Senator. I got that money.

22 [Laughter.]

23 Senator Carper. But when I was privileged to serve  
24 as governor of the first state -- I became governor in  
25 1993, elected in 1992. I mentioned yesterday, before

1 that I -- right out of the Navy, I got an MBA at  
2 Delaware, and had a chance to be state treasurer. I was  
3 all of 29.

4 We had the worst credit rating in the country. We  
5 were tied for dead last with Puerto Rico. They were  
6 embarrassed to be in the same league with us. We were  
7 really good at overestimating revenue and underestimating  
8 spending.

9 We had no pension fund. We had no cash management  
10 system. We had no cash, and we were a mess. Pete Dupont  
11 was elected governor in 1976, a really good governor. I  
12 was privileged to serve as an independently elected state  
13 official, as treasurer. I thought I did a good job. I  
14 hope I helped.

15 A little bit on my role as treasurer. At the time,  
16 we had the highest marginal personal income tax rate in  
17 the country, for a state, 19.6 percent. Can you imagine  
18 that? That was our state.

19 We had the lowest rate of startups and small  
20 businesses. Later on, Mike Castle succeeded him as  
21 governor and then I succeeded Mike as governor.

22 And in my last term as governor, our credit rating,  
23 which used to be the worst, became AAA across the board.

24 And during the eight years I served as governor, from  
25 1993 to 2001, we balanced our budget eight years in a

1 row. We cut taxes seven out of eight years. We still  
2 managed to balance our budget, paid down some debt and  
3 ended up with AAA credit ratings. We still have that.  
4 Delaware still enjoys a AAA credit rating.

5 I compare the way that we behaved in Delaware all of  
6 those years in terms of fiscal responsibility, and look  
7 at what we are proposing to do here in the Chairman's  
8 Mark with respect to fiscal responsibility. Friends, we  
9 are well into the eighth year, and I think it is the  
10 longest running economic recovery in the history of our  
11 country.

12 We had it pretty good back in the 1990s during the  
13 Clinton Administration, but I think this one has actually  
14 lasted longer. I learned in the economics I studied at  
15 Ohio State and later at the University of Delaware in  
16 Business School, that the idea of deficit spending when  
17 we are in an economic crunch, you are in a downturn, a  
18 recession, depression, when we are in a war, some kind of  
19 national emergency, it makes a lot of sense to deficit  
20 spend.

21 We are in the eighth year of this economic expansion  
22 and we are proposing with the Chairman's Mark to add  
23 another \$1.5 trillion to our debt. That just does not  
24 seem wise. That is not the way we do things in Delaware.

25 My guess it is not the way you do things in your states

1 either.

2 So I have a first cousin who lives down in North  
3 Carolina -- I do not know if anybody else has relatives  
4 from around the country sending them advice on email, or  
5 texting, or whatever, but every now and then, my cousin  
6 weighs in and he says, "don't you have this huge  
7 deficit." "Why would you be cutting taxes, especially  
8 for with wealthy people?"

9 Now he is a guy who -- I would not say he is  
10 wealthy, but he does pretty well. But he thinks that  
11 people like him ought to pay their fair share. And what  
12 I propose in this amendment is simply not to give to  
13 people, to individuals whose income is over \$470,000, not  
14 to give them a tax break. Basically, retain the same  
15 rates that we have under currently law.

16 Under current law, there is a 39.6 percent rate for  
17 folks in the country that are earning more than \$470,000  
18 a year. The Chairman's Mark lowers that tax rate, while  
19 increasing the threshold to \$1 million.

20 What my amendment says is, let us just maintain the  
21 status quo. We do not spend the money we save on  
22 anything. I think it is unfortunate -- I would like to -  
23 - rather than -- if we were going to roll up some more  
24 debt, I would not spend it on giving tax breaks to people  
25 who, frankly, truth be known, they do not need it that



1 much.

2           You know what we do need to spend money on? We have  
3 got plenty of roads, highways and bridges in my state and  
4 across the country we should spend some money. We have  
5 got ports, we have got railroads, we have airports. We  
6 have only a couple of counties in Delaware, but a couple  
7 of them do not have much access to broad band. And  
8 across the country, we have a huge problem in places  
9 where the economic growth is not strong, and they could  
10 use a big boost for simply deploying broad band.

11           If we are going to blow \$1.5 trillion, that is the  
12 kind of thing we ought to blow it on. Because what will  
13 happen is we really will go GDP, and we will put a  
14 boatload of people back to work who would like to be  
15 working. That is what we call the Delaware way, and it  
16 is probably the way you do things in your states as well.

17           So that, Mr. Chairman, is the long and short of it.

18           No fiscal note here. It is a way to actually reduce the  
19 deficit, and we maintain the status quo. Folks who are  
20 doing real well for themselves right now, they would  
21 continue to pay the same taxes and maybe the only comfort  
22 for that is to know that by doing that, we would not be  
23 adding another \$1.5 trillion to the deficit. We would  
24 still be adding, but not \$1.5 trillion.

25           Thank you, Mr. Chairman.

1           The Chairman.    Thank you, sir.

2           Let me -- I will recognize you.

3           Senator Wyden.    I will just be very brief.

4           I hope colleagues will support the Carper Amendment.

5           It seems to me it is about choices.  Senator Carper is  
6           saying Main Street counts more than Wall Street.  That is  
7           really what this is all about.  And I hope the Senators  
8           vote for it.

9           The Chairman.    I think we all agree with that.

10          The Mark provides reduced tax rates across the board  
11          with the benefits focused on the middleclass.  Under the  
12          Mark, the top rate goes down by about 1 percent.  But at  
13          the same time, many itemized deductions used by high-  
14          income earners are repealed.

15          Do not have anybody have any misconceptions about  
16          it.  The Mark gives a larger tax cut relative to  
17          taxpayers' income to those in the middle brackets than it  
18          does for those at the very top.  The Joint Committee on  
19          Taxation has confirmed that to be the case.

20          Under the Mark, millionaires and billionaires will  
21          actually see their share of the overall tax burden go up.

22          There is no question about that.  No one can truthfully  
23          call this a massive tax cut for the rich, nobody can.

24          Senator Crapo.    Mr. Chairman?

25          The Chairman.    The Senator from Idaho.

1           Senator Crapo.    Mr. Chairman, I would like to make  
2 a comment too.

3           Senator Carper talked about the recovery we are in.

4           I understand that we have been getting better over the  
5 last few years, but our economy has not performed above 2  
6 percent for eight years.

7           The Chairman.    That is right.

8           Senator Crapo.    And CBO estimated, as we did our  
9 budget this year, that if we maintain current law, if we  
10 do nothing, that we will not get over 2 percent for  
11 another decade. We must do something that will generate  
12 growth and strength in our economy. This bill, as we  
13 have said repeatedly, does provide real tax relief for  
14 every income category. And we will, I am sure, argue  
15 that another dozen times today.

16           But what it also does is, it generates economic  
17 growth, it generates capital formation, investment, and  
18 grows the economy. I know we do not have -- I do not  
19 think we have the Joint Tax scoring on this yet, but  
20 there are other entities that have scored this bill and  
21 have indicated that we can expect to see growth in our  
22 economy, which will benefit everybody in the economy.

23           In my opening remarks in this markup, I indicated  
24 that those studies that have already been put out suggest  
25 that the average income for every middleclass family in

1       America -- and this is an average -- will be up about  
2       \$4,000 just because of the growth in the economy, that  
3       there will be about a million new jobs generated.

4               And it is that that we are seeking to protect and  
5       strengthen here, in addition to the cuts in taxes across  
6       the board for every income category. I just think we  
7       need to not take our eye off the ball. We are trying to  
8       do something that will get us out of a stagnant economy.

9               Senator Carper.    Mr. Chairman, could I have a  
10       closing word?

11              The Chairman.    You are fine, Senator. I recognize  
12       you.

13              Senator Carper.    I have great respect and affection  
14       for my friend from Idaho. He knows that.

15              I will say again what I said before. I am not sure  
16       that the corporations are going to realize a tax break,  
17       if they are going to actually put that money back in  
18       investments and growth. I like to think they will.

19              I suspect that most of the high-income people that  
20       will get a break in their taxes, a lot of them, they are  
21       not going to just put that money back into the economy.  
22       I would like to think that they would, but history would  
23       suggest that they do not.

24              I do know this, if we put \$1.5 trillion into the  
25       kind of things I talked about earlier, roads, highways,

1 bridges, rail, ports, airports, broadband deployment, if  
2 we did that, we would see a huge growth -- huge growth.  
3 And if we had CBO at the table, they would tell us that  
4 is true. If we had CBO at the table, they would tell us  
5 how much.

6 Global Institute and McKenzie Company said if we  
7 would just do the piece on roads, highways, bridges, we  
8 would grow GDP about 1 percent a year -- a year, and we  
9 would add about 2 million jobs if we would do that. That  
10 is what we ought to be doing.

11 Thank you.

12 The Chairman. Okay.

13 Senator Wyden next.

14 Senator Wyden. Thank you, Mr. Chairman.

15 And this has been a good discussion. This is a  
16 Senate caliber discussion, the way we used to talk about  
17 big matters. What Senator Crapo is saying is that if you  
18 want to generate growth, and it is essentially going to  
19 be the corporations and the folks at the top, and Senator  
20 Carper and all of us over here, is that really is not our  
21 view.

22 I start with the proposition that the middleclass  
23 are driving 70 percent of the economy and the way you  
24 generate growth and opportunity is to have those folks  
25 buying homes and cars and sending kids to school and

1       paying for child care. And I contrast that because when  
2       I am home having a town meeting -- and my friend and I  
3       are in the same part of the country -- that is what  
4       people say they would do with the money.

5               And then I contrast that with that Gary Cohn clip on  
6       TV with all the country's CEOs, where he said I would  
7       like a show of hands of all of you who will put this into  
8       jobs and he was essentially embarrassed on national  
9       television when they did not raise their hands.

10              So this is a good conversation, and it is a real  
11      conversation, that reasonable people can have a  
12      difference of opinion on it. But Senator Carper, in my  
13      view, is talking about the middleclass that are the key  
14      to growing prosperity in the country, and those numbers,  
15      just like the JCT numbers, do not lie.

16              The middleclass writes 70 percent of the economic  
17      activity and you better believe, they are not like the  
18      folks sitting in that room with Gary Cohn. They are  
19      people who want to see roads improved, they want to buy  
20      houses, they want to buy cars. I hope colleagues will  
21      support the Carper amendment.

22              Senator Carper. Mr. Chairman? Mr. Chairman?

23              Thirty seconds more to prolong this enlightened  
24      discussion?

25              The Chairman. Go ahead.

1           Senator Carper. I think sometimes we shortchange  
2 the value that we get from investing in technology and  
3 R&D, and particularly in technologies that could be  
4 commercialized and turned into profits and income and  
5 jobs in this country. Those are the appropriators who  
6 know that and I would just remind us of that as well.

7           Senator Crapo. Mr. Chairman? Mr. Chairman?

8           The Chairman. Okay.

9           The Senator from Idaho.

10          Senator Crapo. Mr. Chairman, could I just have 30  
11 seconds to respond?

12          I do not disagree with my colleagues who say that  
13 investment in our infrastructure is critical. I do not  
14 disagree with the notion that the middleclass, that the  
15 wage earners, that the individuals in this country, the  
16 consumers are a huge driving force for growth.

17          The Chairman. Right.

18          Senator Crapo. I do disagree that our business  
19 sector of our economy is not a major sector of growth as  
20 well. Our bill does both.

21          We do -- I know we will go through this again and  
22 again and again. We do reduce the tax burden on our  
23 middleclass. But we also reduce the corporate rate that  
24 makes us so noncompetitive today globally. And both of  
25 those are going to be stimulants to our economy.

1 I do not understand why we have to continue to try  
2 to cut out one major growth factor in this bill.

3 Senator Toomey. Mr. Chairman?

4 The Chairman. Who is next?

5 Senator Toomey. Mr. Chairman?

6 The Chairman. The Senator from Pennsylvania.

7 Senator Toomey. Yes, I would just -- thank you,  
8 Mr. Chairman.

9 A good case can be made for infrastructure  
10 legislation, and I am virtually certain that there is  
11 going to be an awful lot of work done on that probably  
12 next year. There will be an opportunity for that  
13 discussion.

14 Middleclass absolutely gets a tax cut, every income  
15 group. We have clearly made that -- Mr. Barthold has  
16 confirmed that.

17 So let me say something about this notion -- first  
18 of all, our Ranking Member has on several occasions  
19 referred to a TV clip with Gary Cohn. I am very certain  
20 that the Ranking Member understands very well that that  
21 is not exactly a systematic representative sampling of  
22 American business. There were a handful of people in a  
23 room who for whatever reason may or may not raise their  
24 hand about a question. Who knows?

25 Look, there is a fundamental reality. In our



1 economy, like any big economy, capital is invested every  
2 year. It is invested capital which takes the form of  
3 people putting machines and equipment and vehicles to  
4 work. That is what expands the capacity of our economy.

5 That is what generates jobs. That is what increases  
6 productivity. That is what leads to higher wages.

7 Now, every year it happens at a certain level. And  
8 every year, every CEO is making a decision about how much  
9 more capital to invest. What we are doing in this bill  
10 is, we are making it more economically attractive to  
11 invest capital.

12 We, for instance, allow full expensing, rather than  
13 gradual depreciation. In other words, we allow someone  
14 to recognize for tax purposes the cost of buying that new  
15 equipment when they incur the cost, rather than having to  
16 wait many years. That is unambiguously a tool to lower  
17 the cost of purchasing that equipment.

18 On the margin, more equipment is going to be  
19 purchased. That is just what happens when you change the  
20 incentives. And when that happens, guess what? Somebody  
21 gets to make that equipment, and it is often middle-  
22 income workers at a factory. Then someone else gets to  
23 use that equipment when it is put to work, and that  
24 expands the productive capacity of the economy.

25 This is the dynamic that we want in addition to the

1 middleclass tax relief that is also in the bill. That is  
2 why we are doing this together. That is why this is so  
3 important. And that is why we should stick with the  
4 underlying bill.

5 Thank you, Mr. Chairman

6 The Chairman. I think you summed that up very  
7 well.

8 The clerk will call the roll.

9 The Clerk. Mr. Grassley?

10 The Chairman. No by proxy.

11 The Clerk. Mr. Crapo?

12 The Chairman. No by proxy.

13 The Clerk. Mr. Roberts?

14 The Chairman. No by proxy.

15 The Clerk. Mr. Enzi?

16 Senator Enzi. No.

17 The Clerk. Mr. Cornyn?

18 Senator Cornyn. No.

19 The Clerk. Mr. Thune?

20 Senator Thune. No.

21 The Clerk. Mr. Burr?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Isakson?

24 Senator Isakson. No.

25 The Clerk. Mr. Portman?

1 Senator Portman. No.  
2 The Clerk. Mr. Toomey?  
3 Senator Toomey. No.  
4 The Clerk. Mr. Heller?  
5 Senator Heller. No.  
6 The Clerk. Mr. Scott?  
7 The Chairman. No by proxy.  
8 The Clerk. Mr. Cassidy?  
9 The Chairman. No by proxy.  
10 The Clerk. Mr. Wyden?  
11 Senator Wyden. Aye.  
12 The Clerk. Ms. Stabenow?  
13 Senator Stabenow. Aye.  
14 The Clerk. Ms. Cantwell?  
15 Senator Wyden. Aye by proxy.  
16 The Clerk. Mr. Nelson?  
17 Senator Nelson. Aye.  
18 The Clerk. Mr. Menendez?  
19 Senator Wyden. Aye by proxy.  
20 The Clerk. Mr. Carper?  
21 Senator Carper. Aye.  
22 The Clerk. Mr. Cardin?  
23 Senator Cardin. Aye.  
24 The Clerk. Mr. Brown?  
25 Senator Wyden. Aye by proxy.

1           The Clerk.    Mr. Bennet?  
2           Senator Bennet.   Aye.  
3           The Clerk.    Mr. Casey?  
4           Senator Casey.   Aye.  
5           The Clerk.    Mr. Warner?  
6           Senator Warner.   Aye.  
7           The Clerk.    Ms. McCaskill?  
8           Senator McCaskill.   Aye.  
9           The Clerk.    Mr. Chairman?  
10          The Chairman.    No.  
11          The clerk will report.  
12          The Clerk.    Mr. Chairman, the final tally is 12  
13          ayes, 14 nays.  
14          The Chairman.    The amendment is defeated.  
15          Senator Carper.    Mr. Chairman?  
16          Could I just have 20-30 seconds just to say -- we  
17          just had a conversation here, a discussion here, maybe a  
18          debate here --  
19          Senator Cornyn.    Mr. Chairman?  
20          Senator Carper.    -- that is worthy of this  
21          committee -- worthy of this committee.  
22          Senator Cornyn.    Mr. Chairman, obviously it is  
23          within your discretion, but we had a debate. We had a  
24          vote --  
25          Senator Carper.    I am not asking for anything.

1           Senator Cornyn.    We have more voting ahead of us,  
2   and I am just suggesting --

3           Senator Carper.    I am just saying to my friend from  
4   Texas, I am just taking a moment to say this is the kind  
5   of discussion and debate we ought to have.  And my hope  
6   is we will have a few more before we finish up.

7           The Chairman.    Alright.  Let us go to Warner Number  
8   5.

9           Senator Warner.    Mr. Chairman, I would like to call  
10   up my modification of Amendment No. 331, our Amendment  
11   No. 5.

12          Mr. Chairman, I will try to do this very quickly, if  
13   my colleagues would actually listen to my points, because  
14   they completely build upon the comments that have been  
15   last made.

16          My amendment, I am calling it "stand by your talking  
17   point amendment."  And my amendment is based on the  
18   premise -- and I agree with my colleagues.  I was a  
19   business guy longer than I have been a politician.  
20   Economic growth is absolutely a key component, and a lot  
21   of economic growth is driven by business.

22          My amendment would add, though, an element of fiscal  
23   responsibility to this bill by triggering a reduction of  
24   tax cuts for corporations and highest earners, like me,  
25   if we do not meet the revenue targets, if we do not meet

1 the growth assumptions.

2 Now, I think we have been pretty clear that this  
3 bill loses about \$1.4 trillion, add to the deficit. I  
4 actually believe the number, when you add in interest and  
5 you add in some of the provisions that will probably be  
6 included, that the actual loss will be about \$2.2  
7 trillion. But we do not know yet.

8 Now, obviously, the 1.5 number, 1.4 number is based  
9 upon revenue projections of the CBO and Fed, which  
10 estimate between 1.8 percent and 2 percent. My  
11 colleagues have very articulately made a point that they  
12 believe the revenue or the growth numbers will be much  
13 higher. Gary Cohn obviously believed that. And I would  
14 say to my colleague from Pennsylvania, I actually spoke  
15 to that group right after Mr. Cohn. It was sponsored by  
16 the Wall Street Journal. It was only CEOs. Again, it  
17 was a small sample, so I am not going to re-debate that,  
18 but it was a sample.

19 Treasury Secretary Mnuchin has gone even further  
20 than Mr. Cohn and he says that the growth numbers coming  
21 out of this tax reform are going to be so great that they  
22 are going to actually reduce the deficit by \$1 trillion.

23 So I am not asking you to go as far as Secretary  
24 Mnuchin. I am just saying stand by the projections that  
25 are in your bill. Matter of fact, what is fair about

1 that, Mr. Chairman, and I did not realize this, but this  
2 bill has actually got a trigger in it. This bill has got  
3 a trigger that says if the growth numbers exceed what the  
4 projections are and revenue comes in by \$900 billion  
5 above the target, that you will actually automatically  
6 get rid of some of the offsets.

7 So if it is good on one side and this is so good  
8 that it is going to be even better than projection, it is  
9 going to take the debt down \$1 trillion and you have got  
10 a trigger in the bill that benefits then the tax offsets  
11 if that happens, then let us just do it on the other  
12 side.

13 Now, fundamentally, I hope I am wrong. I hope you  
14 are right. I think history has shown us in modern times  
15 that paying for big tax cuts with borrowed money is  
16 really, really bad policy. But maybe, just maybe this  
17 will be the one time that will prove that theory wrong.

18 Here is what I will do to even hopefully get my  
19 colleagues to give it a really serious listen. There  
20 might be incidence -- we could have a massive economic  
21 downturn, it might be caused by worldwide events. I will  
22 even go one more and allow the Secretary of Treasury to  
23 say that if we have a major economic downturn, this  
24 trigger would not take place.

25 So all I am saying, Mr. Chairman, is you have made a

1 lot -- the Majority has made a lot of assumptions about  
2 growth numbers. If you really believe those numbers,  
3 then stand by them and put in this trigger, the way we  
4 have got a trigger that says if we actually create more  
5 excess revenues, we are going to take away the offsets.

6 All I am saying, if do not hit those numbers and the  
7 Fed ends up being right -- I say this particularly to my  
8 friend from Idaho, when we spent years in a room together  
9 on these issues, and I believe in growth, but let us  
10 stand by our talking points. Let us put this trigger in.  
11 Let us make sure we have got a little trigger here  
12 affecting responsibility so that if it does not happen,  
13 we do not end up with having tax cuts that are not paid  
14 for that add to a \$20 trillion debt that we already know  
15 is way too high.

16 See, Mr. Chairman, I did that in less than 5 minutes  
17 and all I would ask is that your colleagues will give  
18 this serious consideration.

19 The Chairman. You did well.

20 Senator Cornyn. Mr. Chairman?

21 The Chairman. Yes, Senator Cornyn?

22 Senator Cornyn. Mr. Chairman, I appreciate what  
23 our friend from Virginia is trying to do here, and,  
24 certainly, we hope the economy does grow in response and  
25 we expect that if there is as little as 0.4 of 1 percent



1 in GDP, that it will completely erase the \$1.5 trillion  
2 deficit on a static basis. And we do expect and hope  
3 that it will grow well above the 1.9 percent rate that is  
4 currently the subject of the CBO score.

5 But I would suggest that your trigger is in the  
6 wrong place. No company -- I mean, you are a successful  
7 business guy, very successful. You would not make an  
8 investment based upon a tax rate that could change in 1  
9 year or 2 years.

10 So let us put the trigger in the right place. Let  
11 us put it on spending. That is the problem. We have a  
12 spending problem. It is not that the American people are  
13 taxed too little. It is that we spend too much money.

14 If we did that, I think we could have a really  
15 productive conversation. But no business is going to  
16 make an investment based on a floating tax rate that they  
17 cannot rely on.

18 So I would urge colleagues to vote against the  
19 amendment.

20 Senator Warner. Mr. Chairman?

21 The Chairman. Senator Toomey? Well, let me first  
22 go back to the amendment.

23 Senator Warner. Mr. Chairman, I would simply say I  
24 sometimes believe the United States of America is the  
25 most successful enterprise ever created. No enterprise

1       our size would make investment decisions based upon  
2       growth assumptions and they would adjust if those growth  
3       assumptions are not met.

4           I think, again, all I am saying is a little equality  
5       here. If growth exceeds 3 percent and hits up the way  
6       the Secretary says, it is going to take \$1 trillion off,  
7       you have already got a provision in the bill that takes  
8       out more taxes. I am simply saying if we do not hit the  
9       revenue numbers -- if the Fed and CBO are dead wrong and  
10      we hit these numbers, then I still do not like all the  
11      provisions, but I will eat my words about the deficit  
12      hit, because the growth will provide those numbers.

13           I am just simply saying if it does not hit those  
14      numbers, and I am even giving my friend, the Senator from  
15      Texas, a notion that if there is some macroeconomic event  
16      and it is a downturn that we have no say over, the  
17      Secretary of Treasury can waive the trigger. I think  
18      that is fairly reasonable.

19           Senator Toomey. Mr. Chairman?

20           The Chairman. Senator Toomey, I think you had your  
21      hand up.

22           Senator Toomey. I just want to reinforce what  
23      Senator Cornyn said. He is exactly right. If a trigger  
24      like this were in place, it becomes self-fulfilling. No  
25      one can confidently predict what the rate will be,

1       because no one can confidently predict that future, and  
2       we will not get the investment that we are trying to  
3       encourage, so we will not have the growth. And then, lo  
4       and behold, see that, did not have the growth, better put  
5       rates back, and make it even worse.

6               That is no way to do this. And by the way, there is  
7       always an ultimate safeguard. Any future Congress can  
8       readdress this. There is nothing we do here today that  
9       stops the next Congress or the one thereafter from  
10       deciding that something ought to be modified in this.

11              So I think this is a very bad idea. It would  
12       absolutely undermine the pro-growth features of the tax  
13       code and we should reject the amendment.

14              Senator Warner. Mr. Chairman, just 20 last  
15       seconds.

16              The Chairman. And then we are going to vote.

17              Senator Warner. Yes, sir. I understand that. I  
18       would only say this. I understand about corporate  
19       certainty. I have been in business longer than I have  
20       been in politics. And I did not change my amendment to  
21       say let us just then get rid of some of the benefits that  
22       go to people like me.

23              It is really about growth and if you really believe  
24       in these numbers, let us stand by your talking point, and  
25       I think this amendment does that.

1           I would modify my amendment to say we ought to just  
2 cut the rates on folks like me who have done very, very  
3 well.

4           The Chairman.    Senator Wyden has 1 minute.

5           Senator Wyden.    Thank you, Mr. Chairman.

6           This is vintage Mark Warner, moderate, practical,  
7 focused on fiscal discipline.

8           The only reason I wanted to be recognized is I want  
9 to pain the backdrop.  The Republican deficit hawks flew  
10 away when they saw the \$1.5 trillion net deficit in the  
11 budget.  Now, the report is they may be flying back now  
12 that the Speaker has said the next thing that we are  
13 going to do after taxes is entitlement form, which puts  
14 at risk Medicare and Social Security and Medicaid.

15           We do not know for sure whether that is going to  
16 happen.  What we do know is that Senator Warner is  
17 offering a practical approach with respect to fiscal  
18 discipline that, in my view, transcends the political  
19 spectrum, and I hope my colleagues on both sides -- I  
20 listened to the comments -- are going to recognize what  
21 this is really about, which is a heartfelt appeal to  
22 rational budgeting.

23           The Chairman.    The Clerk will call the roll.

24           The Clerk.    Mr. Grassley?

25           The Chairman.    No by proxy.

1           The Clerk.    Mr. Crapo?  
2           The Chairman.  No by proxy.  
3           The Clerk.    Mr. Roberts?  
4           The Chairman.  No by proxy.  
5           The Clerk.    Mr. Enzi?  
6           Senator Enzi.   No.  
7           The Clerk.    Mr. Cornyn?  
8           The Chairman.  No by proxy.  
9           The Clerk.    Mr. Thune?  
10          Senator Thune.  No.  
11          The Clerk.    Mr. Burr?  
12          Senator Burr.   No.  
13          The Clerk.    Mr. Isakson?  
14          Senator Isakson.  No.  
15          The Clerk.    Mr. Portman?  
16          Senator Portman.  No.  
17          The Clerk.    Mr. Toomey?  
18          Senator Toomey.  No.  
19          The Clerk.    Mr. Heller?  
20          Senator Heller.  No.  
21          The Clerk.    Mr. Scott?  
22          The Chairman.  No by proxy.  
23          The Clerk.    Mr. Cassidy?  
24          The Chairman.  No by proxy.  
25          The Clerk.    Mr. Wyden?

1 Senator Wyden. Aye.  
2 The Clerk. Ms. Stabenow?  
3 Senator Stabenow. Aye.  
4 The Clerk. Ms. Cantwell?  
5 Senator Cantwell. Aye.  
6 The Clerk. Mr. Nelson?  
7 Senator Nelson. Aye.  
8 The Clerk. Mr. Menendez?  
9 Senator Wyden. Aye by proxy.  
10 The Clerk. Mr. Carper?  
11 Senator Carper. Aye.  
12 The Clerk. Mr. Cardin?  
13 Senator Cardin. Aye.  
14 The Clerk. Mr. Brown?  
15 Senator Brown. Aye.  
16 The Clerk. Mr. Bennet?  
17 Senator Bennet. Aye.  
18 The Clerk. Mr. Casey?  
19 Senator Casey. Aye.  
20 The Clerk. Mr. Warner?  
21 Senator Warner. Aye.  
22 The Clerk. Mrs. McCaskill?  
23 Senator McCaskill. Aye.  
24 The Clerk. Mr. Chairman?  
25 The Chairman. No.

1           The Clerk will report.

2           The Clerk.    Mr. Chairman, the final tally is 12  
3 ayes, 14 nays.

4           The Chairman.   The amendment is defeated.

5           Let us turn to Cardin No. 1.

6           Senator Cardin.   Thank you, Mr. Chairman.  I would  
7 like to call up Cardin-Bennet No. 1, infrastructure  
8 amendment; and, first, thank Senator Bennet for his  
9 leadership on this issue.

10           The two of us have worked on developing this  
11 amendment and we have worked to improve infrastructure in  
12 this country.

13           I also want to thank Senator Portman, because this  
14 is a part of a proposal that came out of a working group  
15 that -- his proposal, I think along with Senator Schumer,  
16 in looking at ways that we could responsibly use one-time  
17 revenue sources to expand infrastructure in this country  
18 and create jobs.

19           So what this amendment does is take the one-time  
20 only revenue that is in this bill through repatriation,  
21 using the House percentage and walling that off for  
22 infrastructure so that we can get real job growth in a  
23 most cost-efficient way.

24           It is the right thing to do, because as we all know,  
25 one-time-only revenues are one-time-only revenues, and it

1 is irresponsible to use that to offset permanent type  
2 changes in the revenue code that will continue to lose  
3 revenue.

4 It is also the right thing to do because it does  
5 create great jobs. We know that.

6 It was interesting, Mr. Chairman, I would just give  
7 you this comparison, Speaker Ryan used the number growth  
8 through the bill moving through the House at 975,000  
9 jobs. That is his projection. That is a \$1.5 trillion  
10 addition to the debt, if my math is right. That is about  
11 \$1.5 million per job, pretty expensive.

12 The numbers that we have on the infrastructure, this  
13 bill would bring in about 293 -- this amendment, about  
14 \$293 billion for infrastructure growth, which would bring  
15 approximately 4 million jobs.

16 So the numbers are quite dramatic, that we have a  
17 chance to really use -- and this is one-time-only  
18 revenue. Use that one-time revenue in order to rebuild  
19 America, create the jobs in the most responsible way.

20 I thank all my colleagues for their attention this  
21 matter and I certainly hope that we are committed to  
22 infrastructure, and this is certainly the right revenue  
23 to use.

24 The Chairman. Let me just say the Cardin amendment  
25 undermines, in my opinion, the tax bill without



1 addressing our infrastructure funding issues. This  
2 amendment does not deal with our long-term infrastructure  
3 funding issues by being dependent on one-time revenues.

4 By creating a new trust fund, the multimodal trust  
5 fund, the amendment ignores the current funding issues  
6 with the highway trust fund, which would still remain.

7 Now, we need to deal with our infrastructure funding  
8 issues, but undermining tax reform is not the way to do  
9 it. Now, this amendment would only make those issues  
10 more difficult to deal with.

11 So I would just urge my colleagues to vote no on  
12 this amendment.

13 Senator Cardin. Mr. Chairman, I think Senator  
14 Carper would like to speak, but let me just point out you  
15 are suggesting it is better to use one-time-only revenue  
16 for permanent reductions in the tax code rather than use  
17 one-time-only revenue for an influx that could be  
18 leveraged for additional definitive infrastructure  
19 improvements, whether it is high-speed rail or whether it  
20 is a bridge or whether it is highways.

21 I would argue that it is a much more effective way  
22 -- Senator Carper and I both serve on the Environment and  
23 Public Works Committee, and we know that if we can get  
24 this one-time-only revenue, it can be leveraged and we  
25 can actually get more done because of the way that we

1 have used leveraging financing.

2 That is not possible for tax reduction. So I would  
3 just take issue with my distinguished Chairman on that  
4 point.

5 The Chairman. I understand. Anybody else?

6 Senator Carper. Mr. Chairman, over here, right  
7 next to Ben Cardin, on his left.

8 I was not listening as carefully as I should have to  
9 this conversation, but did you say that you think it is  
10 okay to use one-time-revenue in order to pay for long-  
11 term tax reduction? You did not say that, did you?

12 The Chairman. No, I did not say that.

13 Senator Carper. I thought you did. And I met with  
14 one of our Republican leaders a couple years ago, we were  
15 talking about paying for transportation infrastructure.  
16 We talked about using user fees of those who use roads,  
17 highways, bridges, actually business and people actually  
18 pay for the improvement of those facilities.

19 Our colleague -- and we talked about repatriation,  
20 the moneys overseas and repatriation, and he indicated,  
21 he said, no, actually, we think that money ought to be  
22 used for -- if it is one-time, it ought to be used for  
23 rate reduction. And I said that did not make much sense  
24 to me.

25 We have across this country -- I mean, the senior

1 Democrat sitting next to Ben on the Environment and  
2 Public Works Committee, we have got enough projects of  
3 national importance to spend every dime that might come  
4 back from deemed repatriation, and then some.

5 I would not use the money we might bring back from  
6 overseas for the base load, if you will, ongoing every  
7 year, to pay for roads and highways and bridges and so  
8 forth.

9 But it makes a whole lot of sense -- every one of us  
10 in this room could pick a project of national importance  
11 from our state or from our region and say if we were to  
12 invest money like the kind of money which Senator Cardin  
13 is talking about in those projects, it would have a  
14 profound impact on improving the efficiency of our  
15 economy in those regions, reducing abuse, in many cases,  
16 abuse of energy, it makes all the sense in the world.

17 It is a good use and smart use of one-time money. I  
18 yearn for the day when we actually have a serious  
19 conversation here talking about how we are going to meet  
20 this huge backlog of construction that is needed on our  
21 roads, highways and bridges. That is a conversation that  
22 is long overdue.

23 We all know we need to do it. There is just a real  
24 reluctance to pay for it.

25 Thank you.

1           The Chairman.    I recommend we vote against this.  
2           The Clerk will call the roll.  
3           The Clerk.    Mr. Grassley?  
4           The Chairman.   No by proxy.  
5           The Clerk.    Mr. Crapo?  
6           Senator Crapo.   No.  
7           The Clerk.    Mr. Roberts?  
8           The Chairman.   No by proxy.  
9           The Clerk.    Mr. Enzi?  
10          Senator Enzi.   No.  
11          The Clerk.    Mr. Cornyn?  
12          The Chairman.   No by proxy.  
13          The Clerk.    Mr. Thune?  
14          Senator Thune.   No.  
15          The Clerk.    Mr. Burr?  
16          Senator Burr.   No.  
17          The Clerk.    Mr. Isakson?  
18          Senator Isakson.   No.  
19          The Clerk.    Mr. Portman?  
20          Senator Portman.   No.  
21          The Clerk.    Mr. Toomey?  
22          Senator Toomey.   No.  
23          The Clerk.    Mr. Heller?  
24          Senator Heller.   No.  
25          The Clerk.    Mr. Scott?

1 The Chairman. No by proxy.  
2 The Clerk. Mr. Cassidy?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Wyden?  
5 Senator Wyden. Aye.  
6 The Clerk. Ms. Stabenow?  
7 Senator Stabenow. Aye.  
8 The Clerk. Ms. Cantwell?  
9 Senator Cantwell. Aye.  
10 The Clerk. Mr. Nelson?  
11 Senator Nelson. Aye.  
12 The Clerk. Mr. Menendez?  
13 Senator Wyden. Aye by proxy.  
14 The Clerk. Mr. Carper?  
15 Senator Carper. Aye.  
16 The Clerk. Mr. Cardin?  
17 Senator Cardin. Aye.  
18 The Clerk. Mr. Brown?  
19 Senator Brown. Aye.  
20 The Clerk. Mr. Bennet?  
21 Senator Bennet. Aye.  
22 The Clerk. Mr. Casey?  
23 Senator Casey. Aye.  
24 The Clerk. Mr. Warner?  
25 Senator Wyden. Aye by proxy.

1           The Clerk.    Mrs. McCaskill?

2           Senator McCaskill.    Aye.

3           The Clerk.    Mr. Chairman?

4           The Chairman.    No.

5           The Clerk will report.

6           The Clerk.    Mr. Chairman, the finally tally is 12  
7 ayes, 14 nays.

8           The Chairman.    The amendment is defeated.

9           We will go to Casey No. 5, I guess.

10          Senator Casey.    Mr. Chairman, thank you.

11          Mr. Chairman, I will describe Casey No. 5, which  
12 deals with infrastructure, an issue we have discussed  
13 here today and which I think people on both sides of the  
14 aisle want to take action on.

15          The amendment provides much needed resources for  
16 communities beginning the critical work of repairing  
17 crumbling roads, bridges and other essential  
18 infrastructure. It provides \$500 billion in 100 percent  
19 tax credit bonds.

20          While it would be my preference and many others to  
21 provide direct funds for infrastructure, as the Chairman  
22 has repeatedly noted, our amendments must stay within the  
23 confines of the tax code.

24          I believe that now more than ever, we need to invest  
25 in our infrastructure. We know that the American Society

1 of Civil Engineers stated that we must spend \$1.6  
2 trillion above current levels just to get to a state of  
3 good repair.

4 Pennsylvania, as my colleague, Senator Toomey,  
5 knows, is second in the country in the number of  
6 structurally deficient bridges. Currently, some 4,500  
7 out of 22,000, almost 23,000 bridges are classified as  
8 structurally deficient. That is 20 percent of the  
9 bridges in our state.

10 That is not a category that we want to be in the top  
11 echelon of, but that is the reality in our state. In  
12 Pennsylvania alone, 19 million daily trips are taken over  
13 these structurally deficient bridges.

14 Another area, and this is just by way of a second  
15 example and within the time I have, is broadband. The  
16 so-called digital divide across the country is most  
17 apparent when we compare rural America with the rest of  
18 America. Thirty-nine percent of rural residents in the  
19 United States of America lack access to broadband and  
20 high-speed internet.

21 In Pennsylvania, the number is not quite as high,  
22 but it is still 20 percent. That means 530,000 people in  
23 Pennsylvania lack access to high-speed internet.

24 Maybe the most compelling argument was made to me by  
25 a county commissioner in southwestern Pennsylvania. He

1 did not just talk about his small businesses that cannot  
2 connect and, therefore, cannot have their businesses  
3 grow, he talked about children in rural schools not being  
4 able to learn because they do not have high-speed  
5 internet, do not have the connection or cannot access  
6 broadband.

7 That is a basic equity issue between rural America  
8 and urban America. Rural America gets the short end of  
9 that stick. As I said, 39 percent of the people who live  
10 in rural America lack access to high-speed internet.

11 In its recent strategic plan, the Federal  
12 Communications Commission stated that, quote, "Broadband  
13 for all Americans has gone from being a luxury to a  
14 necessity for full participation in our economy and  
15 society," unquote.

16 We know that this tax bill has asserted -- or it has  
17 been asserted here during the debate -- that it is an  
18 effort to create incentives. Well, it is pretty hard to  
19 create an incentive when you do not have the tools -- if  
20 you live in a rural area, if you are a child in school in  
21 a rural area, or a business trying to grow.

22 The amendment encourages investment in  
23 transportation and broadband infrastructure, as I said,  
24 as well as roads, bridges, water resources, and other  
25 parts of our infrastructure.



1           It is offset in the following way, and we just got  
2 feedback on this from JCT. Here are the offsets. The  
3 first offset is reinstate current law for the top  
4 individual tax rate and bracket. That is number one.  
5 Second offset is increase the tax rate on repatriated  
6 earnings by such funds necessary to offset this  
7 amendment.

8           I yield.

9           The Chairman. The Senator from Florida first.

10          Senator Nelson. Mr. Chairman, I am a co-sponsor of  
11 this amendment. Coming from a state like Florida, which  
12 is growing at the rate of 1,000 people a day, 365,000 per  
13 year, we have surpassed New York in population 3 years  
14 ago. We are the third largest state.

15          You can imagine the growth needs, but on an  
16 infrastructure that is crumbling. In this Nation, there  
17 are 50,000 bridges that are deemed structurally unsound.  
18 We saw the dramatic example of that on the interstate in  
19 Minneapolis when the interstate bridge fell in.

20          There is no disputing the fact that we are so far  
21 behind in our infrastructure rebuilding, and that  
22 especially is compounded in the growth states.

23          So of all things, the last two amendments have been  
24 dealing with trying to find money for infrastructure. I  
25 thought that was one of the things we were going to try

1 to do in an income tax bill. We were going to try to  
2 produce some sufficient extra revenue by getting rid of  
3 tax expenditures in order to have some money for  
4 infrastructure that everybody in this Senate agrees is so  
5 desperately needed.

6 I wish our Senators would please consider this  
7 amendment.

8 The Chairman. I have to say that I certainly have  
9 been interested in infrastructure as I have served on  
10 this committee. I think we all are, as was shown in the  
11 recent highway bill. But I do not support this amendment  
12 and urge a no vote on the amendment.

13 Senator Stabenow. Mr. Chairman.

14 The Chairman. Yes, the Senator from Michigan.

15 Senator Stabenow. Thank you, Mr. Chairman.

16 I just want to strongly support my colleagues and  
17 thank them for this amendment. There is really a  
18 fundamental difference in how we view creating jobs and  
19 spurring the economy. And is it only supply side, sort  
20 of just give it to the top, trickle-down, or is it supply  
21 and demand, meaning put more money in the pockets of  
22 middle-income people, working people who then can go buy  
23 a house and they can send the kids to college and they  
24 can buy the car and so on.

25 If we put money into rebuilding America, roads,

1 bridges, water, sewer systems, internet, I think about  
2 the Upper Peninsula of Michigan and the efforts, where  
3 small businesses and our farmers want to be able to have  
4 high-speed internet so they can do their work and export  
5 around the world, or the mom in the UP who organizes the  
6 kids every year to go to the local library to fill out  
7 their college applications because it is the only place  
8 with high-speed internet in the whole town.

9 So we could do so much to spur the economy. And in  
10 the broader sense, even more than this, if we looked at  
11 taking the \$1.5 trillion that is built into this bill as  
12 acceptable debt for our country, \$1.5 trillion, and  
13 decided that we were going to instead invest that in  
14 rebuilding America, according to the budget numbers I  
15 saw, that would be about 22 million jobs.

16 So to me, that is a much quicker way to get money in  
17 people's pockets and really spur the economy at this  
18 point.

19 So I strongly support this amendment.

20 The Chairman. Senator Wyden has asked for 1  
21 minute.

22 Senator Wyden. Thank you, Mr. Chairman. Just for  
23 a quick moment to kind of describe where I think we are  
24 on infrastructure, because I think this is a key part of  
25 this debate.

1           First, I think we all understand you cannot have big  
2 league economic growth with little league infrastructure.  
3 It is just that simple.

4           Now, Senator Carper has been making the point for  
5 some time, and he is so right, that we need to go at both  
6 sides of the ledger. We need to go at the public side  
7 and we need to go at the private side.

8           His seatmate, Senator Cardin, just tried to do it  
9 with respect to repatriation, a very sensible idea as it  
10 relates to the public side.

11           Now comes along Senator Casey doing very good work  
12 on the private side with respect to tax credit bonds.

13           I will tell my colleagues the final total for the  
14 Build America bonds that we authorized in 2009 as part of  
15 the Recovery Act, in 1 year and a half, we sold \$183  
16 billion worth of Build America bonds. There is a market  
17 here.

18           Now, Republicans had some concern about the Federal  
19 role with respect to Build America bonds. So along came  
20 our Republican colleague, Senator Hoeven, who reached out  
21 to me, he is the lead, who has essentially said, apropos  
22 of Senator Casey's good idea, he wants to do tax credit  
23 bonds, with a Federal role on the tax credit, giving the  
24 states a bigger role. In other words, he is the lead,  
25 governors like it, it has been attractive to the states.

1           This is the kind of idea that Senator Casey is  
2 really green-lighting and it goes right to the heart of  
3 the transportation debate, led by Senator Carper for  
4 years, that you need the public side and the private  
5 side, the public side illustrated by Senator Cardin. We  
6 now have the private side illustrated by Senator Casey.

7           I hope my colleagues will vote for it. And if you  
8 do, Republicans, you open up the opportunity for the kind  
9 of leadership John Hoeven has shown in terms of trying to  
10 take the tax credit bonds and give a bigger role to the  
11 states and the private sector.

12           The Chairman. Well, there is a way of doing that,  
13 but not on this tax bill.

14           So the Clerk will call the roll.

15           Senator Nelson. Mr. Chairman, may I enter into the  
16 record a letter from the Florida League of Cities on the  
17 tax credit bonds?

18           The Chairman. Sure. We will put that right in the  
19 record.

20           Senator Nelson. Thank you, Mr. Chairman.

21           [The letter appears at the end of the transcript.]

22           The Chairman. The Clerk will call the roll.

23           The Clerk. Mr. Grassley?

24           The Chairman. No by proxy.

25           The Clerk. Mr. Crapo?

1 Senator Crapo. No.  
2 The Clerk. Mr. Roberts?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Enzi?  
5 Senator Enzi. No.  
6 The Clerk. Mr. Cornyn?  
7 Senator Cornyn. No.  
8 The Clerk. Mr. Thune?  
9 Senator Thune. No.  
10 The Clerk. Mr. Burr?  
11 Senator Burr. No.  
12 The Clerk. Mr. Isakson?  
13 Senator Isakson. No.  
14 The Clerk. Mr. Portman?  
15 Senator Portman. No.  
16 The Clerk. Mr. Toomey?  
17 Senator Toomey. No.  
18 The Clerk. Mr. Heller?  
19 Senator Heller. No.  
20 The Clerk. Mr. Scott?  
21 Senator Scott. No.  
22 The Clerk. Mr. Cassidy?  
23 The Chairman. No by proxy.  
24 The Clerk. Mr. Wyden?  
25 Senator Wyden. Aye.

1           The Clerk.    Ms. Stabenow?  
2           Senator Stabenow.    Aye.  
3           The Clerk.    Ms. Cantwell?  
4           Senator Cantwell.    Aye.  
5           The Clerk.    Mr. Nelson?  
6           Senator Nelson.    Aye.  
7           The Clerk.    Mr. Menendez?  
8           Senator Wyden.    Aye by proxy.  
9           The Clerk.    Mr. Carper?  
10          Senator Carper.    Aye.  
11          The Clerk.    Mr. Cardin?  
12          Senator Cardin.    Aye.  
13          The Clerk.    Mr. Brown?  
14          Senator Brown.    Aye.  
15          The Clerk.    Mr. Bennet?  
16          Senator Bennet.    Aye.  
17          The Clerk.    Mr. Casey?  
18          Senator Casey.    Aye.  
19          The Clerk.    Mr. Warner?  
20          Senator Wyden.    Aye by proxy.  
21          The Clerk.    Mrs. McCaskill?  
22          Senator McCaskill.    Aye.  
23          The Clerk.    Mr. Chairman?  
24          The Chairman.    No.  
25          The Clerk will report.

1           The Clerk.    Mr. Chairman, the final tally is 12  
2 ayes, 14 nays.

3           The Chairman.   The amendment is defeated.

4           We will go to Cardin No. 2. I understand that is  
5 still remaining.

6           Senator Cardin.   Yes. Thank you, Mr. Chairman. I  
7 would call up Cardin Amendment No. 2.

8           This amendment would improve some of the most  
9 important tools we have in our tax code for economic  
10 growth in our country. It is offset by an adjustment on  
11 the estate tax changes.

12           What it does is deal with four important economic  
13 tools; one, the low-income housing tax credit, which you,  
14 Mr. Chairman, Senator Hatch and Senator Cantwell have put  
15 in bills to improve. We incorporate those improvements  
16 in this amendment.

17           The new market tax credits, we index and make that  
18 permanent. The historic tax credits, we restore the cut  
19 that is in the Chairman's modified mark, which would  
20 reduce the historic tax credits by 50 percent. We  
21 restore that and we improve the historic tax credits.  
22 And we restore the advance refunding bonds for state and  
23 local governments that was taken out under the underlying  
24 mark.

25           The reason why we do all of these is the importance



1 of these tax credits for economic growth in our  
2 community.

3 I want to just give you some numbers which I find to  
4 be pretty remarkable. In the State of Maryland,  
5 investment via the historic tax credit in over 500 rehab  
6 projects has resulted in the generation of nearly \$2  
7 billion in net tax income and created 28,000 jobs, of  
8 which 15,000 are permanent.

9 For every \$1 that is invested in the historic tax  
10 credits in Maryland, we save 5.2 acres of open space,  
11 \$500,000 to \$800,000 worth of infrastructure expenses  
12 over new construction, and we reduce demolition debris in  
13 landfills by 2,500 tons.

14 When we look at the number of jobs that have been  
15 created, the new market tax credits between 2003 and  
16 2015, more than \$42 billion in new market tax credits  
17 leveraged over \$80 billion in total capital investment  
18 used to help communities with high rates of poverty and  
19 unemployment, which has led to the creation of over  
20 700,000 jobs nationwide.

21 In Maryland, between 2003 and 2014, more than \$3.25  
22 billion in new market tax credit investments have created  
23 more than 27,000 construction jobs and 7,600 full-time  
24 jobs.

25 Mr. Chairman, I want to just show two examples of my

1 own state. I am sure you all could see other examples.  
2 These are two examples where the new market tax credits  
3 and the historic tax credits have made it possible for us  
4 to develop areas that were, quite frankly, very difficult  
5 to do.

6 One is the American Brewery. Baltimore was a proud  
7 town, a brewing town. We had old breweries. This five-  
8 story American Brewery building in Baltimore was built in  
9 1887 as part of a five-acre brewery complex. The  
10 historic tax credits and the new market tax credits  
11 helped bring the building back to life as a hub for  
12 nonprofit social service providers and workforce  
13 development, creating 157 construction jobs and 175  
14 permanent jobs.

15 Miller's Court. Miller's Court is in a redeveloped  
16 area of Baltimore. It was an old tin box manufacturing  
17 plant which was originally completed in 1910. After the  
18 factory was shut down in the 1950s, it was leased as  
19 industrial space and then sat vacant for nearly 20 years  
20 before the Manekin Seawall Development Company  
21 transformed it into property that is today a mixed use  
22 development, with affordable apartments for teachers and  
23 office space for education-related nonprofits.

24 I might tell you, it has transformed that entire  
25 neighborhood. That neighborhood has spurred development

1 and homes and buildings, economic growth, restaurants, et  
2 cetera.

3 That is what happens with these tools. So this  
4 amendment would take the good ideas of many of the  
5 members of this committee and improve it. It would give  
6 us the tools to create more jobs in our community, and I  
7 would urge my colleagues to support the amendment.

8 The Chairman. Let me just say that I appreciate  
9 what the distinguished Senator is doing. He is always  
10 pretty darn constructive, as far as I am concerned.

11 But the Cardin amendment enhances and make permanent  
12 some programs that do enjoy a lot of support on this  
13 committee. Unfortunately, the probable high cost of this  
14 amendment, combined with the issue of tax extenders, make  
15 this an impractical addition to this particular bill. We  
16 are trying to get this bill done.

17 Though some of the issues in this amendment merit  
18 consideration at another time, and I will certainly help  
19 the distinguished Senator at the right time, right now  
20 this amendment would put tax reform at risk.

21 I do not think we can afford to do that. So I urge  
22 my colleagues to vote no on this amendment.

23 We will go to Senator Portman next.

24 Senator Portman. Mr. Chairman, briefly, and then I  
25 will turn to my friend, Senator Isakson.

1           But I appreciate what Senator Cardin has said and we  
2 have worked on this together in the past. My  
3 understanding is with regard to the low-income housing  
4 credit, our mark actually does not reduce it at all. In  
5 other words, we do not follow the House's lead on that  
6 and there is no reduction in the low-income housing  
7 credit.

8           I know members of this committee are interested in  
9 legislation, including Senator Cantwell and Senator Hatch  
10 and others, in expanding it, but we, I think wisely, do  
11 not, because I do think of the affordable housing  
12 programs. It is very efficient, gets a lot of private  
13 capital engaged.

14           With regard to the new markets credit, as you know,  
15 I would like to see that permanent, but that is something  
16 that we are going to take up, I am told, as part of the  
17 extenders package. So we will have that debate  
18 separately.

19           Then with regard to the historic tax credit, I do  
20 think that we can make some improvements to the mark on  
21 that. My understanding is Senator Cassidy, who is not  
22 with us right now, but is coming back, is going to have  
23 an amendment along those lines, which I intend to  
24 support.

25           So, again, I appreciate Mr. Cardin's interest in

1 this and his passion for it. I do think these programs,  
2 working together, by the way, also, with private activity  
3 bonds, particularly with the low-income housing credit,  
4 have been very effective in urban redevelopment in my  
5 state and apparently in Maryland.

6 I think we will have an opportunity to take up the  
7 new markets credit separately. And by the way, we also  
8 do not change the private activity bonds in our mark, in  
9 the Senate bill as compared to the House bill.

10 With that, I would yield back to the Chairman and to  
11 Senator Isakson.

12 Senator Isakson. Mr. Chairman?

13 The Chairman. Senator Isakson?

14 Senator Isakson. I do not want to be repetitious,  
15 which I would be if I said everything I was going to say.  
16 I would just echo what has been said by Mr. Portman.

17 But I want to acknowledge the Chairman's leadership  
18 on low and moderate-income housing tax credits all along  
19 in this process to get us where we are today, which has  
20 been fantastic. Chairman Hatch has been great to work  
21 with.

22 Senator Cantwell, I have worked with her on a number  
23 of these, including a number of private investment houses  
24 that have come into the low- and moderate-income housing  
25 business because of this tool. It is a great tool and it

1 has proven to put private capital and good capital  
2 investment activities into low and moderate-income  
3 housing in places like East Lake Meadows in Atlanta,  
4 which was known 40 years ago as Little Vietnam, and today  
5 is one of the premier redeveloped areas in the whole  
6 United States of America.

7 So Mr. Cardin is right. It is a great program. I  
8 would love to vote with the amendment, but there are some  
9 things we want to do to enhance some of these tax credits  
10 down the line anyway, with Chairman Hatch already on  
11 board for those things we have done. I think he will be  
12 on board along then.

13 I appreciate your focus on low and moderate-income  
14 housing.

15 The Chairman. Senator Crapo?

16 Senator Crapo. Thank you. Mr. Chairman, I would  
17 just like to join in the kinds of comments that we have  
18 heard already from Senator Cardin, Senator Portman,  
19 Senator Isakson.

20 It is important to note that in our mark, we do not  
21 diminish the low-income housing tax credit in any of its  
22 aspects and we do not diminish the private activity bond,  
23 and I think that is very important.

24 There is a lot of support, I think bipartisan  
25 support, for making sure that we address this general

1 issue, protect and preserve things that are working now,  
2 and work with Senator Hatch and Senator Cantwell as we  
3 look to try to strengthen them.

4 So I also just wanted to put my comments on the  
5 record that this is an important area that we do  
6 understand, and I do understand that we have the full  
7 intention to deal with this issue further as we move to  
8 the tax extenders.

9 The Chairman. We do. Thank you.

10 Senator Scott will be the last one.

11 Senator Scott. Thank you, Mr. Chairman.

12 The Chairman. Unless Senator Cardin wants to  
13 speak.

14 Senator Scott. Thank you, Mr. Chairman. Thank  
15 you, Senator Cardin, for your amendment here.

16 I had the good pleasure, the privilege of taking  
17 Secretary Ben Carson to Drayton Mills in Spartanburg,  
18 South Carolina, an old factory that has benefitted from  
19 historic preservation dollars and vision that has brought  
20 new life back into an old community, dilapidated part of  
21 the community.

22 So I look forward to hearing further comments and  
23 amendments on this issue. I know Senator Cassidy has  
24 passion around this issue. He and I have been talking  
25 about this issue for the last several weeks. So I am

1 looking forward to an opportunity for us to address it.

2 The Chairman. Senator, I think at the right time,  
3 you will have a lot of support from this side.

4 Senator Cardin. I enjoyed everyone's comments,  
5 except their conclusion on the amendment.

6 [Laughter.]

7 Senator Cardin. I very much appreciate.

8 The Chairman. Well, you can understand why we do  
9 not want to add it to this, because -- look, I will help  
10 you get that up and we will see what we can do to be of  
11 greater help to you.

12 Senator Cardin. Thank you, Mr. Chairman. I  
13 appreciate it. I think there is strong support.

14 The Chairman. Sure there is, and we appreciate you  
15 bringing it up.

16 Do you want a vote on it?

17 Senator Cardin. If we could have a vote, I would  
18 appreciate it.

19 The Chairman. The Clerk will call the roll.

20 The Clerk. Mr. Grassley?

21 The Chairman. No by proxy.

22 The Clerk. Mr. Crapo?

23 Senator Crapo. No.

24 The Clerk. Mr. Roberts?

25 The Chairman. No by proxy.



1           The Clerk.    Mr. Enzi?  
2           Senator Enzi.    No.  
3           The Clerk.    Mr. Cornyn?  
4           Senator Cornyn.   No.  
5           The Clerk.    Mr. Thune?  
6           Senator Thune.    No.  
7           The Clerk.    Mr. Burr?  
8           Senator Burr.    No.  
9           The Clerk.    Mr. Isakson?  
10          Senator Isakson.   No.  
11          The Clerk.    Mr. Portman?  
12          Senator Portman.   No.  
13          The Clerk.    Mr. Toomey?  
14          Senator Toomey.   No.  
15          The Clerk.    Mr. Heller?  
16          Senator Heller.   No.  
17          The Clerk.    Mr. Scott?  
18          Senator Scott.   No.  
19          The Clerk.    Mr. Cassidy?  
20          The Chairman.   No by proxy.  
21          The Clerk.    Mr. Wyden?  
22          Senator Wyden.    Aye.  
23          The Clerk.    Ms. Stabenow?  
24          Senator Stabenow.   Aye.  
25          The Clerk.    Ms. Cantwell?

1 Senator Cantwell. Aye.  
2 The Clerk. Mr. Nelson?  
3 Senator Wyden. Aye by proxy.  
4 The Clerk. Mr. Menendez?  
5 Senator Wyden. Aye by proxy.  
6 The Clerk. Mr. Carper?  
7 Senator Carper. Aye.  
8 The Clerk. Mr. Cardin?  
9 Senator Cardin. Aye.  
10 The Clerk. Mr. Brown?  
11 Senator Wyden. Aye by proxy.  
12 The Clerk. Mr. Bennet?  
13 Senator Bennet. Aye.  
14 The Clerk. Mr. Casey?  
15 Senator Casey. Aye.  
16 The Clerk. Mr. Warner?  
17 Senator Wyden. Aye by proxy.  
18 The Clerk. Mrs. McCaskill?  
19 Senator McCaskill. Abstain.  
20 The Clerk. Mr. Chairman?  
21 The Chairman. No.  
22 The Clerk will read the results.  
23 The Clerk. Mr. Chairman, the final tally is 11  
24 ayes, 14 nays, and 1 abstention.  
25 The Chairman. The amendment is defeated.

1 I have been told that we should go to Cantwell No.  
2 1.

3 Senator Cantwell. Thank you, Mr. Chairman. And I  
4 thank my colleagues for recognizing and being  
5 appreciative of the low-income housing tax credit.

6 Many of you are right, we need to do something to  
7 address the housing crisis in the United States by  
8 increasing the amount of affordable credit so that we can  
9 build and respond to the crisis that exists, with so many  
10 more people falling into the rate of unaffordability.

11 As my colleagues are talking about this specific  
12 mark, my understanding is that we have two problems. One  
13 that this amendment tries to address, albeit it does also  
14 increase the tax credit, but it fixes the LIHTC pricing  
15 issue, ensuring private dollars will continue to fund  
16 private development at the level that they do today.

17 Investors who buy the credits under this mark, the  
18 modifying discount rate basically has a perverse effect  
19 on the value to investors. Is that right? Our counsel,  
20 Mr. Carasso?

21 Mr. Carasso. Apologies. One more time, Senator?

22 Senator Cantwell. Under the current draft of the  
23 bill, because of the corporate rate for internationals  
24 going to 20 percent, investors who are buying the credit,  
25 the modifying discount rate is perverse to the value to

1 investors and thereby complicating their investment.

2 Mr. Carasso. Well, I would say that they have less  
3 need for the credit. The changes in the bill under  
4 consideration reduce the need that investors would have  
5 to take the credit. So that then there are less  
6 investors in these housing projects and, therefore, less  
7 supply.

8 Senator Cantwell. I think it is a little different  
9 than that. It is a little different than that. I think  
10 if you said, look, I am going to give 10 percent of my  
11 income and then I have less income, yes, you could see  
12 this. But I think it is causing a perverse impact to the  
13 rate as it relates to the investors.

14 Mr. Chairman, maybe we could get some clarification  
15 on this. I wanted to address something else -- Senator  
16 Grassley is back -- but I think that is in a further  
17 amendment.

18 Could we set this aside for now, Mr. Chairman, and  
19 get an answer to this impact?

20 Senator Wyden. And then continue the debate. Mr.  
21 Chairman, I would like to speak after Senator Cantwell  
22 has had a chance.

23 The Chairman. On this particular amendment?

24 Senator Wyden. Yes. She wants to set it aside and  
25 I think that is appropriate.

1           The Chairman.    That is appropriate.

2           Senator Cantwell.   Thank you, Mr. Chairman.

3           The Chairman.    Senator Bennet, I guess, No. 7.

4           Senator Bennet.    Thank you, Mr. Chairman, for  
5 allowing me to offer this amendment on coal communities.

6           It is important, I think, to set the context here.  
7 Since 1980, the top 1 percent, roughly 1 million people  
8 with the highest earnings in America have seen their  
9 share of our Nation's income grow by 90 percent. The  
10 bottom 90 percent, which is everybody else, nearly  
11 everybody else, has seen a 22 percent decrease in their  
12 share over the same period.

13          That tells you about where our economy is headed. A  
14 handful of folks are doing extremely well, but many are  
15 struggling. As a former businessperson myself, I am glad  
16 for the success of people that have been successful.

17          But as policymakers, I think it is critical that we  
18 understand that we have choices to make with limited  
19 resources, and that is why we have to set priorities.  
20 And if you want to know the priorities of this tax plan,  
21 look at the numbers. This chart is from this morning's  
22 JCT distribution table and what it shows is that there  
23 are in this country approximately 572,000 taxpayers with  
24 incomes over \$1 million each year. That is just over 0.5  
25 million people with incomes over \$1 million.

1           This plan, this plan which we have heard all day  
2 today, the overall focus is tax relief for the middle  
3 class. The purpose of this whole exercise was to bring  
4 relief to the middle class. Every income group gets a  
5 tax cut. This is what we heard over and over again all  
6 day today.

7           That group of people, that 0.5 million people gets  
8 \$39 billion in tax cuts in this plan. The 90 million  
9 Americans that make \$50,000 or less get \$14 billion in  
10 tax cuts. Again, that is \$39 billion for those earning  
11 over \$1 million a year, \$14 billion for those earning  
12 less than \$50,000.

13           Put differently, that is an average tax cut of  
14 \$68,000 for those making over \$1 million, but just \$160  
15 for those making under \$50,000.

16           My math is that that is about \$7.50 a paycheck for  
17 the 90 million people that are making \$50,000 and less in  
18 our country. All week, the Majority has claimed that  
19 this is a middle class tax cut. The numbers say  
20 absolutely otherwise.

21           It is a tax cut for the wealthiest Americans  
22 masquerading as a not very well disguised tax cut for the  
23 middle class.

24           On top of that, by the end of the decade, those \$14  
25 billion in tax cuts for lower income families will

1 sunset, while corporate tax cuts, which will  
2 overwhelmingly benefit those at the top, will stay  
3 permanent.

4 And just to add insult to injury, you are not paying  
5 for it. You are borrowing the money to give those  
6 billions of dollars to the people at the very top and you  
7 are borrowing it from the children of school teachers and  
8 of police officers and of firefighters and of coal miners  
9 and factory workers.

10 This amendment is a very modest attempt to try to  
11 move things in the other direction. There is not a lot  
12 in here to deal with the disturbance that coal country  
13 has faced. My amendment would change that with new  
14 incentives to spur investment, job creation, economic  
15 growth in communities struggling with our transitional  
16 economy and our energy needs.

17 Specifically, the amendment introduces a \$3,000  
18 employer credit for each new hire in coal communities.  
19 It puts aside \$1 billion in bonds for rebuilding and  
20 revitalizing these communities, while investing another  
21 \$300 million in new market tax credits to spur growth.

22 Finally, if you guy stock in a business from coal  
23 country and hold it for at least 5 years, this amendment  
24 would eliminate your capital gains tax. Now, that is an  
25 amendment that is actually directed at the middle class.

1           Mr. Chairman, I yield.

2           The Chairman.    Senator Burr?

3           Senator Burr.    Mr. Chairman, I do not think anybody  
4           on this dais deserves a lecture on what has happened to  
5           coal, because Congress played a big role in it.

6           I lost the textile industry, the furniture industry  
7           over decades, in large measure, because of trade  
8           agreements, trade agreements that supposedly were  
9           negotiated in our best interest.

10          I never came up here and asked for Federal money to  
11          rebuild cities, to hire workers, and I can look at  
12          Lenoir, North Carolina, Kannapolis, North Carolina, Eden,  
13          North Carolina, Morganton, and I see where furniture and  
14          textile mills are closed and communities were challenged,  
15          the residents there, the entrepreneurs.  When people do  
16          not have money in their pockets, it is hard to have a  
17          retail clothing store.

18          What I would say to my good friend is that is why we  
19          are here today.  We are here to stimulate growth.  We are  
20          here to make sure that the private sector can complete  
21          globally, that individuals have more money in their  
22          pockets, that through what we do, we stimulate private  
23          sector dollars deployed in these communities, whether it  
24          is Lenoir, North Carolina or whether it is a coal town,  
25          so that retail businesses can be reestablished, so a



1 customer base can be created once again.

2 To believe that you do that because you divert money  
3 defies logic. I heard Senator Stabenow refer to earlier  
4 that if we just devoted \$1.5 trillion to job creation  
5 through direct investment by the Federal Government, that  
6 would create 22 million jobs.

7 I was here when we put almost \$800 billion into a  
8 stimulus package that was supposed to do exactly that.  
9 It did not come anywhere close to it.

10 So why do we not try something that has been tried  
11 and been successful? Let us make sure that we give the  
12 private sector more incentive to deploy capital in all  
13 these communities that desperately need the job creation,  
14 need the buildings built, need the factories resupplied?

15 That can best be done by passing this tax bill.

16 The Chairman. Senator Toomey, we will call on you.

17 Senator Toomey. Mr. Chairman, I would just add, I  
18 do appreciate the amendment acknowledging that  
19 eliminating the capital gains tax is pro-growth and that  
20 elimination of the capital gains tax encourages  
21 investment. I appreciate that acknowledgment that is in  
22 the amendment.

23 But I would point out that the devastation of the  
24 coal industry has resulted from a combination of factors.  
25 One is certainly the extraordinarily low prices of

1 natural gas, which has made it extremely competitive vis-  
2 à-vis coal or any other form of electricity generation,  
3 for that matter.

4 But another factor, let us be honest, was the war on  
5 coal. I mean, the previous administration openly  
6 declared their intent to destroy the coal industry. This  
7 is not a secret. This is not my wild speculation. They  
8 told us that that was their goal, and, sadly, they made  
9 some progress on that.

10 So it seems to me that there are, in some places,  
11 some green shoots, some sign that maybe things have  
12 bottomed out, and I hope that is true.

13 This legislation, the underlying bill here, in  
14 addition to providing the middle class tax relief that it  
15 provides, it is going to help to restore economic growth.  
16 That is going to be helpful to all of these communities.

17 The Chairman. Senator Enzi?

18 Senator Enzi. Mr. Chairman, I come from coal  
19 country, because 40 percent of the Nation's coal comes --  
20 came out of my county. It does not anymore. But because  
21 of the changes we have made since President Trump got  
22 elected, the industry is coming back. But I do remember  
23 when we had hundreds laid off because of some of the  
24 regulation and the President promised that they would do  
25 job training.

1           Well, we did not know of any jobs you could train  
2           for that you could get \$80,000 a year on. And a \$3,000  
3           tax credit does not provide that either. And there is no  
4           sense in us creating a war between coal and other  
5           industries. Everybody is having problems. I think that  
6           the economy will be stimulated without specifying a  
7           particular type of energy or business, and all will be  
8           able to benefit.

9           So I would oppose this amendment.

10          The Chairman. Senator Thune, you will be the last  
11          on this side.

12          Senator Thune. Mr. Chairman, again, coming back to  
13          some of my colleagues on the other side continuing to  
14          make the argument that somehow this does not deliver tax  
15          relief to middle-income families and that it is skewed  
16          toward the high end, I just want to point out, again,  
17          that based on the distribution tables, if you look at the  
18          chart, who benefits from this, the \$20,000 to \$30,000  
19          people who are in that income category get the largest  
20          percentage tax cut under the Chairman's modified mark.

21          So they can say it and say it and say it, but it  
22          just does not comport with reality. And if you are in  
23          the lowest income category, if you are an individual and  
24          let us say you are married-filing jointly, with the  
25          change in the standard deduction, doubling the standard

1 deduction, and if you have any kids, add the per-child  
2 tax credit on top of that, you would have zero tax  
3 liability in the lower income category.

4 So you can keep saying it and I know it is a great  
5 throw-away line that Democrats like to use, but it just  
6 does not fit with the facts. It does not fit with  
7 reality.

8 This proposal delivers tax relief across all  
9 different income categories and if you look at the  
10 percentages, it is particularly good in terms of  
11 percentage tax cuts in some of the lower income  
12 categories.

13 Senator Bennet. Mr. Chairman, may I close? I did  
14 not use my 5 minutes completely. If I could have 1  
15 minute just to respond.

16 The Chairman. We will go to Senator Bennet first,  
17 and then we will come to you.

18 Senator Bennet. This is not some off-the-cuff  
19 thing. Senator Thune, this is the math and the math is  
20 that there -- you cannot even see this, by the way and I  
21 apologize for that.

22 There are so few taxpayers at this level that it is  
23 a pencil line on the chart. This is 572,000 taxpayers  
24 getting \$39 billion in tax cuts. This is your plan, not  
25 my plan. But this is the math. And that works out to

1 about \$58,000 a tax cut for the million people that are  
2 in that category.

3 For the 90 million taxpayers that are earning  
4 \$50,000 and below, your bill gives them \$14 billion.  
5 That is \$160 a year. It is, on average, a cut that is  
6 worth \$7.50 every 2 weeks that somebody gets a paycheck.

7 That is not a talking point. That is the math that  
8 is at the heart of your proposal, and it is not what we  
9 need to be doing. We should be helping the people that  
10 are struggling to get by. That will generate economic  
11 growth.

12 I realize we have a difference of opinion about  
13 whether that is true or not. We should not have a  
14 difference of opinion about what the math is here.

15 Senator Thune. Well, as the Senator from Colorado  
16 points out, everybody is getting tax relief under this.  
17 Middle income taxpayers get the largest percentage, in  
18 most cases, of the tax relief. And if you look at tax  
19 burden, when this is all said and done, who ends up  
20 paying more of the tax burden as a percentage of total  
21 taxes paid in this country is the highest income  
22 category.

23 Senator Bennet. And I would say about that, that  
24 it so deeply reflects how bad our tax code is right now.

25 Senator Thune. Which is what we are -- which is

1 what -- my time, Mr. Chairman, I believe.

2 Senator Bennet. I am sorry.

3 Senator Thune. Which is what we are trying to  
4 correct by creating a faster-growing economy that creates  
5 better paying jobs and higher wages. And that, Mr.  
6 Chairman, is precisely why the balance that we have  
7 struck in here delivers tax relief to middle-income  
8 families, at the same time, delivering tax relief to  
9 businesses who can expand their operations, create the  
10 jobs and raise wages for the very people that are you are  
11 trying to help.

12 Senator Bennet. Well, this is going to sound  
13 terribly presumptuous, but I know Colorado's Republicans  
14 do not want this deal.

15 The Chairman. Senator Casey?

16 Senator Casey. Mr. Chairman, let me just say two  
17 things about this amendment.

18 Number one is this amendment will help a lot of  
19 places, including Pennsylvania. I know a number of  
20 counties that would benefit. Greene County would,  
21 Armstrong County would benefit, as well as Clarion  
22 County, all counties that would benefit.

23 But I have to say I have not heard anyone on that  
24 side refute that number. So we are supposed to say it is  
25 okay for people making more than \$1 million to get \$39

1 billion. Why the hell do they need \$39 billion? Why do  
2 you not take all of that and give it to the middle class?  
3 Then we could have a discussion. But what problem does  
4 anyone making over \$1 million have? Why do they need --  
5 why do people making over \$1 million need another \$39  
6 billion?

7 They have been doing quite well since about 1980. I  
8 just do not get it. Why do they need \$39 billion?

9 The Chairman. It is time to vote. Does anybody on  
10 this side want to make any comment?

11 [No response.]

12 The Chairman. The Clerk will call the roll.

13 The Clerk. Mr. Grassley?

14 Senator Grassley. No.

15 The Clerk. Mr. Crapo?

16 Senator Crapo. No.

17 The Clerk. Mr. Roberts?

18 Senator Roberts. No.

19 The Clerk. Mr. Enzi?

20 Senator Enzi. No.

21 The Clerk. Mr. Cornyn?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Thune?

24 Senator Thune. No.

25 The Clerk. Mr. Burr?

1 Senator Burr. No.  
2 The Clerk. Mr. Isakson?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Portman?  
5 Senator Portman. No.  
6 The Clerk. Mr. Toomey?  
7 Senator Toomey. No.  
8 The Clerk. Mr. Heller?  
9 Senator Heller. No.  
10 The Clerk. Mr. Scott?  
11 Senator Scott. No.  
12 The Clerk. Mr. Cassidy?  
13 The Chairman. No by proxy.  
14 The Clerk. Mr. Wyden?  
15 Senator Wyden. Aye.  
16 The Clerk. Ms. Stabenow?  
17 Senator Stabenow. Aye.  
18 The Clerk. Ms. Cantwell?  
19 Senator Cantwell. Aye.  
20 The Clerk. Mr. Nelson?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Menendez?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Mr. Carper?  
25 Senator Carper. Aye.



1           The Clerk.    Mr. Cardin?  
2           Senator Cardin.   Aye.  
3           The Clerk.    Mr. Brown?  
4           Senator Brown.   Aye.  
5           The Clerk.    Mr. Bennet?  
6           Senator Bennet.   Aye.  
7           The Clerk.    Mr. Casey?  
8           Senator Casey.   Aye.  
9           The Clerk.    Mr. Warner?  
10          Senator Wyden.   Aye by proxy.  
11          The Clerk.    Mrs. McCaskill?  
12          Senator McCaskill.   Aye.  
13          The Clerk.    Mr. Chairman?  
14          The Chairman.   No.  
15          The Clerk will read the vote.  
16          The Clerk.    Mr. Chairman, the final tally is 12  
17          ayes, 14 nays.  
18          The Chairman.   The amendment is defeated.  
19          Senator McCaskill, do you have an amendment?  
20          Senator McCaskill.   Yes, I do.  
21          The Chairman.   Senator McCaskill is next.  
22          Senator McCaskill.   Mr. Chairman, my amendment is  
23          going to try to avoid some of the complications that the  
24          Chairman's mark is writing into the code.  
25          I think we remember a few days ago when I asked the

1 JCT whether or not we were going to remove a book. We  
2 had seven books, 70,000 pages, and I believe he  
3 acknowledged that we would probably end up with another  
4 book. One of the reasons we are going to end up with  
5 another book is what is going on with pass-throughs, and  
6 I want to make sure everybody understands what pass-  
7 throughs are, because there seems to be some confusion  
8 with the people I talk to.

9 The reason it is called pass-through is it is  
10 designed for the income to pass through to the  
11 individual. This simplicity of that is elegant because  
12 it means you are taxed based on the level of your income.

13 So guess what? If you are a small business, you pay  
14 less in taxes. Your business makes \$150,000 a year, you  
15 pay a lot less in taxes if you organize under a sub S or  
16 an LLC or a partnership.

17 Now, what the Chairman's mark is purporting to do is  
18 begin a very complicated scheme of where you are going to  
19 get to take 50 percent of your AGI, but then you have got  
20 to figure your payroll. And for a whole bunch of folks,  
21 that is layer upon layer of complication, because you  
22 share payroll with various LLCs, some are partnerships,  
23 some are sub S.

24 There are questions about this that even the experts  
25 cannot answer at this point. This will be regulation

1 after regulation after regulation. And I will tell you,  
2 the people who are going to be the most adept, because  
3 complexity is the playground of loopholes -- that is why  
4 we have got law firms in this country that have people  
5 that make more than \$1 million a year just telling people  
6 how to navigate complexity in order to legally avoid  
7 taxes.

8 Eighty percent of the income of pass-throughs goes  
9 to millionaires and above. Let me say that again.  
10 Eighty percent of the income from pass-throughs goes to  
11 millionaires and above.

12 So my amendment is very simple. All we have to do  
13 is say you do not get the 17.4 deduction for a pass-  
14 through if your income is over \$1 million. If you want  
15 to organize your business as a C corp, you can get the 20  
16 and you have got to worry about the dividends and the  
17 double taxation. But if you want the simplicity of a  
18 pass-through -- and if you are a small business, you are  
19 still going to have a low tax, because you are not going  
20 to have income at that level, you are not going to have a  
21 35 percent level.

22 I think that is what you guys ended up with, did you  
23 not, 35.8? The mark changed so many times. What did we  
24 end up with, Mr. Barthold, 35.8?

25 Mr. Barthold. The top marginal tax rate is 38.5.

1           Senator McCaskill.    We ended up with 38.5 from  
2   39.6.  So you are already getting a tax cut if you are a  
3   millionaire.  And guess who is going to have the money to  
4   hire these lawyers to figure out a way to navigate this  
5   complexity?  It is going to be people that have maybe  
6   dozens of LLCs, hundreds of LLCs.

7           I think we have got somebody in the White House that  
8   has lots and lots and lots and lots of LLCs.  Most real  
9   estate folks do.

10          So I just think this would be so simple to say, hey,  
11   you want to help the middle class, give them a 17 percent  
12   deduction.  But if your AGI is over \$1 million a year,  
13   you are not entitled to a 17 percent deduction.  There is  
14   no offset on this, Mr. Chairman, because it makes money  
15   and -- I would just state the intention -- I would like  
16   that money to go to tax credits for small businesses or  
17   other ways that we could help small business.

18          The Chairman.    The Clerk will call the roll.

19          The Clerk.    Mr. Grassley?

20          Senator Grassley.   No.

21          The Clerk.    Mr. Crapo?

22          Senator Crapo.    No.

23          The Clerk.    Mr. Roberts?

24          Senator Roberts.   No.

25          The Clerk.    Mr. Enzi?

1 Senator Enzi. No.  
2 The Clerk. Mr. Cornyn?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Thune?  
5 Senator Thune. No.  
6 The Clerk. Mr. Burr?  
7 Senator Burr. No.  
8 The Clerk. Mr. Isakson?  
9 The Chairman. No by proxy.  
10 The Clerk. Mr. Portman?  
11 Senator Portman. No.  
12 The Clerk. Mr. Toomey?  
13 Senator Toomey. No.  
14 The Clerk. Mr. Heller?  
15 Senator Heller. No.  
16 The Clerk. Mr. Scott?  
17 Senator Scott. No.  
18 The Clerk. Mr. Cassidy?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Wyden?  
21 Senator Wyden. Aye.  
22 The Clerk. Ms. Stabenow?  
23 [No response.]  
24 The Clerk. Ms. Cantwell?  
25 Senator Cantwell. Aye.

1           The Clerk.    Mr. Nelson?  
2           Senator Wyden.    Aye by proxy.  
3           The Clerk.    Mr. Menendez?  
4           Senator Wyden.    Aye by proxy.  
5           The Clerk.    Mr. Carper?  
6           Senator Carper.   Aye.  
7           The Clerk.    Mr. Cardin?  
8           Senator Cardin.   Aye.  
9           The Clerk.    Mr. Brown?  
10          Senator Brown.   Aye.  
11          The Clerk.    Mr. Bennet?  
12          Senator Bennet.   Aye.  
13          The Clerk.    Mr. Casey?  
14          Senator Casey.   Aye.  
15          The Clerk.    Mr. Warner?  
16          Senator Wyden.   Aye by proxy.  
17          The Clerk.    Mrs. McCaskill?  
18          Senator McCaskill.   Aye.  
19          The Clerk.    Mr. Chairman?  
20          The Chairman.   No.  
21          The Clerk.    Ms. Stabenow?  
22          Senator Stabenow.   Aye.  
23          The Chairman.   The Clerk will report.  
24          The Clerk.    Mr. Chairman, the final tally is 12  
25          ayes, 14 nays.

1           The Chairman. The amendment is defeated.

2           Senator Brown?

3           Senator Brown. Mr. Chairman, this amendment is  
4 listed as Brown Modification to Brown Amendment No. 20.

5           As we have learned, with this bill, as we have  
6 painfully found out in the last -- well, it has only been  
7 a day and a half or so, this bill is not just a tax bill,  
8 but a health care bill.

9           As we have learned from expert witnesses here today  
10 and yesterday, this bill affects Medicaid and Medicare  
11 and will cause 13 million Americans -- think of that --  
12 13 million Americans to lose their health insurance.

13           Despite all this, you insist this committee continue  
14 to rush the consideration of this badly crafted bill,  
15 something you never would have allowed to happen in any  
16 other Congress, a bill which the Joint Committee on  
17 Taxation has said will actually end up increasing taxes  
18 on everyone within the next 10 years, even those making  
19 less than \$10,000 a year, when we could be focusing on  
20 other critically important issues.

21           Take children's health care. The children's health  
22 insurance program, CHIP covers nine million children,  
23 209,000 in Senator Portman's and my state. It expired  
24 September 30. This committee passed it out with only one  
25 dissenting vote.

1           The Chairman has always been interested in CHIP. He  
2 was there at its birth. It has been more than 6 weeks.  
3 So what are we doing in this committee? It has been 6  
4 weeks since CHIP expired. States are running out of  
5 money today. CMS had to provide nine states and the  
6 District of Columbia with supplemental funds so those  
7 states can keep their CHIP programs running. And we are  
8 doing this instead, Mr. President (sic), of taking care  
9 of CHIP?

10           It includes the Chairman's state. Today, CMS sent  
11 Utah an emergency \$13 million to keep its CHIP program  
12 running, \$13 million to Utah, millions and millions, tens  
13 of millions to eight other states and the District of  
14 Columbia.

15           Yet, we are doing this instead of taking care of the  
16 priority of CHIP. Other states represented on this  
17 committee also needed emergency help. Senators Casey and  
18 Toomey in Pennsylvania, Senator Nelson in Florida,  
19 Senator Wyden in Oregon, Senator Cantwell in Washington.  
20 They would not need emergency help if we were actually  
21 doing our jobs, Mr. Chairman.

22           Unfortunately, instead of taking up these critical  
23 issues and meeting deadlines here in the Senate, we  
24 ignore our responsibilities. We simply blow past  
25 deadlines like CHIP.



1 Under Senator McConnell's leadership, we are 6 weeks  
2 past the deadline to fund CHIP, to fund community health  
3 centers, to extend critical Medicare programs, 6 weeks  
4 past.

5 What are we doing? We are not doing that. We are  
6 doing this. Instead, we are spending time rushing a bill  
7 through this committee which will result in a tax  
8 increase for all Americans, cost 13 million Americans --  
9 so instead of doing CHIP, taking care of 200,000 children  
10 in my state and millions around the country, we are doing  
11 a bill that will cause 13 million people to lose their  
12 insurance and rob the Medicare trust fund of billions of  
13 dollars and see insurance premiums, CBO tells us 10  
14 percent a year, insurance premiums in the exchanges.

15 Is that what we are going to go home this weekend,  
16 over Thanksgiving? This is what you have to give thanks  
17 for, a Congress, a government that ignores CHIP and  
18 instead cuts insurance for 13 million people and give tax  
19 cuts to people that do not need it? Is that what we want  
20 to go home and do?

21 My amendment is simple. It would make sure the  
22 passage of this tax bill does nothing to make the  
23 situation worse for children. If we are not going to do  
24 CHIP, the least we can do is say we are not going to make  
25 it worse for children.

1           We have already failed to extend CHIP on time. We  
2           just need to make sure that children -- that no other  
3           child remains at risk of losing their insurance coverage  
4           because of Congress' actions.

5           I give Chairman Hatch credit for going through a  
6           bipartisan process to craft a bill that would extend CHIP  
7           for 5 years. That was well done, Mr. Chairman, but it is  
8           dust in the wind because the Congress has not really  
9           moved on it.

10          We should get back to work on moving the KIDS Act  
11          forward in a bipartisan manner as soon as possible. But  
12          today, since we seem to be so focused on this, I urge  
13          this committee to refocus on issues that matter, like  
14          making sure we protect the health insurance of that  
15          people already have for voting for this amendment.

16          The Chairman.    Senator, the Chair rules your  
17          amendment non-germane for our purposes in this --

18          Senator Brown.    Wait, wait, wait, Mr. Chairman.  
19          Could you explain why this is not germane? It is paid  
20          for by the exit tax, for one thing.

21          The Chairman.    Now, I am informed that it is  
22          germane. So go ahead.

23          Senator Brown.    I am sure glad I asked, Mr.  
24          Chairman.

25          The Chairman.    Yes. I am glad you did, too.

1           Senator Brown.    Thank you for the quick response on  
2 this beautiful afternoon.

3           So are you accepting the amendment since nobody is  
4 speaking against it, Mr. Chairman?

5           The Chairman.    The Clerk will call the roll.

6           The Clerk.    Mr. Grassley?

7           Senator Grassley.   No.

8           The Clerk.    Mr. Crapo?

9           Senator Crapo.    No.

10          The Clerk.    Mr. Roberts?

11          Senator Roberts.   No.

12          The Clerk.    Mr. Enzi?

13          Senator Enzi.    No.

14          The Clerk.    Mr. Cornyn?

15          The Chairman.   No by proxy.

16          The Clerk.    Mr. Thune?

17          Senator Thune.    No.

18          The Clerk.    Mr. Burr?

19          Senator Burr.    No.

20          The Clerk.    Mr. Isakson?

21          Senator Isakson.   No.

22          The Clerk.    Mr. Portman?

23          Senator Portman.   No.

24          The Clerk.    Mr. Toomey?

25          Senator Toomey.   No.

1           The Clerk.    Mr. Heller?  
2           Senator Heller.   No.  
3           The Clerk.    Mr. Scott?  
4           Senator Scott.   No.  
5           The Clerk.    Mr. Cassidy?  
6           The Chairman.   No by proxy.  
7           The Clerk.    Mr. Wyden?  
8           Senator Wyden.   Aye.  
9           The Clerk.    Ms. Stabenow?  
10          Senator Wyden.   Aye by proxy.  
11          The Clerk.    Ms. Cantwell?  
12          Senator Cantwell.   Aye.  
13          The Clerk.    Mr. Nelson?  
14          Senator Wyden.   Aye by proxy.  
15          The Clerk.    Mr. Menendez?  
16          Senator Wyden.   Aye by proxy.  
17          The Clerk.    Mr. Carper?  
18          Senator Carper.   Aye.  
19          The Clerk.    Mr. Cardin?  
20          Senator Cardin.   Aye.  
21          The Clerk.    Mr. Brown?  
22          Senator Brown.   Aye.  
23          The Clerk.    Mr. Bennet?  
24          Senator Bennet.   Aye.  
25          The Clerk.    Mr. Casey?

1 Senator Casey. Aye.

2 The Clerk. Mr. Warner?

3 Senator Wyden. Aye by proxy.

4 The Clerk. Mrs. McCaskill?

5 Senator McCaskill. Aye.

6 The Clerk. Mr. Chairman?

7 The Chairman. No.

8 The Clerk. Ms. Stabenow?

9 Senator Stabenow. Aye.

10 The Chairman. The Clerk will give the result.

11 The Clerk. Mr. Chairman, the final tally is 12  
12 ayes, 14 nays.

13 The Chairman. The amendment is defeated.

14 Senator Casey?

15 Senator Casey. Mr. Chairman, I am grateful to have  
16 the chance to talk about Casey Amendment No. 7. This  
17 amendment directs the Treasury Secretary to deposit \$500  
18 in a college savings account annually for every child --  
19 every child -- living, whose parent or parents are  
20 earning under \$100,000 a year.

21 The amendment is paid for by the following:  
22 retaining current law for the alternative minimum tax,  
23 which was established as a guardrail to ensure everyone  
24 pays their fair share.

25 Parents all across the income spectrum struggle

1 every day to afford the cost of college and trying to  
2 prevent their kids from being saddled with a mortgage-  
3 worth of student loan debt before they even hit their  
4 30s.

5 If we are going to spend money, let us spend it on  
6 our future and not on tax cuts for the wealthy. Let us  
7 tell every child growing up in a family who cannot afford  
8 to save for their college that the American people  
9 believe in them as much as their parents do.

10 And if we are willing to put aside money for their  
11 education, we are willing to do that even if their  
12 parents cannot.

13 If kids do not want to go to college or if they get  
14 a scholarship, this money can be rolled over into a  
15 retirement account or it can be rolled over into an ABLE  
16 account at any time.

17 No child should be limited by poverty and every  
18 child's future should not be limited because of their  
19 parents' ability to pay. This is \$500 a year toward that  
20 future.

21 Mr. Chairman, I would yield.

22 Senator Grassley. I would hope anybody that wants  
23 to put the alternative minimum tax into place would  
24 remember a little history from 1969, when there were 120  
25 people in this country who, because of deductions, were

1 not paying any income tax and members of Congress thought  
2 everybody ought to be paying a little bit of income tax.

3 So we set up the alternative tax so everybody is  
4 contributing a little bit. It was never indexed and,  
5 consequently, now it is taxing millions and millions of  
6 middle income people. Maybe you can say upper middle  
7 income people, but still middle income people. It was  
8 never intended to do that.

9 So why do you want to do punishment to the middle  
10 class by reinstating an alternative middle tax?

11 The Senator from Pennsylvania?

12 Senator Casey. Mr. Chairman, that is not the  
13 intention nor would it be the effect.

14 Senator Grassley. Well, it says down here you want  
15 to -- at least that is in the explanation of your  
16 amendment. That is where I got the information.

17 Senator Stabenow. Mr. Chairman, if I might. I  
18 think Senator Grassley raises a point about indexing and  
19 so on, which I appreciate.

20 The problem is the bill, your underlying bill  
21 eliminates the alternative minimum tax, eliminates it  
22 totally, which means we are going to go back to what was  
23 there before, with some people not contributing anything.

24 This may not be correct, but I believe as we were  
25 reading the summary of our President's 1 year in taxes

1 that we received, the only tax he paid was the  
2 alternative minimum tax, I believe.

3 But the point is -- and I say that as a wealthier  
4 person, that was the tax that caused him to contribute to  
5 our services of our country in defense and so on and so  
6 on.

7 So it is one thing to say we need to fix it, which I  
8 appreciate it, but it is another thing -- the bill  
9 eliminates the alternative minimum tax and goes back to a  
10 time where very wealthy people with a lot of tax  
11 deductions and so on can avoid contributing anything to  
12 the quality of life of our country.

13 Senator Grassley. But what the Senator forgets is  
14 that this bill, in simplifying the tax code, does away  
15 with a lot of those deductions that rich people take  
16 advantage of. And so the need for the alternative  
17 minimum tax is not as great as it was.

18 Senator Stabenow. Well, I would -- with my good  
19 friend, and I mean my good friend, I would argue this is  
20 a big boon for very wealthy people.

21 Senator Grassley. You know that people that take  
22 the state and local tax deduction, the top -- I do not  
23 know whether it is the top 10 percent or less than 10  
24 percent, but they get 40 percent of the benefit of the  
25 state and local tax deduction. We are taking that away,



1 so those rich people are not benefitting from it.

2 Senator Portman. Mr. Chairman?

3 The Chairman. Senator Portman?

4 Senator Portman. Without jumping into the  
5 alternative minimum tax issue, I would agree with Senator  
6 Grassley. Not having been indexed, it has an impact that  
7 nobody predicted at the time. I just think it is time  
8 for a little reset, because we have been hearing from our  
9 colleagues on the other side aisle how we are slashing  
10 Medicare and Medicaid and how there are tax cuts for the  
11 wealthy here that are so great.

12 I just think we need to hear from Mr. Barthold  
13 again, because we seem to be getting off track again. I  
14 am told I should use the Twitter handle now @jctgov, in  
15 addition to Jct.gov, to correct the record, for people to  
16 go to these charts to look at it.

17 Let us look at your chart 58-17, which is your  
18 latest chart from today, which has all the changes that  
19 are in there. Let us go to the group that is being  
20 talked about here, and again and again we hear that those  
21 million bucks or over are paying less in tax.

22 What is the percentage of tax that they are paying  
23 now and what is the percentage of tax that they would pay  
24 after this legislation was enacted?

25 I am looking at column --

1 Mr. Barthold. Which year, Senator Portman?

2 Senator Portman. -- federal taxes. Well, I am  
3 looking at 2019, but we can look at 2021, if you want.

4 Mr. Barthold. 2019, \$1 million and over, our  
5 estimate is that those taxpayers pay 19.3 percent of  
6 federal taxes.

7 Senator Portman. So 19.3 percent of federal  
8 revenues now. And how much will they pay after this bill  
9 is enacted into law?

10 Mr. Barthold. For 2019, 19.8.

11 Senator Portman. So that goes up, not down, right?

12 Mr. Barthold. Correct, sir.

13 Senator Portman. That goes up. So how about folks  
14 who are making \$50,000 a year or \$75,000 a year? Do  
15 their taxes, the burden of taxation go up or down?

16 Mr. Barthold. It changes from -- it decline from  
17 8.2 percent to 8.1 percent.

18 Senator Portman. How about \$75,000 to \$100,000?

19 Mr. Barthold. Declines from 8.7 percent to 8.6  
20 percent.

21 Senator Portman. I think it is important to have  
22 that reset now and again just to remind us where we are  
23 here. People in these brackets, middle-class brackets,  
24 are seeing a tax cut. These are the data points. This  
25 is the statistics.

1           Then this notion of Medicaid and Medicare, let us  
2 talk about that for a second. Again, people saying that  
3 this bill somehow slashes Medicaid and Medicare.

4           Anywhere in the text of this bill, are there any  
5 cuts to Medicaid?

6           Mr. Barthold.    Senator Portman, this is tax  
7 legislation. It does not address the Medicaid program.

8           Senator Portman.   So there are no cuts to Medicaid.  
9 In the text of this bill, are there any cuts to the  
10 Medicare program?

11          Mr. Barthold.    Again, no changes to the Medicare  
12 program, sir.

13          Senator Portman.   No cuts. It seems like we are  
14 talking about two different bills. I think it is good  
15 for us to have this reset now and again.

16          I understand my colleague from Pennsylvania has an  
17 amendment, but when he precedes it by saying this is all  
18 about being sure that we are not continuing to provide  
19 these larger tax cuts for the wealthy, people making over  
20 \$1 million a year, just to know what we are doing in this  
21 bill, which is providing middle-class tax relief.

22          Thank you, Mr. Chairman.

23          The Chairman.    The Senator from Michigan.

24          Senator Stabenow.   Mr. Chairman, I just wanted to  
25 respond to my friend, because the fact is that in the

1 budget resolution, that it brought us to this point on  
2 this bill and others, the budget resolution, which is the  
3 larger, overall priorities put in place, does have a cut.

4 In fact, I would ask our staff -- I do not know if  
5 this is JCT or if ours and Mr. Carasso or someone would  
6 like to respond and answer the question.

7 In the budget resolution, is there a \$1 trillion cut  
8 in Medicaid in the budget resolution?

9 Mr. Carasso. Senator, there is -- it is not --

10 Senator Stabenow. An instruction. I am sorry. I  
11 do not mean to say they actually cut it, because that is  
12 something that would come before the committee. But is a  
13 \$1 trillion cut in Medicaid part of the budget  
14 resolution?

15 Mr. Carasso. So to be clear, a budget resolution  
16 just shows changes in numbers.

17 Senator Stabenow. I understand.

18 Mr. Carasso. The implication is given how much  
19 they have cut out of those functions.

20 Senator Stabenow. So they have cut that function  
21 by \$1 trillion.

22 Mr. Carasso. Correct.

23 Senator Stabenow. Is the Medicare function cut by  
24 almost \$500 billion, \$470-some billion?

25 Mr. Carasso. Yes. That was our reading of the

1 budget resolution, yes.

2 Senator Stabenow. So I just want to be clear it is  
3 not -- this is more than one step in the process, just as  
4 with the 2001-2003 Bush tax cut. That did not have  
5 anything about privatizing Social Security in it, but  
6 when the deficit resulted, the big debt, as we dealt with  
7 the tax cuts, then the next step was trying to privatize  
8 Social Security.

9 So this is the first step. The budget resolution  
10 has assumptions in it of lower spending, \$1 trillion in  
11 Medicaid, almost \$500 billion in Medicare.

12 Mr. Carasso. Correct.

13 Senator Stabenow. In the budget resolution.

14 Mr. Carasso. Correct.

15 Senator Stabenow. Thank you.

16 The Chairman. The Clerk will call the roll.

17 The Clerk. Mr. Grassley?

18 Senator Grassley. No.

19 The Clerk. Mr. Crapo?

20 Senator Crapo. No.

21 The Clerk. Mr. Roberts?

22 Senator Roberts. No.

23 The Clerk. Mr. Enzi?

24 Senator Enzi. No.

25 The Clerk. Mr. Cornyn?

1 Senator Cornyn. No.  
2 The Clerk. Mr. Thune?  
3 Senator Thune. No.  
4 The Clerk. Mr. Burr?  
5 Senator Burr. No.  
6 The Clerk. Mr. Isakson?  
7 Senator Isakson. No.  
8 The Clerk. Mr. Portman?  
9 Senator Portman. No.  
10 The Clerk. Mr. Toomey?  
11 Senator Grassley. No by proxy.  
12 The Clerk. Mr. Heller?  
13 Senator Heller. No.  
14 The Clerk. Mr. Scott?  
15 The Chairman. No by proxy.  
16 The Clerk. Mr. Cassidy?  
17 The Chairman. No by proxy.  
18 The Clerk. Mr. Wyden?  
19 Senator Wyden. Aye.  
20 The Clerk. Ms. Stabenow?  
21 Senator Stabenow. Aye.  
22 The Clerk. Ms. Cantwell?  
23 Senator Cantwell. Aye.  
24 The Clerk. Mr. Nelson?  
25 Senator Nelson. Aye.

1           The Clerk.    Mr. Menendez?  
2           Senator Wyden.   Aye by proxy.  
3           The Clerk.    Mr. Carper?  
4           Senator Wyden.   Aye by proxy.  
5           The Clerk.    Mr. Cardin?  
6           Senator Cardin.   Aye.  
7           The Clerk.    Mr. Brown?  
8           Senator Wyden.   Aye by proxy.  
9           The Clerk.    Mr. Bennet?  
10          Senator Bennet.   Aye.  
11          The Clerk.    Mr. Casey?  
12          Senator Casey.   Aye.  
13          The Clerk.    Mr. Warner?  
14          Senator Wyden.   Aye by proxy.  
15          The Clerk.    Mrs. McCaskill?  
16          Senator Wyden.   Aye by proxy.  
17          The Clerk.    Mr. Chairman?  
18          The Chairman.   No.  
19          The Clerk will report.  
20          The Clerk.    Mr. Chairman, the final tally is 12  
21          ayes, 14 nays.  
22          The Chairman.   The amendment is defeated.  
23          We are going to take a 15-minute break right now,  
24          then we will come back.  So with that, we will break for  
25          15 minutes.

1           [Whereupon, at 5:30 p.m., the Committee was  
2 recessed, reconvening at 5:45 p.m.]

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1 Mr. Grossman. He is.

2 Senator Bennet. I will wait until he comes back.

3 Mr. Grossman. He is certainly coming back.

4 The Chairman. But you are from JCT. You work  
5 right with him.

6 Senator Bennet. Is that all right with you guys?  
7 It is okay with me.

8 The Chairman. Go ahead.

9 Senator Bennet. On page 1 of the distribution  
10 effects of the Chairman's modification, if you look at  
11 the bottom left, \$1 million and over. Do you see that?

12 Mr. Grossman. Correct, yes.

13 Senator Bennet. And then it says change in federal  
14 taxes for the year 2019. What does that say about the  
15 top 1 percent in terms of whether they are getting a tax  
16 benefit or a tax cut?

17 Mr. Grossman. Well, Senator, I do not want to  
18 imply that the \$1 million and over represents the top 1  
19 percent. But for the \$1 million and over income  
20 category, the aggregate tax reduction for that category  
21 is \$33.6 billion.

22 Senator Bennet. And could you also tell me, in the  
23 same year, what benefit that same taxpaying column gets  
24 with respect to the estate tax?

25 Mr. Grossman. Senator, we do not distribute the

1 aggregate effects of the estate tax reduction in our  
2 distribution tables.

3 Senator Bennet. Here comes our savior.

4 Mr. Grossman. My savior in particular.

5 [Laughter.]

6 Senator Bennet. Mr. Barthold? I am sorry to do  
7 this to you, Mr. Barthold, but we were discussing page 1  
8 of the distribution table and the fact that it very  
9 clearly shows a cut of \$33 billion for people earning \$1  
10 million and over.

11 The second question I asked was what proportion of  
12 the estate tax does that group benefit from?

13 Mr. Barthold. Senator, I think I sent to all the  
14 members of the committee 2 days ago an analysis of that  
15 based on 2013 decedents and I do not recall the specific  
16 result. So if you give me a couple of minutes, I will  
17 see if I have --

18 Senator Bennet. I will give you whatever time you  
19 need. Thank you.

20 Mr. Chairman, I will be very brief about this  
21 amendment and within my time. It is Bennet Amendment 12.

22 According to the Congressional Budget Office, this  
23 plan would cause 13 million Americans to lose their  
24 health insurance. It also would raise premiums on the  
25 individual market, the Congressional Budget Office says,

1 by 10 percent each year.

2 And still people on the other side have said that  
3 even if premiums increase, people would be made whole by  
4 the tax cuts in their plan. Now, we just saw how small  
5 those tax cuts are for people making \$50,000 and below,  
6 and I will give you an example.

7 Let us look at some more numbers. If you are a 27-  
8 year-old living in Boulder, Colorado, earning \$56,000,  
9 you would receive a \$470 tax cut under this plan. That  
10 is more than the \$160 tax cut people would make who are  
11 making less than \$50,000.

12 According to the Congressional Budget Office, his  
13 premiums would rise by \$586 over the course of the year  
14 as a result of this plan. That person is actually \$111  
15 worse off. And despite this analysis from our trusted  
16 advisors and staff, the Majority claims that this young  
17 man or woman and millions of Americans will be better off  
18 under this plan.

19 My amendment simply provides a backstop if you are  
20 wrong about that and ensures that this tax bill would  
21 only take effect if the Joint Committee on Taxation and  
22 Congressional Budget Office certify that as a result of  
23 the plan, Americans will not pay more in premiums than  
24 they receive in tax cuts.

25 I encourage my colleagues to vote yes on the plan.

1 I yield back to the Chairman 1 minute and 20  
2 seconds.

3 Senator Heller. Mr. Chairman, thank you.

4 I just want to make sure I understand this amendment  
5 correctly. It is saying that if one person in Colorado  
6 has a 10 percent premium increase and their tax cut does  
7 not cover it, that nobody in America should get a tax  
8 cut. Is that what that says? If one person in Colorado  
9 does not, then nobody in American should.

10 Senator Bennet. If that is a question directed at  
11 me, Mr. Chairman, I am happy to answer it.

12 Senator Heller. I just want to make sure I  
13 understand it.

14 Senator Bennet. Sure. That is the way it works,  
15 because the Congressional Budget Office has told us that  
16 13 million people, as a result of this plan, will lose  
17 their health insurance and that premiums will go up by 10  
18 percent.

19 You guys have said they are going to be better off  
20 anyway. I just gave you an example of how that is not  
21 true based on their math, not my math. And so, yes, that  
22 is why the trigger works the way that it does, because --  
23 because -- because --

24 Senator Heller. Let me follow-up, because -- thank  
25 you for responding. But to follow-up, we are going to

1 have a 38 percent increase in premiums next year in the  
2 State of Nevada, 38 percent because of the ACA.

3 Under the same argument, should we not repeal the  
4 ACA because of a 38 percent increase in these premiums in  
5 the State of Nevada?

6 Senator Bennet. Mr. Chairman, shall I answer the  
7 question for my colleague? Thank you, Mr. Chairman.

8 I would say to my friend from Nevada that it is my  
9 experience that people in Colorado, whether they support  
10 the Affordable Care Act or whether they do not, are  
11 deeply dissatisfied with the health care system.

12 I would invite you to look at a bill that I recently  
13 introduced with Tim Kaine, called Medicare X, that we  
14 suggest we should roll out in rural counties to deal with  
15 some of the issues that you are talking about.

16 But I do agree that it is a very big problem with  
17 our health care system. What I also believe is --

18 Senator Heller. I appreciate your comments.

19 Senator Bennet. Thank you, Senator.

20 Senator Heller. And that warm welcome to work  
21 together. I do appreciate that.

22 Senator Bennet. Thank you.

23 Senator Heller. You made an earlier comment that  
24 there is not a Republican in Colorado that wants this tax  
25 cut. I am assuming that means there is not a Republican

1 or an independent or a Democrat in Colorado who wants a  
2 tax cut. Did I understand that correctly?

3 Senator Bennet. Mr. Chairman, may I answer my  
4 colleague's question? Thank you.

5 That is not what I said, Senator. I said  
6 Republicans in Colorado do not support this. I did not  
7 say every Republican. The Republicans in Colorado who  
8 are fiscally responsible and believe that we should not  
9 borrow money from their kids to give \$30 billion of tax  
10 cuts to millionaires do not support that idea. They may  
11 not know it yet, but they will not support it.

12 Senator Heller. I just wanted to make sure that  
13 that is clarified.

14 Senator Bennet. Thank you.

15 Senator Heller. So we understand that Republicans,  
16 some Republicans, I guess, however you want to say it, do  
17 not support tax cuts in Colorado.

18 The Chairman. The Clerk will call the roll.

19 The Clerk. Mr. Grassley?

20 Senator Grassley. No.

21 The Clerk. Mr. Crapo?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Roberts?

24 Senator Roberts. No.

25 The Clerk. Mr. Enzi?

1 Senator Enzi. No.  
2 The Clerk. Mr. Cornyn?  
3 Senator Cornyn. No.  
4 The Clerk. Mr. Thune?  
5 Senator Thune. No.  
6 The Clerk. Mr. Burr?  
7 Senator Burr. No.  
8 The Clerk. Mr. Isakson?  
9 Senator Isakson. No.  
10 The Clerk. Mr. Portman?  
11 The Chairman. No by proxy.  
12 The Clerk. Mr. Toomey?  
13 The Chairman. No by proxy.  
14 The Clerk. Mr. Heller?  
15 Senator Heller. No.  
16 The Clerk. Mr. Scott?  
17 Senator Scott. No.  
18 The Clerk. Mr. Cassidy?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Wyden?  
21 Senator Wyden. Aye.  
22 The Clerk. Ms. Stabenow?  
23 Senator Stabenow. Aye.  
24 The Clerk. Ms. Cantwell?  
25 Senator Cantwell. Aye.



1           The Clerk.    Mr. Nelson?  
2           Senator Wyden.   Aye by proxy.  
3           The Clerk.    Mr. Menendez?  
4           Senator Wyden.   Aye by proxy.  
5           The Clerk.    Mr. Carper?  
6           Senator Wyden.   Aye by proxy.  
7           The Clerk.    Mr. Cardin?  
8           Senator Cardin.   Aye.  
9           The Clerk.    Mr. Brown?  
10          Senator Brown.   Aye.  
11          The Clerk.    Mr. Bennet?  
12          Senator Bennet.   Aye.  
13          The Clerk.    Mr. Casey?  
14          Senator Casey.   Aye.  
15          The Clerk.    Mr. Warner?  
16          Senator Warner.   Aye.  
17          The Clerk.    Mrs. McCaskill?  
18          Senator McCaskill.   Aye.  
19          The Clerk.    Mr. Chairman?  
20          The Chairman.   No.  
21          The Clerk will report.  
22          The Clerk.    Mr. Chairman, the final tally is 12  
23          eyes, 14 nays.  
24          The Chairman.   The amendment is defeated.  
25          Let us bring up Cardin No. 14.  And I hope everybody

1 will consider, since these amendments are all being voted  
2 down, and that does not seem to be changing, that we will  
3 consider everybody's feelings this evening and let us not  
4 just keep going through a charade here.

5 Senator Wyden. Mr. Chairman, can I be recognized  
6 just briefly?

7 My colleagues are trying hard to be sensitive to the  
8 point that you are making, just to be brief.

9 The Chairman. Well, it does not seem like it to  
10 me, but I am happy to accept that from you.

11 Senator Wyden. If I could just finish. I would  
12 just say the reason we are raising this issues is here  
13 very recently, the tax bill became a health care bill.  
14 And we believe, because of the Congressional Budget  
15 Office report, millions of people are going to lose  
16 coverage, millions more are going to have their premiums  
17 go up.

18 So we are not interested in being obstinate or being  
19 difficult, but because of the change in this bill here in  
20 the last couple days from being a tax bill to a health  
21 care bill is why my colleagues and I feel strongly, but  
22 we are going to be sensitive to the question of lots of  
23 work still to do and your point.

24 The Chairman. I understand. But I think there is  
25 a beating this into the ground factor here that is kind

1 of ridiculous.

2 Senator Cardin?

3 Senator Cardin. Thank you, Mr. Chairman. Cardin  
4 Amendment No. 14. That would create a tax credit up to  
5 \$1,000 for persons who receive services and/or treatment  
6 to address substance abuse. This is offset by a  
7 necessary decrease in the estate and gift tax exemption  
8 proportional to the cost of the amendment.

9 Mr. Chairman, this is a follow-up to an issue that I  
10 raised earlier and Senator Wyden's point. We now know  
11 that because of the addition that was added to the  
12 Chairman's mark that 13 million Americans are going to  
13 lose coverage. Some will lose coverage under the  
14 Affordable Care Act. Some will lose coverage under  
15 Medicaid. But all of those 13 million today have, under  
16 essential health benefits, have coverage for behavioral  
17 health, mental health and drug addiction.

18 We know the crisis that is confronting every  
19 community in our country on the opioid addiction issue  
20 and that we also understand that one of the ways that we  
21 can combat that is for individuals who have an addiction  
22 to be able to get health care, and access to health care  
23 is very much contingent upon having insurance to cover  
24 it.

25 If they do not have insurance, this bill will at

1       least give them the ability to be able to get care and be  
2       able to use a tax credit.

3             If we are not going to deal directly in this  
4       committee with the underlying problem, I would hope that  
5       we would agree that giving a tax credit for those who  
6       have this out-of-pocket cost would be certainly something  
7       we would want to do to show our commitment to deal with  
8       this crisis.

9             I would urge my colleagues to support the amendment.

10       The Chairman.    The Clerk will call the roll.

11       The Clerk.    Mr. Grassley?

12       Senator Grassley.   No.

13       The Clerk.    Mr. Crapo?

14       The Chairman.    No by proxy.

15       The Clerk.    Mr. Roberts?

16       Senator Roberts.   No.

17       The Clerk.    Mr. Enzi?

18       Senator Enzi.    No.

19       The Clerk.    Mr. Cornyn?

20       Senator Cornyn.    No.

21       The Clerk.    Mr. Thune?

22       Senator Thune.    No.

23       The Clerk.    Mr. Burr?

24       Senator Burr.    No.

25       The Clerk.    Mr. Isakson?

1 Senator Isakson. No.  
2 The Clerk. Mr. Portman?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Toomey?  
5 Senator Toomey. No.  
6 The Clerk. Mr. Heller?  
7 Senator Heller. No.  
8 The Clerk. Mr. Scott?  
9 Senator Scott. No.  
10 The Clerk. Mr. Cassidy?  
11 Senator Cassidy. No.  
12 The Clerk. Mr. Wyden?  
13 Senator Wyden. Aye.  
14 The Clerk. Ms. Stabenow?  
15 Senator Stabenow. Aye.  
16 The Clerk. Ms. Cantwell?  
17 Senator Cantwell. Aye.  
18 The Clerk. Mr. Nelson?  
19 Senator Nelson. Aye.  
20 The Clerk. Mr. Menendez?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Carper?  
23 Senator Carper. Aye.  
24 The Clerk. Mr. Cardin?  
25 Senator Cardin. Aye.

1           The Clerk.    Mr. Brown?  
2           Senator Brown.   Aye.  
3           The Clerk.    Mr. Bennet?  
4           Senator Bennet.   Aye.  
5           The Clerk.    Mr. Casey?  
6           Senator Casey.   Aye.  
7           The Clerk.    Mr. Warner?  
8           Senator Warner.   Aye.  
9           The Clerk.    Mrs. McCaskill?  
10          Senator McCaskill.   Aye.  
11          The Clerk.    Mr. Chairman?  
12          The Chairman.    No.  
13          The Clerk will report.  
14          The Clerk.    Mr. Chairman, the final tally is 12  
15          ayes, 14 nays.  
16          The Chairman.    The amendment is defeated.  
17          Senator Brown, you are up.  
18          Senator Wyden.    Mr. Chairman, was Senator Carper  
19          recorded on that?  
20          Senator Carper.    Was I recorded yes in person?  
21          The Clerk.    Yes, you were, sir.  
22          The Chairman.    Senator Brown, you are up.  
23          Senator Brown.    Mr. Chairman, my amendment from  
24          last night, when it was ruled out of order, we have  
25          talked to your staff and now it is in order.  It is our

1 Patriot Corporation Act again, and I will not drone on,  
2 except just to reiterate that the President of the United  
3 States likes this idea. He said it to me in front of all  
4 of you on this committee, at least the Republican members  
5 of the committee, in the Cabinet Room. He said it in  
6 front of a number of Democrats on and off this committee,  
7 and in front of Gary Cohn and Mark Short in our phone  
8 call from 8,000 miles -- when he was 8,000 miles away on  
9 the Patriot Corporation Act.

10 It is pretty darned simple. The President ran a  
11 whole campaign and muttered on an interview in Fortune  
12 magazine and a whole lot of other statements saying that  
13 he will reward corporations that do the right thing and  
14 the right thing is keep their production onshore, pay  
15 good wages, pay decent benefits, those companies should  
16 get rewarded.

17 And he said -- and this amendment does not exactly  
18 do this part -- but he said and you punish those  
19 companies that do not pay, that move stuff overseas and  
20 do not pay good wages.

21 Mr. Chairman, the suit I wear was made by union  
22 workers 10 miles from my house. You can buy America.  
23 You can be a successful company in this country by using  
24 American products and by making American products.

25 This amendment would get 95 percent support in

1 states as conservative as Wyoming and as liberal as New  
2 York.

3 This is an amendment whose time has come. As I  
4 said, the President supported it when I asked him twice  
5 about it. It has strong support on our side of the  
6 aisle. This is a chance -- this, Mr. President (sic),  
7 coupled -- Mr. Chairman, this bill, the Patriots  
8 Corporation Act, coupled with any kind of middle class  
9 tax relief, call it whatever you want -- I have got a  
10 bill, but so does Senator Bennet, Senator Casey and  
11 others -- you couple that and that is really the bookends  
12 of a good bipartisan tax bill, incentives for  
13 corporations who do the right thing and helping kids and  
14 putting money in middle-class people's pockets.

15 What would work better to build a good bipartisan  
16 tax program than that? Instead of your bill getting 2-  
17 to-1 opposition in polling from the public, it would be a  
18 bill that would get 3-to-1 support from the public,  
19 because we could all come together and do this.

20 Mr. Chairman, I ask, how could any of you vote  
21 against something called the Patriot Corporation Act, Mr.  
22 Chairman?

23 I yield back my time.

24 The Chairman. Senator Brown, can you identify the  
25 offset?



1           Senator Brown.    Yes, sir.  It is the exit tax.  We  
2   have spoken already with Tom about it and that is the  
3   amount they need.

4           The Chairman.    What is the amount, Tom?

5           Mr. Barthold.    They actually have a new proposal  
6   that would tax the crude unrealized gains of the  
7   controlled foreign corporations.  So it is several  
8   hundreds of billions of dollars.

9           The Chairman.    Let us vote.  The Clerk will call  
10  the roll.

11          The Clerk.    Mr. Grassley?

12          Senator Grassley.  No.

13          The Clerk.    Mr. Crapo?

14          The Chairman.   No by proxy.

15          The Clerk.    Mr. Roberts?

16          Senator Roberts.  No.

17          The Clerk.    Mr. Enzi?

18          Senator Enzi.   No.

19          The Clerk.    Mr. Cornyn?

20          Senator Cornyn.  No.

21          The Clerk.    Mr. Thune?

22          Senator Thune.   No.

23          The Clerk.    Mr. Burr?

24          Senator Burr.    No.

25          The Clerk.    Mr. Isakson?

1 Senator Isakson. No.  
2 The Clerk. Mr. Portman?  
3 The Chairman. No by proxy.  
4 The Clerk. Mr. Toomey?  
5 Senator Toomey. No.  
6 The Clerk. Mr. Heller?  
7 Senator Heller. No.  
8 The Clerk. Mr. Scott?  
9 Senator Scott. No.  
10 The Clerk. Mr. Cassidy?  
11 The Chairman. No by proxy.  
12 The Clerk. Mr. Wyden?  
13 Senator Wyden. Aye.  
14 The Clerk. Ms. Stabenow?  
15 Senator Stabenow. Aye.  
16 The Clerk. Ms. Cantwell?  
17 Senator Cantwell. Aye.  
18 The Clerk. Mr. Nelson?  
19 Senator Nelson. Aye.  
20 The Clerk. Mr. Menendez?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Carper?  
23 Senator Carper. Aye.  
24 The Clerk. Mr. Cardin?  
25 Senator Cardin. Aye.

1           The Clerk.    Mr. Brown?

2           Senator Brown.    Aye.

3           The Clerk.    Mr. Bennet?

4           Senator Bennet.    Aye.

5           The Clerk.    Mr. Casey?

6           Senator Casey.    Aye.

7           The Clerk.    Mr. Warner?

8           Senator Warner.    Aye.

9           The Clerk.    Mrs. McCaskill?

10          Senator McCaskill.    Aye.

11          The Clerk.    Mr. Chairman?

12          The Chairman.    No.

13          The Clerk will tally the vote.

14          The Clerk.    Mr. Chairman, the final tally is 12  
15          ayes, 14 nays.

16          The Chairman.    The amendment is defeated.

17          Senator Casey is the next in line.

18          Senator Casey.    Thank you, Mr. Chairman.

19                 This amendment is designed to ensure that we are  
20          supporting and making it possible for Americans in their  
21          50s and 60s to access health care coverage and reasonably  
22          priced health care premiums.

23                 According to the Congressional Budget Office, repeal  
24          of key provisions of the Affordable Care Act would cause  
25          13 million Americans to lose health care coverage over

1 the next decade, four million by 2019, and lead to an  
2 increase in health insurance premiums by 10 percent each  
3 year.

4 This proposal, the tax bill we are debating, would  
5 rip coverage out from under American families, including  
6 those who need it most: children, people with  
7 disabilities, and older workers nearing retirement.

8 Let us revisit what the Affordable Care Act and  
9 access to health insurance coverage through the  
10 marketplaces means for Americans nearing retirement.

11 Medicare eligibility begins at 65 for most, but many  
12 people in their 50s and 60s find it hard to stay in a  
13 full-time job -- full-time, I should say, in the job  
14 market or find new employment after a job loss, making  
15 access to affordable health care coverage through the  
16 marketplaces critically important.

17 People in their 50s and 60s, nearing retirement, are  
18 more likely to have chronic conditions, making access to  
19 comprehensive health coverage vitally important.

20 Indeed, nearly 3.3 million Americans ages 50 to 64  
21 rely upon marketplace coverage, representing the largest  
22 share of enrollees nationwide, more than one in four,  
23 some 26 percent, 3.3 million people in the ages of 50 to  
24 64.

25 The amendment would protect near-retirees and older

1 adults from losing their coverage or experiencing  
2 outrageous premium increases.

3 So, basically, the amendment, Mr. Chairman, says  
4 that no provision of the Chairman's mark, as modified,  
5 shall take effect unless the Joint Committee on Taxation  
6 and the Congressional Budget Office certify that the bill  
7 will, number one, not reduce the number of individuals 50  
8 or older covered by insurance or, two, increase premiums  
9 for health insurance for Americans, for individuals 50  
10 and older.

11 I yield.

12 The Chairman. Senator, we understand that you have  
13 modified your amendment. We are going to reserve that  
14 and go to Senator Stabenow and listen to her, and then we  
15 will have the two votes on both of them.

16 Senator Wyden. Mr. Chairman, could I speak briefly  
17 on the Casey amendment, 1 minute?

18 The Chairman. Sure.

19 Senator Wyden. Colleagues, this Casey amendment is  
20 exceptionally important.

21 I began to see this back in the days when I was  
22 director of the Gray Panthers. If you are between 55 and  
23 65, pre-Medicare, you are out there lost in a health care  
24 desert, and these are some of the people who face the  
25 toughest economic challenges in our country. Sometimes

1 they have been victims of age discrimination.

2 So I really urge my colleagues to support the Casey  
3 amendment.

4 Mr. Chairman, out of deference to you, if it was not  
5 late I would have more to say about it, but this is an  
6 exceptionally important amendment.

7 The Chairman. Thank you.

8 We will turn to Senator Stabenow now and then we are  
9 going to vote on both amendments.

10 Senator Stabenow. Thank you very much, Mr.  
11 Chairman. Mr. Chairman, I would like to offer Stabenow  
12 Amendment No. 1.

13 This will make sure tax cuts go to the companies  
14 creating good American jobs, because that certainly, I  
15 hope, is the focus for all of us. Tax reform should not  
16 be about giving tax breaks to the 1 percent of  
17 shareholders. Tax reform should be about growing wages,  
18 putting money in the pocket of middle-class families,  
19 bringing jobs home that have been shipped overseas.

20 This is the focal point as we talk about  
21 repatriation and the efforts in the bill that relate to  
22 that. I want to make sure that when we change the rates,  
23 that, in fact, jobs are being created when the dollars  
24 come home.

25 In 2004, the low rate on the repatriation ended up

1 being a windfall for companies. The 15 companies that  
2 brought back the most money to take advantage of the low  
3 tax rate, unfortunately, cut almost 21,000 U.S. jobs in  
4 the 3 years that followed, even though that is not how it  
5 was sold to all of us.

6 They also decreased their spending on research and  
7 development. However, these increased their stock buy-  
8 backs and their executive compensation grew.

9 This is the opposite of what we want to accomplish.  
10 The middle class is being promised that this tax reform  
11 bill will increase their wages from \$4,000 to \$9,000 a  
12 year and that millions of new jobs will be created.

13 So, again, I would say, Mr. Chairman, the proof is  
14 in their paychecks, and my amendment would make sure that  
15 companies do not just get a windfall from the low tax  
16 rate for themselves, but that we add accountability to  
17 the lower tax rate so that companies are actually  
18 creating jobs, higher wages and good paying jobs.

19 I would ask, as part of the record, there was a very  
20 important story in Reuters that really makes the point  
21 that addresses the concern of my amendment, Mr. Chairman.  
22 In the Reuters article, it said some of the biggest S&P  
23 500 companies have plans more pleasing to investors than  
24 workers.

25 I think this should be about creating good paying

1 American jobs and putting more money in the pockets of  
2 the folks working hard every day.

3 The Chairman. We will vote on --

4 Senator Enzi. Mr. Chairman?

5 The Chairman. Yes, Senator.

6 Senator Enzi. Just quickly, in relation to the  
7 Casey amendment. Had this kind of a provision been in  
8 effect in regard to the Affordable Care Act in 2014, it  
9 would have gone away, because six million people-plus  
10 were kicked off of the insurance and had to pay a penalty  
11 besides. I am just going by the number of people that  
12 had to pay a penalty. Obviously, they were harmed by it.

13 It is something that nobody can certify to. So it  
14 is an interesting proposition.

15 The Chairman. All right. Senator Casey, we will  
16 vote on his amendment first, and then we will vote on  
17 Senator Stabenow's amendment second.

18 The Clerk will call the roll.

19 The Clerk. Mr. Grassley?

20 Senator Grassley. No.

21 The Clerk. Mr. Crapo?

22 Senator Crapo. No.

23 The Clerk. Mr. Roberts?

24 Senator Roberts. No.

25 The Clerk. Mr. Enzi?



1 Senator Enzi. No.  
2 The Clerk. Mr. Cornyn?  
3 Senator Cornyn. No.  
4 The Clerk. Mr. Thune?  
5 Senator Thune. No.  
6 The Clerk. Mr. Burr?  
7 Senator Burr. No.  
8 The Clerk. Mr. Isakson?  
9 Senator Isakson. No.  
10 The Clerk. Mr. Portman?  
11 Senator Portman. No.  
12 The Clerk. Mr. Toomey?  
13 Senator Toomey. No.  
14 The Clerk. Mr. Heller?  
15 Senator Heller. No.  
16 The Clerk. Mr. Scott?  
17 The Chairman. No by proxy.  
18 The Clerk. Mr. Cassidy?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Wyden?  
21 Senator Wyden. Aye.  
22 The Clerk. Ms. Stabenow?  
23 Senator Stabenow. Aye.  
24 The Clerk. Ms. Cantwell?  
25 Senator Cantwell. Aye.

1           The Clerk.    Mr. Nelson?  
2           Senator Nelson.   Aye.  
3           The Clerk.    Mr. Menendez?  
4           Senator Wyden.    Aye by proxy.  
5           The Clerk.    Mr. Carper?  
6           Senator Carper.    Aye.  
7           The Clerk.    Mr. Cardin?  
8           Senator Cardin.    Aye.  
9           The Clerk.    Mr. Brown?  
10          Senator Brown.    Aye.  
11          The Clerk.    Mr. Bennet?  
12          Senator Bennet.   Aye.  
13          The Clerk.    Mr. Casey?  
14          Senator Casey.    Aye.  
15          The Clerk.    Mr. Warner?  
16          Senator Warner.    Aye.  
17          The Clerk.    Mrs. McCaskill?  
18          Senator McCaskill.   Aye.  
19          The Clerk.    Mr. Chairman?  
20          The Chairman.    No.  
21          The Clerk will report.  
22          The Clerk.    Mr. Chairman, the final tally is 12  
23          ayes, 14 nays.  
24          The Chairman.    The amendment is defeated.  
25          Now, I think, Senator Stabenow, your --

1           Senator Stabenow.    Yes, I would appreciate it.  
2    Again, this basically brings accountability by indicating  
3    that as we allow companies to use the smaller rate on  
4    repatriation, that every year we would take a look and  
5    see whether or not they really are creating more jobs and  
6    higher wages and, if so, that cut would continue; and, if  
7    not, it would not.

8           Senator Portman.    Mr. Chairman?

9           The Chairman.    Senator Portman?

10          Senator Portman.   Mr. Chairman, maybe we should  
11    just go ahead and vote, but I am confused by the  
12    amendment because it says on the sheet I have we are  
13    talking about deemed repatriation.  Is that accurate?

14          Senator Stabenow.   Is it No. 1?  Are you look at  
15    No. 1?

16          Senator Portman.    Yes.

17          Senator Stabenow.    Yes.  It is the deemed  
18    repatriation which they can elect to pay essentially over  
19    8 years.  So each year, they would evaluate whether or  
20    not wages would have gone up through FICA and if so, then  
21    they would get to take that year; and, if it had not,  
22    they would not get to take that year.

23          Then you would go to the next year, if there were  
24    wage increases, more jobs, they would get it.  We have  
25    accountability because what we are saying, what we want

1 is that we want this to be invested in American jobs, in  
2 American wages. Many, many companies are saying that is  
3 not what they are going to do.

4 So this will --

5 Senator Portman. Look, I see you are using it as a  
6 PAYFOR, but just so we understand, deemed repatriation,  
7 as you know, is for investments they have already made or  
8 liquid cash and equivalents that they have overseas.

9 This is to clean the books to move forward with the  
10 new system. So it is not money coming back to the United  
11 States. It is a tax that is being levied on whatever  
12 their earnings have been prior to enactment of the  
13 legislation. They do have time to pay it off, but it is  
14 not as if the money is coming in as it will under the new  
15 system at a zero repatriation rate.

16 Anyway, I just wanted to make that point, Mr.  
17 Chairman. It seems to me this is not maybe the right  
18 source for the objective that you have.

19 The Chairman. Point made. The Clerk will call the  
20 roll.

21 The Clerk. Mr. Grassley?

22 Senator Grassley. No.

23 The Clerk. Mr. Crapo?

24 Senator Crapo. No.

25 The Clerk. Mr. Roberts?

1 Senator Roberts. No.  
2 The Clerk. Mr. Enzi?  
3 Senator Enzi. No.  
4 The Clerk. Mr. Cornyn?  
5 Senator Cornyn. No.  
6 The Clerk. Mr. Thune?  
7 Senator Thune. No.  
8 The Clerk. Mr. Burr?  
9 Senator Burr. No.  
10 The Clerk. Mr. Isakson?  
11 Senator Isakson. No.  
12 The Clerk. Mr. Portman?  
13 Senator Portman. No.  
14 The Clerk. Mr. Toomey?  
15 Senator Toomey. No.  
16 The Clerk. Mr. Heller?  
17 Senator Heller. No.  
18 The Clerk. Mr. Scott?  
19 The Chairman. No by proxy.  
20 The Clerk. Mr. Cassidy?  
21 The Chairman. No by proxy.  
22 The Clerk. Mr. Wyden?  
23 Senator Wyden. Aye.  
24 The Clerk. Ms. Stabenow?  
25 Senator Stabenow. Aye.

1           The Clerk.    Ms. Cantwell?  
2           Senator Cantwell.    Aye.  
3           The Clerk.    Mr. Nelson?  
4           Senator Nelson.    Aye.  
5           The Clerk.    Mr. Menendez?  
6           Senator Wyden.    Aye by proxy.  
7           The Clerk.    Mr. Carper?  
8           Senator Carper.    Aye.  
9           The Clerk.    Mr. Cardin?  
10          Senator Cardin.    Aye.  
11          The Clerk.    Mr. Brown?  
12          Senator Brown.    Aye.  
13          The Clerk.    Mr. Bennet?  
14          Senator Bennet.    Aye.  
15          The Clerk.    Mr. Casey?  
16          Senator Casey.    Aye.  
17          The Clerk.    Mr. Warner?  
18          Senator Warner.    Aye.  
19          The Clerk.    Mrs. McCaskill?  
20          Senator McCaskill.    Aye.  
21          The Clerk.    Mr. Chairman?  
22          The Chairman.    No.  
23          The Clerk.    Mr. Cassidy?  
24          Senator Cassidy.    No.  
25          The Chairman.    The Clerk will report.

1           The Clerk.    Mr. Chairman, the final tally is 12  
2 ayes, 14 nays.

3           The Chairman.   The amendment is defeated.

4           Shall we go to Bennet No. 3?

5           Senator Bennet.   Thank you, Mr. Chairman. I would  
6 like to call up Bennet No. 3.

7           Mr. Chairman, higher education has never been more  
8 important in our economy. It has also never been more  
9 expensive, with prices consistently rising faster than  
10 inflation. That has put an enormous strain on working  
11 families across America.

12           For the least affluent families, it often means  
13 shutting the door to higher education entirely and in  
14 today's economy, that amounts to shutting the door on  
15 economic security and upward mobility.

16           In my view, instead of cutting taxes at the top 1  
17 percent of taxpayers who are earning an average of \$2  
18 million, we should open the door to higher education for  
19 more families.

20           My amendment would help do that. First, it  
21 increases the tax credit for tuition and related expenses  
22 to \$3,000, while allowing students to claim the benefit  
23 for 5 years instead of 4. In practice, a 4-year bachelor  
24 degree means you are in school over 5 calendar years.

25           Second, this amendment makes Pell grants tax-exempt

1 if they are used not just for tuition and books, but to  
2 pay for rent, groceries and other essentials. We forget  
3 that these costs often prevent low income students from  
4 pursuing higher education, as well.

5 Third, the amendment encourages employers to invest  
6 in their workers. Under current law, when employers  
7 contribute to their workers' education, they can exempt  
8 up to \$5,250. We raise that to \$10,000.

9 Fourth, the amendment completely exempts the  
10 AmeriCorps award for higher education. Serving our  
11 Nation should never be a barrier for Americans to pursue  
12 higher education.

13 Mr. Chairman, if we are going to borrow somewhere  
14 between \$1.5 trillion and \$2.2 trillion from America's  
15 middle class for tax cuts for the very wealthy and then  
16 ask our kids to pay it back, at a minimum, let us use it  
17 to invest in their futures and make higher education more  
18 affordable.

19 I urge my colleagues to vote yes on the amendment.

20 Thank you, Mr. Chairman.

21 The Chairman. I recommend that we vote this down.

22 The Clerk will call the roll.

23 The Clerk. Mr. Grassley?

24 Senator Grassley. No.

25 The Clerk. Mr. Crapo?



1           The Chairman.   No by proxy.  
2           The Clerk.    Mr. Roberts?  
3           Senator Roberts.   No.  
4           The Clerk.    Mr. Enzi?  
5           Senator Enzi.    No.  
6           The Clerk.    Mr. Cornyn?  
7           Senator Cornyn.   No.  
8           The Clerk.    Mr. Thune?  
9           Senator Thune.   No.  
10          The Clerk.    Mr. Burr?  
11          Senator Burr.   No.  
12          The Clerk.    Mr. Isakson?  
13          Senator Isakson.   No.  
14          The Clerk.    Mr. Portman?  
15          Senator Portman.   No.  
16          The Clerk.    Mr. Toomey?  
17          Senator Toomey.   No.  
18          The Clerk.    Mr. Heller?  
19          Senator Heller.   No.  
20          The Clerk.    Mr. Scott?  
21          The Chairman.   No by proxy.  
22          The Clerk.    Mr. Cassidy?  
23          Senator Cassidy.   No.  
24          The Clerk.    Mr. Wyden?  
25          Senator Wyden.   Aye.

1           The Clerk.    Ms. Stabenow?  
2           Senator Stabenow.    Aye.  
3           The Clerk.    Ms. Cantwell?  
4           Senator Cantwell.    Aye.  
5           The Clerk.    Mr. Nelson?  
6           Senator Nelson.    Aye.  
7           The Clerk.    Mr. Menendez?  
8           Senator Wyden.    Aye by proxy.  
9           The Clerk.    Mr. Carper?  
10          Senator Carper.    Aye.  
11          The Clerk.    Mr. Cardin?  
12          Senator Cardin.    Aye.  
13          The Clerk.    Mr. Brown?  
14          Senator Brown.    Aye.  
15          The Clerk.    Mr. Bennet?  
16          Senator Bennet.    Aye.  
17          The Clerk.    Mr. Casey?  
18          Senator Casey.    Aye.  
19          The Clerk.    Mr. Warner?  
20          Senator Warner.    Aye.  
21          The Clerk.    Mrs. McCaskill?  
22          Senator McCaskill.    Aye.  
23          The Clerk.    Mr. Chairman?  
24          The Chairman.    No.  
25          The Clerk will report.

1           The Clerk.    Mr. Chairman, the final tally is 12  
2 ayes, 14 nays.

3           The Chairman.   The amendment is defeated.  
4           Nelson No. 1, modified, is the next one.

5           I would be happy if you would withdraw some of  
6 these, but if you want to go, it is Nelson 1, modified.  
7 Is he here?

8           Senator Nelson.   Yes, I am here.

9           The Chairman.   I could not see you way over there.

10          Senator Nelson.   I could not hear you, Mr.  
11 Chairman.   Thank you.

12          The Chairman.   I am sorry.   I will have to speak  
13 louder.

14          Senator Nelson.   Well, I want to call up my  
15 modification to Amendment 189, to Nelson Amendment 1.  
16 Forty copies of the modification have been filed with the  
17 Clerk.

18          The number one goal of this bill should be job  
19 growth and not just growth of low-wage jobs.   That is  
20 what we need, is job growth with real wages.   This  
21 amendment tries to add balance to the Chairman's bill by  
22 offsetting the cost of new hires for small business  
23 through a new tax credit worth the employer's portion of  
24 the payroll taxes.

25          Employers could only get the credit if they have

1 less than \$15 million in gross receipts and pay an  
2 average minimum wage that is at least 1.4 times the  
3 applicable minimum wage, which works out to around \$10 an  
4 hour.

5 The provision expires after 3 years so as to  
6 stimulate small business job growth. This sort of policy  
7 has gotten bipartisan support in the past. It should get  
8 it here, and especially if you are in a state, of which  
9 many members on this committee are from a state where the  
10 real engine of the economy is small business, which is  
11 the case of my state and the states of many of us here.

12 So, Mr. Chairman, I suggest an aye vote on the  
13 amendment.

14 The Chairman. Some of these amendments may have  
15 some merit, but not on this particular bill. I suggest  
16 that we vote this down.

17 The Clerk will call the roll.

18 The Clerk. Mr. Grassley?

19 Senator Grassley. No.

20 The Clerk. Mr. Crapo?

21 The Chairman. No by proxy.

22 The Clerk. Mr. Roberts?

23 Senator Roberts. No.

24 The Clerk. Mr. Enzi?

25 Senator Enzi. No.

1           The Clerk.    Mr. Cornyn?  
2           Senator Cornyn.   No.  
3           The Clerk.    Mr. Thune?  
4           Senator Thune.    No.  
5           The Clerk.    Mr. Burr?  
6           Senator Burr.    No.  
7           The Clerk.    Mr. Isakson?  
8           Senator Isakson.   No.  
9           The Clerk.    Mr. Portman?  
10          Senator Portman.   No.  
11          The Clerk.    Mr. Toomey?  
12          Senator Toomey.   No.  
13          The Clerk.    Mr. Heller?  
14          Senator Heller.   No.  
15          The Clerk.    Mr. Scott?  
16          The Chairman.   No by proxy.  
17          The Clerk.    Mr. Cassidy?  
18          Senator Cassidy.   No.  
19          The Clerk.    Mr. Wyden?  
20          Senator Wyden.    Aye.  
21          The Clerk.    Ms. Stabenow?  
22          Senator Stabenow.   Aye.  
23          The Clerk.    Ms. Cantwell?  
24          Senator Cantwell.   Aye.  
25          The Clerk.    Mr. Nelson?

1 Senator Nelson. Aye.

2 The Clerk. Mr. Menendez?

3 Senator Wyden. Aye by proxy.

4 The Clerk. Mr. Carper?

5 Senator Carper. Aye.

6 The Clerk. Mr. Cardin?

7 Senator Cardin. Aye.

8 The Clerk. Mr. Brown?

9 Senator Brown. Aye.

10 The Clerk. Mr. Bennet?

11 Senator Bennet. Aye.

12 The Clerk. Mr. Casey?

13 Senator Casey. Aye.

14 The Clerk. Mr. Warner?

15 Senator Warner. Aye.

16 The Clerk. Mrs. McCaskill?

17 Senator McCaskill. Aye.

18 The Clerk. Mr. Chairman?

19 The Chairman. No.

20 The Clerk will tell the tally.

21 The Clerk. Mr. Chairman, the final tally is 12

22 ayes, 14 nays.

23 The Chairman. The amendment is defeated.

24 We will go to Brown No. 2, if he wants to put it

25 forward.

1           Senator Brown.     Thank you, Mr. Chairman.

2           Tax reform, as we have said many times, should be  
3 about one thing -- putting money in the pockets of  
4 working people.  If we are going to do middle class tax  
5 breaks, we should do tax cuts for the middle class.

6           That is what this amendment does.  If it is not  
7 something we can call support, it tells the American  
8 people whom this bill is really for.

9           Instead of giving money to corporations, hoping some  
10 of it ends up in the pockets of working people, this  
11 amendment gives money directly to the people whom we  
12 serve.

13           If we want to cut taxes for the middle class, then  
14 let us cut taxes for the middle class.  Let us get rid of  
15 the middleman.  Let us quit talking in this committee.  
16 We hear the term middle class all the time.  This is a  
17 bill for the middle class.

18           If we really are serious about that, cut out the  
19 middleman, give tax relief directly to the middle class.  
20 That is how we grow the economy.  You grow the economy  
21 from the middle out.

22           We know from looking at the 1990s and looking at the  
23 Clinton years, looking at the Bush-2 years, when you give  
24 tax cuts to the wealthy, hoping it will trickle down, the  
25 economy does not grow and wages do not go up.

1           If you give tax cuts directly to the middle class,  
2 then the economy grows and wages increase.

3           It is as simple as that. History proves that. This  
4 amendment makes sense, Mr. Chairman.

5           The Chairman. I oppose this amendment. Let us  
6 vote.

7           The Clerk will call the roll.

8           The Clerk. Mr. Grassley?

9           Senator Grassley. No.

10          The Clerk. Mr. Crapo?

11          The Chairman. No by proxy.

12          The Clerk. Mr. Roberts?

13          Senator Roberts. No.

14          The Clerk. Mr. Enzi?

15          Senator Enzi. No.

16          The Clerk. Mr. Cornyn?

17          Senator Cornyn. No.

18          The Clerk. Mr. Thune?

19          Senator Thune. No.

20          The Clerk. Mr. Burr?

21          Senator Burr. No.

22          The Clerk. Mr. Isakson?

23          Senator Isakson. No.

24          The Clerk. Mr. Portman?

25          Senator Portman. No.



1           The Clerk.    Mr. Toomey?  
2           Senator Toomey.   No.  
3           The Clerk.    Mr. Heller?  
4           Senator Heller.   No.  
5           The Clerk.    Mr. Scott?  
6           The Chairman.   No by proxy.  
7           The Clerk.    Mr. Cassidy?  
8           Senator Cassidy.   No.  
9           The Clerk.    Mr. Wyden?  
10          Senator Wyden.   Aye.  
11          The Clerk.    Ms. Stabenow?  
12          Senator Stabenow.   Aye.  
13          The Clerk.    Ms. Cantwell?  
14          Senator Cantwell.   Aye.  
15          The Clerk.    Mr. Nelson?  
16          Senator Nelson.   Aye.  
17          The Clerk.    Mr. Menendez?  
18          Senator Wyden.   Aye by proxy.  
19          The Clerk.    Mr. Carper?  
20          Senator Wyden.   Aye by proxy.  
21          The Clerk.    Mr. Cardin?  
22          Senator Cardin.   Aye.  
23          The Clerk.    Mr. Brown?  
24          Senator Brown.   Aye.  
25          The Clerk.    Mr. Bennet?

1 Senator Bennet. Aye.

2 The Clerk. Mr. Casey?

3 Senator Casey. Aye.

4 The Clerk. Mr. Warner?

5 Senator Warner. Aye.

6 The Clerk. Mrs. McCaskill?

7 Senator McCaskill. Aye.

8 The Clerk. Mr. Chairman?

9 The Chairman. No.

10 The Clerk will report.

11 The Clerk. Mr. Chairman, the final tally is 12  
12 ayes, 14 nays.

13 The Chairman. The amendment is defeated.

14 We have Stabenow 6.

15 Senator Stabenow. Thank you, Mr. Chairman. I  
16 would like to offer Stabenow Amendment No. 6.

17 Since we have now interjected tax policy related to  
18 health care into this bill, I think we ought to really do  
19 something that really does help working people instead of  
20 policy that takes away health care for 13 million people.

21 That is, we ought to repeal the Cadillac tax. This  
22 is something that during the very long markups and many,  
23 many, many hours of meetings that we had before passing  
24 the Affordable Care Act, that I never supported, I always  
25 felt that this was unfair for working people.

1           The fact of the matter is what the Cadillac tax does  
2 is penalize working men and women who are effectively  
3 bargaining for good health care benefits, for a better  
4 network or lower co-pays and premiums.

5           They choose to do that rather than take a wage  
6 increase in collective bargaining because health care is  
7 so important to them. And then the Cadillac tax will hit  
8 them, millions and millions working people.

9           I felt at the time it should not be called a  
10 Cadillac tax. It is much broader than that, although I  
11 like Cadillacs, which are made in Michigan, 15 minutes  
12 from my house. I should be happy to do an ad about that.

13           But the truth is that working men and women across  
14 the country have been affected by this. I know my  
15 colleague, Senator Heller has worked on this issue and  
16 others, as well, that this is a tax on good health care  
17 benefits that folks are collectively bargaining for and  
18 oftentimes giving up wages in order to get.

19           So it is a big deal. In Michigan, 4.8 million people  
20 in Michigan will be hit by this, 150 million Americans  
21 with employer-provided health insurance will be hit by  
22 this.

23           I was glad to be part of an effort to fight to delay  
24 this until 2020, but it is coming very quickly. And if  
25 we are going to do something on health care and taxes, we

1 ought to do something that actually helps people in this  
2 bill as it relates to tax cuts.

3 So, Mr. Chairman, I would urge that we pass the  
4 amendment to repeal the Cadillac tax.

5 The Chairman. Senator Heller would like to be  
6 heard.

7 Senator Heller. Mr. Chairman, thank you.

8 I want to thank the author of this legislation or  
9 this amendment and I will assure you that I agree with  
10 everything that you said.

11 The problem is this is a good amendment on the wrong  
12 piece of legislation. Senator Heinrich, as you  
13 mentioned, and myself have been working on this for quite  
14 some time. In fact, this was supposed to go into effect  
15 in 2018 and with the help of the Chairman, we were able  
16 to postpone it to 2020.

17 Clearly, the angle and the goal here is to repeal it  
18 all together for all the reasons that you said so. This  
19 does affect 151 million workers, 1.3 million in Nevada,  
20 including public employees, strip workers, small business  
21 owners, and retirees across my state.

22 I will mention one thing that kind of intrigues is  
23 that I offered the Cadillac tax repeal amendment on the  
24 Senate floor back in July when we were having the health  
25 care debate and what has intrigued me is that the author

1 of this amendment voted against that amendment at that  
2 time, even though it was a bipartisan piece of  
3 legislation, as did everybody on the panel on the other  
4 side of the panel here with us today.

5 It was bipartisan, but not one Democrat that is here  
6 today voted for it.

7 I am pleased that you guys found religion, I really  
8 am. But having said that, I think I would be willing to  
9 work with you, Mr. Chairman, and the author of this  
10 amendment going forward to see that by the end of the  
11 year we can find a full repeal and an appropriate bill to  
12 put it on.

13 The Chairman. I intend to help you.

14 Senator Warner?

15 Senator Warner. Since all of these votes have been  
16 pretty much party line, I just want to, for the record,  
17 indicate why I will be opposing the Senator's amendment.

18 I concur that the Cadillac tax needs to be reformed,  
19 but I cannot be criticizing my colleagues on the other  
20 side for taking away the individual mandate and  
21 undercutting the Affordable Care Act and then vote to cut  
22 it and take away one of the other funding sources for the  
23 Affordable Care Act.

24 I would love to reform it, but I was one of the 11  
25 members who opposed it in the past. So I am going to

1 continue that position until we have a real reform  
2 effort.

3 The Chairman. Senator McCaskill?

4 Senator McCaskill. I agree with Senator Warner and  
5 will vote accordingly.

6 Senator Stabenow. Mr. Chairman, if I might, just  
7 to clarify one thing. Unfortunately, the amendment this  
8 summer, which I supported, it was in the context -- I did  
9 not vote for it because it was in the context of gutting  
10 the entire health care system and cutting \$1 trillion out  
11 of Medicaid, ripping apart nursing home care in my state  
12 and across the country, as well as children and families  
13 and so on.

14 So that really was not the right place to do that,  
15 but I would say this. If we are talking about priorities  
16 and doing things that actually would help middle class  
17 families in the context of this bill and something that  
18 is a tax, and this is a tax bill, I do not understand why  
19 we would not put this at the top of the line rather than  
20 what is in the bill, which takes away 13 million people's  
21 coverage.

22 The Chairman. Senator Stabenow, do you have an  
23 offset for this?

24 Senator Stabenow. Mr. Chairman, I would argue that  
25 if the committee and the Majority is willing to -- I do

1 not have an offset, because I believe this is just as  
2 much of a priority as we look at \$1.5 trillion in debt  
3 that the Majority is willing to sustain in the context of  
4 this bill.

5 There are other things not offset and I would  
6 suggest that this is probably one of the most important  
7 taxes to repeal for middle class families.

8 The Chairman. If we start doing that, we are never  
9 going to get done. I am going to rule it out of order.

10 Senator Stabenow. Mr. Chairman, I would ask for a  
11 vote to overrule the Chair, please.

12 The Chairman. The Clerk will call the roll. I  
13 recommend a no vote.

14 The Clerk will call the roll.

15 The Clerk. Mr. Roberts?

16 Senator Roberts. No.

17 The Clerk. Mr. Enzi?

18 Senator Enzi. No.

19 The Clerk. Mr. Cornyn?

20 Senator Cornyn. No.

21 The Clerk. Mr. Thune?

22 Senator Thune. No.

23 The Clerk. Mr. Burr?

24 Senator Burr. No.

25 The Clerk. Mr. Isakson?

1 Senator Isakson. No.  
2 The Clerk. Mr. Portman?  
3 Senator Portman. No.  
4 The Clerk. Mr. Toomey?  
5 Senator Toomey. No.  
6 The Clerk. Mr. Heller?  
7 Senator Heller. No.  
8 The Clerk. Mr. Cassidy?  
9 Senator Cassidy. No.  
10 The Clerk. Mr. Wyden?  
11 Senator Wyden. Aye.  
12 The Clerk. Ms. Stabenow?  
13 Senator Stabenow. Aye.  
14 The Clerk. Ms. Cantwell?  
15 Senator Cantwell. Aye.  
16 The Clerk. Mr. Nelson?  
17 Senator Nelson. Aye.  
18 The Clerk. Mr. Carper?  
19 Senator Carper. Aye.  
20 The Clerk. Mr. Cardin?  
21 Senator Cardin. Aye.  
22 The Clerk. Mr. Brown?  
23 Senator Brown. Aye.  
24 The Clerk. Mr. Bennet?  
25 Senator Bennet. Aye.



1           The Clerk.    Mr. Casey?

2           Senator Casey.   Aye.

3           The Clerk.    Mr. Warner?

4           Senator Warner.   I am going to vote aye, but I want  
5 the record to reflect I would have voted against the  
6 amendment if it had a chance.

7           The Clerk.    Mrs. McCaskill?

8           Senator McCaskill.   Aye on process, no on the  
9 underlying substance.

10          Senator Carper.   Same for me, thanks.

11          The Clerk.    Mr. Chairman?

12          The Chairman.   No.

13          The Clerk will tell the tally.

14          The Clerk.    Mr. Chairman, the final tally is 11  
15 ayes, 11 nays.

16          The Chairman.   The amendment is defeated.

17          Senator Cantwell No. 9, if you want to go forward.

18          Senator Cantwell.   Yes. Thank you, Mr. Chairman.

19          Just to clarify for my colleagues, this is not the  
20 previous amendment that we were talking about. We will  
21 come back to that later.

22          I call up my modification to Cantwell No. 9, which  
23 is committee Amendment 188. And it has been offset.

24          Mr. Chairman, this amendment fixes another  
25 unintended consequence we just heard about in the

1 interactions between the low income housing tax credit  
2 and the mark's international provision.

3 The mark's international provisions, erosion  
4 provisions, the base erosion and anti-abuse tax, or BEAT  
5 provision, appears to inadvertently prevent banks with  
6 foreign parents or domestic banks with substantial  
7 foreign operations from claiming the benefit of any tax  
8 credit other than the R&D tax credit.

9 So this would severely limit the low income housing  
10 tax credit equity markets by limiting the pooling of  
11 investors and major private investors in affordable  
12 housing and this country would no longer be investing in  
13 those communities.

14 Now, I understand the original purpose of the  
15 provision, but I think this is an unintended consequence.

16 We do not truly understand all the impacts of this,  
17 because this is the first time we have seen the new BEAT,  
18 which was just released several days ago, and we do not  
19 really understand how much of a hole it is going to blow  
20 into the housing production.

21 But I expect that there are other unintended  
22 consequences by this. We just found out last night that  
23 wind and solar will also have the same issue and being  
24 impacted by this.

25 So I hope we can adopt my amendment and fix this. I

1 hope we can slow down and really understand this  
2 important part of our tax code.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you.

5 Senator Grassley?

6 Senator Grassley. Mr. Chairman and members of the  
7 committee, I am not going to vote for this amendment, but  
8 I do appreciate that she brings up an issue that we  
9 better be very, very certain about not only because of  
10 low income housing, but also because of renewable energy,  
11 and she mentioned wind and solar, something that should  
12 not be touched.

13 It is hurt very badly in the House bill. It should  
14 not be touched by any of this stuff, because we made an  
15 agreement 3 years ago to be in transition to get rid of  
16 the tax credit for solar 2021, for wind in 2020. And as  
17 I indicated yesterday or 2 days ago, in our discussion on  
18 this very same subject, in my discussions with Secretary  
19 Mnuchin, that every tax bill has transition provisions in  
20 it and this is a transition provision that we have for  
21 wind and solar going back 3 years. It should not be  
22 screwed around with. Let it play out. And he agreed  
23 with that.

24 So I am going to be following whether or not the  
25 Senator from Washington has a good case here and if she

1 does, I intend to have it fixed not only from the  
2 standpoint of what she wants to accomplish, but from the  
3 standpoint of the renewable energy that we have already  
4 reached an agreement on.

5 Senator Cantwell. Could I ask? Is that right, Mr.  
6 Abramson? The only thing that would be allowed would be  
7 the R&D credit, is that right?

8 Mr. Abramson. When you are looking at the inbound  
9 provisions, the inbound minimum tax, the base erosion and  
10 anti-abuse tax, there is a modified taxable income  
11 calculation that is made and you deduct certain payments  
12 that are made outbound, but you also add back in, for  
13 purposes of calculating the modified taxable income, the  
14 R&D tax credit, but not the low income housing tax credit  
15 or renewable credits or other types of general business  
16 credits.

17 Senator Cantwell. Mr. Chairman, this is just --  
18 anyway. My point, the larger point is just that we are  
19 trying to get our arms around all of this. We are trying  
20 to understand the impacts here and I hope our colleagues  
21 will understand how important it is to understand the  
22 consequences of these things.

23 Thank you.

24 The Chairman. I would recommend the Senator  
25 withdraw the amendment and work with all of us and see if

1 we can resolve this.

2 Senator Portman, you want to be heard?

3 Senator Portman. Just quickly, Mr. Chairman. I  
4 did talk to you briefly about this.

5 I think that the 10 percent, which is what that  
6 minimum tax is, is a relatively low number. So there  
7 should not be these sorts of issues that would be  
8 significant. But if there are, I think we should take a  
9 look at it.

10 So if Senator Cantwell is willing to have a further  
11 discussion of it, I certainly am willing to do that. I  
12 am happy to have the vote, also. I think because of the  
13 offset, you are not going to get support on this side,  
14 but whatever you prefer to do. But I would be happy to  
15 try to work with you on this for both of those tax  
16 credits.

17 The Chairman. You are talking about vote now or  
18 vote later?

19 Senator Grassley. Vote now.

20 Senator Cantwell. Do we have time to fix this?

21 Senator Portman. I think it would be the context  
22 of a floor debate and an amendment not in the committee,  
23 as I understand it. But let us go ahead with the vote.

24 The Chairman. The Clerk will call the roll.

25 Senator Wyden. Mr. Chairman, 1 minute?

1           The Chairman. We will listen to Senator Wyden  
2 first.

3           Senator Wyden. I will be very brief.

4           We have known for some time that America's housing  
5 policy needs a remodel. We started that effort with the  
6 PATH Act in 2015. It was bipartisan. The Chairman  
7 recalls that.

8           Then we have been moving at least for some time in  
9 the right direction under the Cantwell patch effort for  
10 additional housing. I think this proposal in the mark  
11 actually goes backward.

12           I hope my colleagues will support Senator Cantwell  
13 and we continue the bipartisan progress that we began  
14 with the PATH Act in 2015.

15           The Chairman. The Clerk will call the roll.

16           The Clerk. Mr. Grassley?

17           Senator Grassley. No.

18           The Clerk. Mr. Crapo?

19           Senator Crapo. No.

20           The Clerk. Mr. Roberts?

21           Senator Roberts. No.

22           The Clerk. Mr. Enzi?

23           Senator Enzi. No.

24           The Clerk. Mr. Cornyn?

25           Senator Cornyn. No.

1           The Clerk.    Mr. Thune?  
2           Senator Thune.    No.  
3           The Clerk.    Mr. Burr?  
4           Senator Burr.    No.  
5           The Clerk.    Mr. Isakson?  
6           Senator Isakson.   No.  
7           The Clerk.    Mr. Portman?  
8           Senator Portman.   No.  
9           The Clerk.    Mr. Toomey?  
10          Senator Toomey.   No.  
11          The Clerk.    Mr. Heller?  
12          Senator Heller.   No.  
13          The Clerk.    Mr. Scott?  
14          The Chairman.   No by proxy.  
15          The Clerk.    Mr. Cassidy?  
16          Senator Cassidy.   No.  
17          The Clerk.    Mr. Wyden?  
18          Senator Wyden.    Aye.  
19          The Clerk.    Ms. Stabenow?  
20          Senator Stabenow.   Aye.  
21          The Clerk.    Ms. Cantwell?  
22          Senator Cantwell.   Aye.  
23          The Clerk.    Mr. Nelson?  
24          Senator Nelson.    Aye.  
25          The Clerk.    Mr. Menendez?

1 Senator Wyden. Aye by proxy.  
2 The Clerk. Mr. Carper?  
3 Senator Carper. Aye.  
4 The Clerk. Mr. Cardin?  
5 Senator Cardin. Aye.  
6 The Clerk. Mr. Brown?  
7 Senator Brown. Aye.  
8 The Clerk. Mr. Bennet?  
9 Senator Bennet. Aye.  
10 The Clerk. Mr. Casey?  
11 Senator Casey. Aye.  
12 The Clerk. Mr. Warner?  
13 Senator Warner. Aye.  
14 The Clerk. Mrs. McCaskill?  
15 Senator McCaskill. Abstain.  
16 The Clerk. Mr. Chairman?  
17 The Chairman. No.  
18 The Clerk will report.  
19 The Clerk. Mr. Chairman, the final tally is 11  
20 ayes, 14 nays, and 1 abstention.  
21 The Chairman. The amendment is defeated.  
22 We have got Warner No. 3.  
23 Senator Warner. Mr. Chairman, I have got a special  
24 deal for you. I would love to speak -- I have got two  
25 amendments in a row. I would love to speak to No. 328



1 first and then not ask for a vote. I just want to inform  
2 members. And then I want to speak to Warner Amendment  
3 No. 1, which I would ask for a vote on.

4 The Chairman. That is fine.

5 Senator Warner. On Warner Amendment No. 328,  
6 Warner No. 3, Mr. Chairman, one of the things that I did  
7 agree with what you did in this legislation is you put  
8 back in Section 127 that allows employers to spend up to  
9 \$5,250 a year to continue an employee's education using  
10 pre-tax dollars.

11 I think that is important for our workforce to have  
12 the training they need.

13 My amendment, which I hope we will have a chance to  
14 discuss at a later date, which has got broad bipartisan  
15 support, which is supported here by 127 different  
16 organizations from most of your states on the Republican  
17 side, would give that same opportunity. It would be  
18 allowing an employer to use pre-tax dollars to pay  
19 someone's ongoing education. This would also allow that  
20 same amount to be used in pre-tax dollars to pay down  
21 student debt.

22 Student debt is at \$1.45 trillion at this point, it  
23 really cripples a lot of individuals. We ought to give  
24 the same benefit for paying down student debt as we would  
25 for ongoing education.

1 I withdraw the amendment in terms of its vote.  
2 The Chairman. Thank you.

3 Senator Warner. Let me now talk to Warner  
4 Amendment No. 1, which is Amendment No. 326.

5 As someone who has felt for a long time that we -- I  
6 concur with my colleagues, I think, many on this side and  
7 I agree with most on the other side that we need to  
8 rationalize our corporate tax rates and we need to  
9 repatriate some of those corporate dollars.

10 My concern has been that those repatriated dollars  
11 are oftentimes not used for investment in the United  
12 States. In fact, a survey done just a few minutes ago of  
13 over 300 executives at major U.S. corporations basically  
14 said the vast majority said what they would use those  
15 dollars for was pay down debt.

16 If we look at the last couple of quarters, where  
17 corporate profits have been at record highs, we have seen  
18 quarters where 95 percent of all corporate profits were  
19 used for share buy-back and dividends.

20 My amendment is quite simple. It would require  
21 companies taking advantage -- and all I would ask my  
22 colleagues to do is listen on this one -- it would  
23 require companies taking advantage of this preferred rate  
24 for repatriated earnings, a deemed repatriated rate, to  
25 use at least some of those dollars brought back at this

1 enormously low rate to actually reinvest, and we  
2 negotiate how much, what the percentage is, to reinvest  
3 in meaningful workforce training programs for those low  
4 and moderate income workers that fall below \$82,000 a  
5 year.

6           Unfortunately, over the last 15 years, we have seen  
7 a dramatic decline in the amount of employer-paid  
8 workforce training, in a world where no skill set is  
9 going to give you the ability to stay employed throughout  
10 your life.

11           I believe we need to incent businesses to do that  
12 kind of training, training that is meaningful, that will  
13 allow them to stay employed. I believe if they are going  
14 to take advantage of this dramatically preferred rate,  
15 they ought to have a little skin in the game in terms of  
16 training their existing workforce.

17           I think it is a reasonable amendment and I would ask  
18 for its consideration.

19           The Chairman.    What are we voting on right now?

20           Senator Warner.   That is the one I am asking a vote  
21 on.

22           The Chairman.    The worker training one, you mean.

23           Senator Warner.    Yes.

24           The Chairman.    The Clerk will call the roll on  
25 Warner No. 1, worker training.

1           The Clerk.    Mr. Grassley?  
2           Senator Grassley.   No.  
3           The Clerk.    Mr. Crapo?  
4           The Chairman.   No by proxy.  
5           The Clerk.    Mr. Roberts?  
6           Senator Roberts.   No.  
7           The Clerk.    Mr. Enzi?  
8           Senator Enzi.    No.  
9           The Clerk.    Mr. Cornyn?  
10          Senator Cornyn.   No.  
11          The Clerk.    Mr. Thune?  
12          Senator Thune.   No.  
13          The Clerk.    Mr. Burr?  
14          The Chairman.   No by proxy.  
15          The Clerk.    Mr. Isakson?  
16          Senator Isakson.   No.  
17          The Clerk.    Mr. Portman?  
18          Senator Portman.   No.  
19          The Clerk.    Mr. Toomey?  
20          Senator Toomey.   No.  
21          The Clerk.    Mr. Heller?  
22          Senator Heller.   No.  
23          The Clerk.    Mr. Scott?  
24          The Chairman.   No by proxy.  
25          The Clerk.    Mr. Cassidy?

1           Senator Cassidy.    No.  
2           The Clerk.    Mr. Wyden?  
3           Senator Wyden.    Aye.  
4           The Clerk.    Ms. Stabenow?  
5           Senator Stabenow.   Aye.  
6           The Clerk.    Ms. Cantwell?  
7           Senator Cantwell.   Aye.  
8           The Clerk.    Mr. Nelson?  
9           Senator Nelson.    Aye.  
10          The Clerk.    Mr. Menendez?  
11          Senator Wyden.    Aye by proxy.  
12          The Clerk.    Mr. Carper?  
13          Senator Carper.    Aye.  
14          The Clerk.    Mr. Cardin?  
15          Senator Cardin.    Aye.  
16          The Clerk.    Mr. Brown?  
17          Senator Brown.    Aye.  
18          The Clerk.    Mr. Bennet?  
19          Senator Bennet.   Aye.  
20          The Clerk.    Mr. Casey?  
21          Senator Casey.    Aye.  
22          The Clerk.    Mr. Warner?  
23          Senator Warner.    Aye.  
24          The Clerk.    Mrs. McCaskill?  
25          Senator McCaskill.   Aye.

1           The Clerk.    Mr. Chairman?

2           The Chairman.   No.

3           The Clerk will report.

4           The Clerk.    Mr. Chairman, the final tally is 12  
5 ayes, 14 nays.

6           The Chairman.   The amendment is defeated.

7           Who is up next?

8           Senator Cardin.   I think I am next, Mr. Chairman.

9           The Chairman.   All right.

10          Senator Cardin.   Cardin No. 10.  I have good news  
11 for you.  I am not going to be asking for a vote on this  
12 amendment, but I do want to explain to my colleagues the  
13 progressive consumption tax.

14          The United States, it is true, has the highest  
15 marginal income tax rates in the industrial world, and  
16 one has to ask why.  We are not competitive with our  
17 marginal tax rates.  Admittedly, our effective tax rates  
18 are lower, but for businesses, our margin rates are out  
19 of step with the international community.

20          And if you ask why, I think Senator Warner said this  
21 yesterday, that for the percentage of our economy that is  
22 devoted to government, the United States is near the  
23 bottom of the industrial world, not at the top.

24          So why do we have the highest marginal tax rates?  
25 And the reason, of course, is that we are the only

1 industrial nation in the world that does not use  
2 consumption revenues to help finance the Federal  
3 Government. We use only income tax revenues.

4 As a result, this Chairman's mark is trying to  
5 reduce the marginal tax rates using basically only income  
6 tax revenues to do it. Consequences, large increase in  
7 the debt, \$1.5 trillion. Consequences, you have done  
8 things that are going to hurt a lot of people, like the  
9 state and local tax deductions and cutting people off of  
10 health care.

11 Consequences, you have temporary provisions that  
12 will have to be taken up and unlikely that this tax bill,  
13 if it becomes law, will survive even 1 year without  
14 changes. Again, as we saw in 1986, we changed the tax  
15 code 10,000 times since 1986. It does not give you a  
16 great deal of predictability.

17 So the bill that I filed, the progressive  
18 consumption tax, would recognize that we could have a  
19 competitive tax code. And what it does, it establishes a  
20 20 percent highest corporate tax rate, a 28 percent  
21 highest personal income tax rate, starting with families  
22 over \$100,000 of taxable income. Below that, they would  
23 pay no income taxes. A 10 percent consumption tax,  
24 which, by the way, is border adjusted, and I assume  
25 Senator Burr understands the advantages of having border-

1 adjusted taxes when you are trying to compete on the  
2 global scene.

3 This is something that Senator Thune and I looked at  
4 last year, the last Congress. One of the real problems  
5 in our business tax code is the fact that we rely solely  
6 on income revenues rather than on consumption revenues.

7 It is progressive. We have looked at the  
8 distribution schedules and it is progressive, as our  
9 current tax code.

10 I also put in here, Mr. Chairman, a circuit-breaker  
11 so that if it raises more revenue than we say, we will  
12 return that excess revenue to the taxpayers of this  
13 country.

14 I really do believe we will come back to this  
15 proposal, maybe not in this Congress, but we will come  
16 back to this proposal. And I wanted to share this wisdom  
17 with my colleagues today, but I will not be seeking a  
18 vote.

19 The Chairman. Thank you, Senator.

20 Who is next?

21 Senator Stabenow. I think I am, Mr. Chairman.

22 Mr. Chairman, I want to go back to health care in  
23 the tax code for a minute, because, again, we are doing  
24 tax policy here around health care.

25 When we look at another way, very significant way,



1 to help working people, it is to help small businesses.  
2 So I have offered an amendment that reflects a bill that  
3 I have introduced, the Health Care for Small Businesses  
4 Act, and instead of people losing their health care or  
5 premiums going up, what we ought to be doing is helping  
6 the small businesses that have the majority of people  
7 working for them that do not have health insurance.

8 In Michigan, there are 856,352 small businesses, Mr.  
9 Chairman, and they employ about 1.8 million people. When  
10 the Affordable Care Act was passed, I had authored an  
11 original small business tax credit. In the process of  
12 going through everything, it ended up, in my mind, losing  
13 its strength. It was not as robust as I think it should  
14 be. It is, frankly, complicated and many small  
15 businesses are not taking advantage of the current  
16 credit. It is just not as good as small businesses need,  
17 and only companies with fewer than 10 employees are  
18 eligible for the maximum credit right now.

19 So what I am proposing is that we have a robust tax  
20 credit for small businesses, where the majority of people  
21 are that do not have health insurance. And that is for  
22 up to 50 employees, there would be a 50 percent tax  
23 credit for small businesses up to 50 employees, and the  
24 credit would phase out after a wage income of \$50,000.

25 So this would actually be a major win for small

1 businesses and for employers and for communities and for  
2 our economy.

3 If we want to really address one of the big holes  
4 right now in providing health care and bringing down  
5 health care costs, it would be to support small business.

6 So the amendment is, as I have indicated, based on a  
7 bill that I have, which is supported by the National  
8 Retail Federation, the Small Business Council of America,  
9 the National Association of Insurance and Financial  
10 Advisors, Third Way Small Business Majority, and Main  
11 Street Alliance.

12 This would be a very positive change in the tax code  
13 that would help more people get health care and it would  
14 help small businesses, and I would urge colleagues to  
15 support it, Mr. Chairman.

16 The Chairman. I recommend a vote against this.  
17 The Clerk will call the roll.

18 The Clerk. Mr. Grassley?

19 Senator Grassley. No.

20 The Clerk. Mr. Crapo?

21 Senator Crapo. No.

22 The Clerk. Mr. Roberts?

23 Senator Roberts. No.

24 The Clerk. Mr. Enzi?

25 Senator Enzi. No.

1           The Clerk.    Mr. Cornyn?  
2           Senator Cornyn.   No.  
3           The Clerk.    Mr. Thune?  
4           Senator Thune.    No.  
5           The Clerk.    Mr. Burr?  
6           Senator Burr.    No.  
7           The Clerk.    Mr. Isakson?  
8           Senator Isakson.   No.  
9           The Clerk.    Mr. Portman?  
10          Senator Portman.   No.  
11          The Clerk.    Mr. Toomey?  
12          Senator Toomey.   No.  
13          The Clerk.    Mr. Heller?  
14          Senator Heller.   No.  
15          The Clerk.    Mr. Scott?  
16          Senator Scott.   No.  
17          The Clerk.    Mr. Cassidy?  
18          Senator Cassidy.   No.  
19          The Clerk.    Mr. Wyden?  
20          Senator Wyden.    Aye.  
21          The Clerk.    Ms. Stabenow?  
22          Senator Stabenow.   Aye.  
23          The Clerk.    Ms. Cantwell?  
24          Senator Cantwell.   Aye.  
25          The Clerk.    Mr. Nelson?

1 Senator Nelson. Aye.  
2 The Clerk. Mr. Menendez?  
3 Senator Wyden. Aye by proxy.  
4 The Clerk. Mr. Carper?  
5 Senator Carper. Aye.  
6 The Clerk. Mr. Cardin?  
7 Senator Cardin. Aye.  
8 The Clerk. Mr. Brown?  
9 Senator Brown. Aye.  
10 The Clerk. Mr. Bennet?  
11 Senator Wyden. Aye by proxy.  
12 The Clerk. Mr. Casey?  
13 Senator Casey. Aye.  
14 The Clerk. Mr. Warner?  
15 Senator Wyden. Aye by proxy.  
16 The Clerk. Mrs. McCaskill?  
17 Senator McCaskill. Aye.  
18 The Clerk. Mr. Chairman?  
19 The Chairman. No.  
20 The Clerk. Mr. Bennet?  
21 Senator Bennet. Aye.  
22 The Chairman. The Clerk will report the result.  
23 The Clerk. Mr. Chairman, the final tally is 12  
24 ayes, 14 nays.  
25 The Chairman. The amendment is defeated.

1           We will go to Senator Cantwell No. 2. Senator  
2 Cantwell, it is your amendment.

3           Senator Cantwell. Thank you, Mr. Chairman.

4           Mr. Chairman, I hope we can have enough time to  
5 discuss this amendment, because this is one of my  
6 fundamental concerns about this bill.

7           When we started saying we were going to talk about  
8 tax reform and changing, making our corporations more  
9 competitive, as somebody who represents a state with a  
10 lot of international companies, I wanted to talk about  
11 that and I wanted to talk about the innovation economy of  
12 the future and what we could do to stir and innovate more  
13 given our tax code.

14           But as we discussed this and we changed our policies  
15 from not being a revenue-neutral bill and certainly not  
16 focusing on closing some of the loopholes within  
17 corporations, the attention was turned to getting revenue  
18 to pay for the corporate tax break from our state and  
19 local deductions.

20           Now, why is that most concerning to me? Because I  
21 feel like so much of the debate is focused on some of  
22 these other large east coast states. Well, the State of  
23 Washington, like several other on this panel, Nevada and  
24 Florida and South Dakota and Wyoming, we do not have an  
25 income tax.

1           If you look at the states that are ranked in the  
2 top, whatever, 15 or 20 as most tax-efficient states in  
3 the country, those that do not have a major tax, our  
4 economy has grown faster than the national average every  
5 year since World War II.

6           So we have grown an economy. We have grown great  
7 businesses. But we have also attracted and depended on  
8 our ability to deduct our local sales tax, our sales tax,  
9 our property taxes, and, obviously, we are having this  
10 debate over in the House about other issues.

11           The point here is this. The majority of funding of  
12 this bill is based on these local deductions. And I have  
13 done my best to keep pace with the changing of these  
14 legislative proposals for the last 10 days. Every day I  
15 ask for, well, how does it affect our constituents.

16           And as we continue to complain about the fact that  
17 so much of the burden is taking away deductions from our  
18 citizens and raising their taxes, people keep changing  
19 the bill. So the House has made changes. They probably  
20 promised a lot more people they were going to make to  
21 changes today.

22           Here in this committee we have made changes. We  
23 continue to make changes. In fact, Mr. Barthold, do we  
24 have the latest JTC scoring on this? Because a couple of  
25 days ago, I had the estimate that it was 20 percent of

1 this middle income group, which ended up being about  
2 300,000 people in the State of Washington.

3 I have asked for the latest table. Do we have the  
4 latest table?

5 Mr. Barthold. You had the latest revenue table for  
6 the Chairman's bill, as modified. It is JCX-57-17.

7 Senator Cantwell. Do we have a distribution table?

8 Mr. Barthold. That was the table that we  
9 distributed this morning, JCX-58-17.

10 Senator Cantwell. That shows the percentage of  
11 income and which people will be affected?

12 Mr. Barthold. I guess I am not sure of your  
13 question, Senator Cantwell.

14 Senator Cantwell. The number of people in each  
15 income area that will be affected.

16 Mr. Barthold. The last page of the table, of JCX-  
17 58, page 7, provides the estimate of the number of tax  
18 filing units in each income category.

19 Senator Cantwell. The number of people whose taxes  
20 go up and the number of people whose taxes go down?

21 Mr. Barthold. We have not completed an analysis of  
22 that.

23 Senator Cantwell. Thank you. That is what I  
24 thought. I was just verifying that.

25 So that is my point, Mr. Chairman, is that this is a

1 very important issue for my state and it is a very  
2 important issue about the overall debate of this tax  
3 bill. Why should we pay for a corporate tax break by  
4 putting it on the burden of the middle class?

5 So these deductions -- I read a letter yesterday  
6 partly from a veteran from my state who is saying, "I am  
7 waking up thinking I might end up paying \$5,000 more. I  
8 have given estimates and I know you guys keep making  
9 changes to the bill. I hope you can avoid this. But you  
10 have not gotten there yet. You have not gotten there."

11 I still have people in my state who are going to pay  
12 more tax. Even with the doubling of the standard  
13 deduction, even with the child tax credit changes, even  
14 with all of this, there are thousands of people in my  
15 state that are going to pay more.

16 Now, I am sure I went and knocked on the door of  
17 these corporations and said to Microsoft and Amazon and  
18 some of the other people in Washington State "Is that  
19 what you intended, is that where you intended to get this  
20 corporate tax break," I do not think that that is what  
21 they would say. I do not think they would volunteer,  
22 "Yes, I wanted to go to the suburbs of Bellevue or Auburn  
23 and collect money from middle class families to get  
24 that."

25 So I hope our colleagues, particularly those who



1       come from states where these deductions are so important  
2       to us, since we fought so hard to keep them -- I will  
3       save my debate about double taxation for another day, but  
4       I hope my colleagues will support me.

5               The Chairman.     Senator Grassley?

6               Senator Grassley.    I think you want to remember  
7       that the existing deduction for individuals provides a  
8       very massive tax benefit to higher income earners.  
9       Unlike the mortgage interest deduction, there is no cap  
10      on the sale, property tax and state and local tax  
11      deductions.

12              Seventy percent of the taxpayers, largely working  
13      families and middle class, claim the existing standard  
14      deduction and, thus, get no benefit from this deduction.

15              For medium income, that would be \$50,000, roughly,  
16      taxpayers and below, almost 90 percent get no benefit  
17      from this deduction.

18              The Tax Policy Center, which is often favored by the  
19      Democrats, tell us that 40 percent of the SALT deduction  
20      goes to the top 1 percent.

21              So I think it is pretty clear that what we have done  
22      for middle class Americans by doing away with this  
23      deduction, keeping the tax code still very progressive,  
24      is the right thing to have done to help the middle income  
25      taxpayers.

1           So I hope you will vote against the amendment.

2           The Chairman.    Senator Cornyn?

3           Senator Cornyn.   Mr. Chairman, just briefly. I  
4    have some sympathy with the position taken by the Senator  
5    from Washington, because we do not have an income tax in  
6    Texas and we have had to fight for years to try to get  
7    permanent deductibility of state and local sales taxes,  
8    and finally were able to do so.

9           But we are willing to give that up in order to bring  
10   down tax rates for the middle class and to try to get  
11   this economy growing again, and you cannot bring down tax  
12   rates if you are going to maintain all the deductions and  
13   tax expenditures.

14          So something has got to give somewhere and I think  
15   this is a reasonable way to do that.

16          Then, finally, it just strikes me as wrong that  
17   federal taxpayers have to subsidize state and local  
18   taxes, which are supposed to be expressly for state and  
19   local services, fire, law enforcement and the like. All  
20   those are very important, but why should the taxpayers of  
21   my state have to subsidize the provision of those  
22   services in some other state? It just makes no sense.

23          So what this does is it makes it clear that the  
24   federal taxpayer will no longer do that, so we can bring  
25   down the rates for everybody, including the middle class.

1       And if the state and local governments want to tax their  
2       state and local residents to provide state and local  
3       services, then they should do so.

4           The Chairman.    Senator Nelson, your time has  
5       expired, but I am going to grant you another minute, and  
6       that will be the Chairman's discretion.  But I am going  
7       to turn to Senator Toomey, who has time.

8           Senator Toomey.   Thank you, Mr. Chairman.

9           Let me just say, first, I would object on the basis  
10       of the offsets here.  But I also strongly disagree with  
11       the Senator from Washington.  It is a good conversation  
12       to have, but in my view, what is fundamentally unfair is  
13       to ask states and taxpayers in some states to subsidize  
14       high-cost state and local taxes in other states.

15          But it is not only a state-by-state thing.  It is  
16       also, I think, unfair within a state.

17          So imagine -- just for a quick example -- imagine  
18       two families that are very, very similar, but they happen  
19       to live on different sides of a boundary.  One lives in a  
20       relatively rural township, the others live nearby in an  
21       abutting borough or city.  Their financial circumstances  
22       are the same.

23          The borough provides more services.  It picks up the  
24       trash and it picks up leaves, for instance, and it  
25       charges more in taxes for that.  Meanwhile, on the

1 township side, the person who lives there has to go out  
2 and privately contract. You have to pay a company to  
3 come and take your trash. You have to pay another  
4 company to come and take your leaves.

5 The latter is not deductible. You cannot deduct  
6 that. Why should you be able to deduct that exact same  
7 cost for the same service just because it is paid through  
8 a municipality? It is not fair.

9 So it is not fair at the state level when one state  
10 is required to subsidize another, but it is also not fair  
11 within a state.

12 I think the fairest way is to end the deduction and  
13 let people decide how much they want to pay in state and  
14 local taxes, as determined through their local  
15 government.

16 The Chairman. Thank you, Senator. Our time is up,  
17 but I am going to grant an extra minute to Senator  
18 Nelson, even though your time has expired.

19 Senator Nelson. Well, I have not spoken yet.

20 The Chairman. Five minutes is what your side had  
21 and it is well over expired. But I will give you that  
22 minute.

23 Senator Cantwell. Mr. Chairman, this was something  
24 we were hoping, just because it is such a central part of  
25 the debate, indifference.

1           The Chairman.    I do not have any problem with that.  
2    I am giving him time.

3           Senator Cantwell.   Well, I think more than a  
4    minute.

5           Senator Nelson.    You are giving me a minute on a  
6    part of your bill that will drive a stake in the heart of  
7    the Florida economy that is so much built around real  
8    estate.

9           The fact that we do not have an income tax, a lot of  
10   the tax comes from the real estate tax and the sales tax.  
11   What it will cause inevitably is the cost of homes to go  
12   up, the cost of real estate to go up, and where the high  
13   real estate taxes cannot be used as a deduction against  
14   income, even on all these people that you say are going  
15   to be helped, you call them middle income, but you showed  
16   us on the tax tables this morning that everyone under  
17   \$100,000 of income is not going to get a tax cut. They  
18   are getting a tax increase.

19          So this provision, unless we get some modification,  
20   is going to harm a great number of people in a growth  
21   state where you have real estate transactions, that is  
22   going to be a real stake in the heart.

23          The Chairman.    I understand.

24          Senator Wyden will be the last one.

25          Senator Wyden.    Mr. Chairman, I want to emphasize,

1 as you and I have in our discussions for days, that this  
2 is an enormously important issue and our colleagues, I  
3 believe, have got to have the time to get into it.

4 Let me just be real brief in my time. Colleagues,  
5 this is the first deduction that was part of the first  
6 income tax. It goes back a century and it goes right to  
7 the heart of the federal-state relationship. And my  
8 colleagues are saying they just cannot do this in a  
9 couple of minutes.

10 As I have stated, Mr. Chairman, we have talked about  
11 it for days, this is the one that I felt would take some  
12 additional time. The colleagues who are speaking here  
13 are not interested in being obstinate, but I think you  
14 can see the enormous impact this has on their state and I  
15 would just ask respectfully that they be given additional  
16 time.

17 Senator Cantwell. And I have got a deal for you,  
18 MR. Chairman. I will withdraw my amendment and not offer  
19 my SALT amendment, if you will give me a couple of  
20 minutes to speak on this, I will not offer my amendment.  
21 If you are not going to give me an opportunity to speak  
22 on this, then I will feel compelled to have to offer my  
23 amendment so I can speak to this really important issue  
24 in my state.

25 The Chairman. I would be happy to accept that. I

1 do not want to shut anybody off, but I will tell you,  
2 this is getting to be ridiculous. But go ahead.

3 Senator Cantwell. Well, as I say, I am happy to  
4 withdraw my amendment just if you will give me a couple  
5 of minutes.

6 The Chairman. You have got a couple minutes.

7 Senator Cantwell. Thank you so much.

8 In my state, people that make between 100 and 200,  
9 highly unlikely that most of those are going to use the  
10 standard deduction. Most of them have mortgages. Most  
11 of them are Pew Charitable. It is highly unlikely that  
12 those folks are going to use the standard, and that is  
13 224,000 people that are going to lose this deduction,  
14 that do not have the benefit of -- the standard deduction  
15 does not work for them.

16 So it is a real problem. And what my amendment was  
17 going to do, which I am going to withdraw, with comity --  
18 and, by the way, Senator Heller, I am using my inside  
19 voice, I just want you to acknowledge. I am not fired  
20 up. I am not hollering at anybody.

21 Keep in mind now that all the businesses get to keep  
22 this. So Senator Toomey's eloquent explanation about how  
23 unfair it is for people who take the state and local  
24 deduction off their federal income tax, then why are  
25 businesses getting to keep it? Why is it that the

1 businesses get to keep that and individuals do not?

2 Senator Toomey. Would the Senator yield?

3 Senator Cantwell. Just let me finish. I only get  
4 2 minutes. Why does the business park across the street  
5 from the homeowner in St. Louis that has a \$250,000 home  
6 and they make \$150,000 a year, why does that business,  
7 the person that owns that building that is commercial,  
8 get to deduct that property tax and the homeowner does  
9 not?

10 It is the same thing with moving expenses. All of  
11 the stuff you are leaving in place for businesses, if it  
12 is good for the goose, it is good for the gander. If it  
13 is such an unfair thing for us to subsidize other states,  
14 then why are we letting businesses do it?

15 Senator Toomey. Is the Senator yielding?

16 Senator Cantwell. I am happy to yield. I think I  
17 have used my time.

18 Senator Toomey. Here is my answer for this. The  
19 tax system that we have has always been conceived of as a  
20 different system for business versus individuals.

21 For business, we have always been about taxing the  
22 net income, not the gross income. We have always been  
23 about allowing business to deduct the ordinary and  
24 routine cost of operating their business so that we could  
25 get to that net, what is their -- after all their costs,



1 what is their net income, and that is what we tax.

2 For individuals, as a general matter, there are some  
3 exceptions, but as a general matter, we really tax gross  
4 income. I have all kinds of absolutely necessary  
5 expenses, the gas that I put in my car, the car itself,  
6 the food that I buy for my kids, clothes. We do not  
7 deduct all those things.

8 Senator Cantwell. I will take my time back. Then  
9 it makes no sense that you are not getting rid of the  
10 mortgage deduction. If you are going to follow that  
11 reasoning, if you are going to say this is about gross  
12 income versus net income, you are picking winners and  
13 losers here and the losers are that family that has that  
14 home -- I am going to use my outside voice now if you are  
15 not careful -- the loser is that couple that has that  
16 home across from the business park.

17 And I do not think that your argument holds water,  
18 because it seems fair to me if you are going to let the  
19 business do it, you ought to let the individual do it.

20 Thank you, Mr. Chairman. I appreciate your -- and I  
21 will withdraw my amendment, which will save you some  
22 time.

23 The Chairman. We are crafting a deal here. You  
24 have used up your time.

25 Senator Wyden. Mr. Chairman, you and your staff

1 have been very constructive. I think if Senator Cantwell  
2 could go, then Senator Cardin, and I will take like 1  
3 minute and a half at the end.

4 The Chairman. And then we will vote on all three.  
5 We are stacking votes.

6 Senator Cardin. Mr. Chairman, I want at least 3  
7 minutes if I am going to give up my 5-minute amendment.  
8 Maryland has the largest percentage --

9 The Chairman. That is okay with me. I do not have  
10 any problem. I do not want to cut anybody off, but I am  
11 getting sick and tired of all this. You can only push me  
12 so far. Let us go. Senator Cantwell, I guess you are  
13 up.

14 Senator Cantwell. Senator Hatch, we care about  
15 you. So here is the --

16 The Chairman. I hope so.

17 Senator Cantwell. Here is the issue. I want to  
18 make sure, because I took all the 5 minutes, I feel bad  
19 and this is such an important issue.

20 The Chairman. It is okay.

21 Senator Cantwell. It is the crux of this whole  
22 thing. But in addition, there is a policy, as somebody  
23 who has fought many, many times for our local deductions,  
24 there is the primary issue of when you pay your state  
25 tax, why are you then having to pay again on that same

1 amount of money? Why? What is the purpose of that?

2 So to me, this whole notion that we are getting rid  
3 of that -- to me, it just seems like people are so  
4 willing to give these corporations every benefit of the  
5 doubt. We are not closing the loophole on the golf  
6 courses and their tax break. We are not closing the --  
7 we are not even having a real debate about that. But,  
8 yet, we are all of a sudden saying all of these things  
9 are wrong.

10 And I would say I will match our state's economy and  
11 tax code and the number of businesses that are there and  
12 what their outlook is as it relates to this legislation  
13 and say that we could do better.

14 The notion that we are not going to keep this  
15 principle of not taxing individuals twice by not allowing  
16 them to deduct their state obligation I just think is  
17 going a long way down the road against what your party  
18 has been for in the past, and I think it sets a very bad  
19 precedent nationally.

20 The Chairman. Senator Cardin is next. He is going  
21 to take 3 minutes. Then Senator Casey is going to be  
22 after that for 1 minute, and then the Democratic leader  
23 will be 1 minute, as well.

24 Senator Cardin. Thank you, Mr. Chairman.

25 The Chairman. Then whoever wants to speak over

1 here can have the time.

2 Senator Cardin. Thank you, Mr. Chairman.

3 Let me just point out, in my State of Maryland,  
4 almost 50 percent of the taxpayers use the state and  
5 local deduction. So let us just get the numbers here.  
6 We are talking about a large number of taxpayers.

7 I served in the state legislature. There is a  
8 difference here, Senator Toomey. We are talking about  
9 the Constitution and federalism. It is the same  
10 taxpayers that pay the same taxes and there is respect  
11 for the different levels of government.

12 When you try to draw a comparison between what is  
13 done in the private sector versus the government sector,  
14 there is a difference and I think we should respect the  
15 different levels of government.

16 Secondly, there is something about a tax on a tax  
17 that is just blatantly unfair, and that is what this does  
18 when you repeal the state and local tax deduction. And  
19 the reason why I offered my amendment -- I understand it  
20 will be voted on sequential -- is that as I asked Mr.  
21 Barthold, this elimination of the state and local tax  
22 deduction will have an effect on the value of real  
23 estate. It will. It makes it less valuable to own real  
24 estate if you cannot deduct the property taxes on that,  
25 and that is going to affect the value and wealth of

1 Americans.

2 Now, we have not even considered the impact on that.  
3 It is going to mean the balance sheets of America's  
4 wealth is going to go down because of this amendment. It  
5 means that the property assessed values of local  
6 governments are going to go down as a result of it.

7 That is going to have an effect. Do we know how  
8 much, what, et cetera? No, because we have not had a  
9 hearing on that issue, and we certainly should have  
10 hearings on that issue.

11 It affects every state in the country. Make no  
12 mistake about it. Maryland might be high with 50 percent  
13 using it, but there are taxpayers in every state that are  
14 going to be disadvantaged by the elimination of state and  
15 local tax deductions.

16 And quite frankly, you have made it much more  
17 extreme than even the House bill on this issue, making it  
18 very much more detrimental to the taxpayers of this  
19 country.

20 I would just urge us to recognize that this is the  
21 United States. I heard one of my colleagues mention,  
22 well, maybe one state is different than the other. Every  
23 state is different. But I will tell you, Maryland  
24 taxpayers pay more into the Federal Government than the  
25 direct returns we get.

1           And we are very happy to contribute to the national  
2 problems or the problems in agriculture in one state or  
3 natural disasters, et cetera, but when we start making  
4 policy here based upon what you believe is in the best  
5 interest of one state rather than the United States when  
6 we are looking at tax policy in this country, I am  
7 telling you, you are drawing a very dangerous line here  
8 when we are trying to have comity and working on what is  
9 best for this Nation.

10           This is extremely, I think, dangerous to the concept  
11 of federalism and it really, I think, is offensive to the  
12 taxpayers of this country.

13           The Chairman.    The Senator makes some good points.  
14           We will go to Senator Scott next.

15           Senator Scott.    Thank you, Mr. Chairman.

16           The Chairman.    Senator Scott next and then we are  
17 going to come to Senator Casey for 1 minute and then the  
18 Democratic leader for 1 minute.

19           Senator Scott.    I am learning the fluid definition  
20 of comity today.    It has been an interesting  
21 conversation.    I will say that I still find it quite  
22 difficult for me to digest why South Carolina taxpayers  
23 ought to be subsidizing taxpayers in high tax states.    I  
24 have not been able to digest that.

25           I think the average person in South Carolina will

1 not be able to digest that either. I will say that  
2 whether it is Maryland or in Virginia or Connecticut, New  
3 York, New Jersey, wherever it is, red state, blue state,  
4 wherever it is, here are the facts on the SALT.

5 Eighty percent of the folks who benefit from the  
6 SALT are folks in the \$100,000 households or higher. The  
7 top 10 percent of income earners in this country, about  
8 \$115,000 to \$120,000. So if we are really talking about  
9 helping the hardworking middle class, the folks who are  
10 working paycheck to paycheck, the SALT actually skews  
11 itself toward the higher income.

12 So it is interesting to see my friends on the left  
13 now engaging in a conversation about double taxation.  
14 That does kind of sound like a capital gains conversation  
15 or an estate tax conversation. But one-third of the  
16 benefit of those who receive the SALT goes to households  
17 over \$500,000 of income.

18 Said differently, 1 percent, the top 1 percent,  
19 benefit of the SALT, \$33 out of \$100 goes into households  
20 over \$500,000.

21 So I am astounded that my friends on the left, who  
22 spent the entire day talking about those folks in the  
23 lower side of the tax bracket are now finding ways to  
24 actually extract resources from those same people that  
25 they were talking about earlier.

1           I have been quiet today. I had a good time  
2 yesterday. I have been trying to let this process blow  
3 quickly, but there is a level of hypocrisy that seems to  
4 be higher than it was this morning, because now we are on  
5 the exact opposite side of the issue.

6           The Chairman. Senator Casey is next for 1 minute.

7           Senator Casey. Mr. Chairman, in Pennsylvania, the  
8 numbers are a lot higher in terms of the people affected.  
9 Eighty-six percent of Pennsylvania taxpayers claiming the  
10 state and local deduction make under \$200,000, and of  
11 that 86 percent, more than 800,000 people make less than  
12 \$100,000.

13           So this affects a lot of people well below very  
14 wealthy levels.

15           The Chairman. Senator Wyden, you are up.

16           Senator Wyden. Mr. Chairman, thank you. I am  
17 going to be very quick.

18           We have touched on the history. This goes all the  
19 way back to the Federalist Papers. We have not had a  
20 hearing on this. My understanding is there are still  
21 some questions about the distribution table.

22           My amendment is real simple. There is not a person  
23 in this room who is not a supporter of first responders,  
24 firefighters, police officers. In our part of the world,  
25 those who are containing the deadly destructive wildfires



1 that ravaged a big chunk of the west.

2 My amendment is really straightforward, and that is  
3 the amendment would restore the state and local deduction  
4 if public safety is threatened, and that would be  
5 determined by the Treasury Secretary, in consultation  
6 with the Secretary of Homeland Security.

7 If they make a determination that the public safety  
8 of those kinds of essential core services that are a  
9 lifeline for our people in danger are affected, that  
10 would restore the state and local deduction.

11 Mr. Chairman, I think on time.

12 The Chairman. We are going to vote three times,  
13 stacked votes on, first, Senator Cantwell's amendment,  
14 then Senator Cardin, and then Senator Wyden.

15 So Senator Cantwell's vote is now. Let us call the  
16 votes.

17 The Clerk. Mr. Grassley?

18 Senator Grassley. No.

19 The Clerk. Mr. Crapo?

20 Senator Crapo. No.

21 The Clerk. Mr. Roberts?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Enzi?

24 Senator Enzi. No.

25 The Clerk. Mr. Cornyn?

1 Senator Cornyn. No.  
2 The Clerk. Mr. Thune?  
3 Senator Thune. No.  
4 The Clerk. Mr. Burr?  
5 Senator Burr. No.  
6 The Clerk. Mr. Isakson?  
7 Senator Isakson. No.  
8 The Clerk. Mr. Portman?  
9 Senator Portman. No.  
10 The Clerk. Mr. Toomey?  
11 Senator Toomey. No.  
12 The Clerk. Mr. Heller?  
13 Senator Heller. No.  
14 The Clerk. Mr. Scott?  
15 Senator Scott. No.  
16 The Clerk. Mr. Cassidy?  
17 The Chairman. No by proxy.  
18 The Clerk. Mr. Wyden?  
19 Senator Wyden. Aye.  
20 The Clerk. Ms. Stabenow?  
21 Senator Stabenow. Aye.  
22 The Clerk. Ms. Cantwell?  
23 Senator Cantwell. Aye.  
24 The Clerk. Mr. Nelson?  
25 Senator Nelson. Aye.

1           The Clerk.    Mr. Menendez?  
2           Senator Wyden.    Aye by proxy.  
3           The Clerk.    Mr. Carper?  
4           Senator Carper.    Aye.  
5           The Clerk.    Mr. Cardin?  
6           Senator Cardin.    Aye.  
7           The Clerk.    Mr. Brown?  
8           Senator Brown.    Aye.  
9           The Clerk.    Mr. Bennet?  
10          Senator Bennet.   Aye.  
11          The Clerk.    Mr. Casey?  
12          Senator Casey.   Aye.  
13          The Clerk.    Mr. Warner?  
14          Senator Warner.   Aye.  
15          The Clerk.    Mrs. McCaskill?  
16          Senator McCaskill.   Aye.  
17          The Clerk.    Mr. Chairman?  
18          The Chairman.    No.  
19          The Clerk will report announce the result.  
20          The Clerk.    Mr. Chairman, the final tally is 12  
21          ayes, 14 nays.  
22          The Chairman.    The amendment is defeated.  
23          We will now turn to Senator Cardin.   The Clerk will  
24          call the roll.  
25          The Clerk.    Mr. Grassley?

1 Senator Grassley. No.  
2 The Clerk. Mr. Crapo?  
3 Senator Crapo. No.  
4 The Clerk. Mr. Roberts?  
5 The Chairman. No by proxy.  
6 The Clerk. Mr. Enzi?  
7 Senator Enzi. No.  
8 The Clerk. Mr. Cornyn?  
9 Senator Cornyn. No.  
10 The Clerk. Mr. Thune?  
11 Senator Thune. No.  
12 The Clerk. Mr. Burr?  
13 Senator Burr. No.  
14 The Clerk. Mr. Isakson?  
15 Senator Isakson. No.  
16 The Clerk. Mr. Portman?  
17 Senator Portman. No.  
18 The Clerk. Mr. Toomey?  
19 Senator Toomey. No.  
20 The Clerk. Mr. Heller?  
21 Senator Heller. No.  
22 The Clerk. Mr. Scott?  
23 Senator Scott. No.  
24 The Clerk. Mr. Cassidy?  
25 Senator Cassidy. No.

1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    Aye.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Stabenow.    Aye.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    Aye.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    Aye.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    Aye by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Wyden.    Aye by proxy.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    Aye.  
15          The Clerk.    Mr. Brown?  
16          Senator Brown.    Aye.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    Aye.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    Aye.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    Aye.  
23          The Clerk.    Mrs. McCaskill?  
24          Senator McCaskill.    Aye.  
25          The Clerk.    Mr. Chairman?

1 The Chairman. No.

2 The Clerk will report.

3 The Clerk. Mr. Chairman, the final tally is 12  
4 ayes, 14 nays.

5 The Chairman. The amendment is defeated.

6 We will go to Wyden now. The Wyden amendment on  
7 first responders, Senator Wyden. The Clerk will call the  
8 roll.

9 The Clerk. Mr. Grassley?

10 Senator Grassley. No.

11 The Clerk. Mr. Crapo?

12 Senator Crapo. No.

13 The Clerk. Mr. Roberts?

14 The Chairman. No by proxy.

15 The Clerk. Mr. Enzi?

16 Senator Enzi. No.

17 The Clerk. Mr. Cornyn?

18 Senator Cornyn. No.

19 The Clerk. Mr. Thune?

20 Senator Thune. No.

21 The Clerk. Mr. Burr?

22 Senator Burr. No.

23 The Clerk. Mr. Isakson?

24 Senator Isakson. No.

25 The Clerk. Mr. Portman?

1           Senator Portman.    No.  
2           The Clerk.    Mr. Toomey?  
3           Senator Toomey.    No.  
4           The Clerk.    Mr. Heller?  
5           Senator Heller.    No.  
6           The Clerk.    Mr. Scott?  
7           Senator Scott.    No.  
8           The Clerk.    Mr. Cassidy?  
9           Senator Cassidy.    No.  
10          The Clerk.    Mr. Wyden?  
11          Senator Wyden.    Aye.  
12          The Clerk.    Ms. Stabenow?  
13          Senator Stabenow.    Aye.  
14          The Clerk.    Ms. Cantwell?  
15          Senator Cantwell.    Aye.  
16          The Clerk.    Mr. Nelson?  
17          Senator Nelson.    Aye.  
18          The Clerk.    Mr. Menendez?  
19          Senator Wyden.    Aye by proxy.  
20          The Clerk.    Mr. Carper?  
21          Senator Wyden.    Aye by proxy.  
22          The Clerk.    Mr. Cardin?  
23          Senator Cardin.    Aye.  
24          The Clerk.    Mr. Brown?  
25          Senator Brown.    Aye.

1           The Clerk.    Mr. Bennet?  
2           Senator Bennet.   Aye.  
3           The Clerk.    Mr. Casey?  
4           Senator Casey.   Aye.  
5           The Clerk.    Mr. Warner?  
6           Senator Warner.   Aye.  
7           The Clerk.    Mrs. McCaskill?  
8           Senator McCaskill.   Aye.  
9           The Clerk.    Mr. Chairman?  
10          The Chairman.    No.  
11          The Clerk will report.  
12          The Clerk.    Mr. Chairman, the final tally is 12  
13          ayes, 14 nays.  
14          The Chairman.    The amendment is defeated.  
15          Now we go to Casey?  
16          Senator Casey.   Thank you, Mr. Chairman.  
17          The Chairman.   Senator Casey, you are up.  
18          Senator Casey.   This is Casey number 10.  
19          Mr. Chairman, we learned over the course of the last  
20          number of days that a company that has outsourced jobs  
21          will be paying less in taxes than a company that kept  
22          their jobs here.   That has happened too often in states  
23          like Pennsylvania.   It is still happening today in the  
24          Lehigh Valley.   We are losing 460 jobs to a call center  
25          moving overseas to take advantage of cheap labor.



1           This amendment would indicate that companies  
2           receiving the preferential corporate and international  
3           tax rate must report average and median international  
4           worker wages, including wages of employees for third  
5           parties, contractors and vendors.

6           For each dollar of the lesser of the two measures  
7           that is below the U.S. minimum wage, increase the  
8           effective foreign tax rate by 1 percentage point.  
9           I would ask for a "yes" vote.

10          The Chairman. The clerk will call the roll.

11          Senator Brown. Mr. Chairman? Mr. Chairman? Mr.  
12          Chairman? Just for a moment.

13          The Chairman. The Senator from Ohio.

14          Senator Brown. I have not spoken in a while, Mr.  
15          Chairman. I know you have missed me.

16          The Chairman. You what?

17          Senator Brown. I said I know you have missed me, I  
18          have not spoken in a while.

19          The Chairman. I have missed you, but you have about  
20          30 seconds.

21          [Laughter.]

22          Senator Brown. Okay. Starting now or starting at  
23          the beginning? Okay. Thank you.

24          My questioning of Ryan Abraham earlier on this issue  
25          clearly shows that as much as we have all complained

1 about the tax code now allowing you or encouraging you,  
2 enticing a business to shut down in Akron and moving to -  
3 or shut down in Athens, Ohio and moving to Athens, Greece  
4 and getting a tax break doing that, this bill, according  
5 to Mr. Abraham in my question-and-answer session with him  
6 a couple of days ago makes it worse.

7 Why in the world would we do more to give more  
8 incentives to companies to shut down and move overseas?  
9 I mean, did not President Trump -- he won my state in  
10 large part because of those sorts of issues. And that we  
11 are going to make this worse is just beyond the pale to  
12 me.

13 And I support the Casey amendment.

14 The Chairman. We are on Casey 10, is that what it  
15 is?

16 Okay, the clerk will call the roll.

17 The Clerk. Mr. Grassley?

18 Senator Grassley. No.

19 The Clerk. Mr. Crapo?

20 The Chairman. No by proxy.

21 The Clerk. Mr. Roberts?

22 The Chairman. No by proxy.

23 The Clerk. Mr. Enzi?

24 Senator Enzi. No.

25 The Clerk. Mr. Cornyn?

1           The Chairman.  No by proxy.  
2           The Clerk.  Mr. Thune?  
3           Senator Thune.  No.  
4           The Clerk.  Mr. Burr?  
5           Senator Burr.  No.  
6           The Clerk.  Mr. Isakson?  
7           Senator Isakson.  No.  
8           The Clerk.  Mr. Portman?  
9           Senator Portman.  No.  
10          The Clerk.  Mr. Toomey?  
11          Senator Toomey.  No.  
12          The Clerk.  Mr. Heller?  
13          Senator Heller.  No.  
14          The Clerk.  Mr. Scott?  
15          Senator Scott.  No.  
16          The Clerk.  Mr. Cassidy?  
17          Senator Cassidy.  No.  
18          The Clerk.  Mr. Wyden?  
19          Senator Wyden.  Aye.  
20          The Clerk.  Ms. Stabenow?  
21          Senator Stabenow.  Aye.  
22          The Clerk.  Ms. Cantwell?  Ms. Cantwell?  
23          Senator Wyden.  Aye by proxy.  
24          The Clerk.  Mr. Nelson?  
25          Senator Wyden.  Aye by proxy.

1           The Clerk. Mr. Menendez?  
2           Senator Wyden. Aye by proxy.  
3           The Clerk. Mr. Carper.  
4           Senator Wyden. Aye by proxy.  
5           The Clerk. Mr. Cardin?  
6           Senator Wyden. Aye by proxy.  
7           The Clerk. Mr. Brown?  
8           Senator Brown. Aye.  
9           The Clerk. Mr. Bennet?  
10          Senator Bennet. Aye.  
11          The Clerk. Mr. Casey?  
12          Senator Casey. Aye.  
13          The Clerk. Mr. Warner?  
14          Senator Warner. Aye.  
15          The Clerk. Mrs. McCaskill?  
16          Senator McCaskill. Aye.  
17          The Clerk. Mr. Chairman?  
18          The Chairman. No.  
19          The clerk will report.  
20          The Clerk. Mr. Chairman, the final tally is 12  
21          ayes, 14 nays.  
22          The Chairman. The amendment is defeated.  
23          We will go to McCaskill number 6, I guess.  
24          Senator McCaskill, do you want to have a vote on your  
25          amendment?

1           Senator McCaskill. Yes, please. I will go quickly  
2 one minute to talk about it and then a quick vote.

3           Senator Grassley. I thought she was not going to offer  
4 the amendment.

5           Senator McCaskill. I did not offer that one.

6           Senator Wyden. It is the one on personal casualty  
7 loss, Mr. Chairman.

8           Senator McCaskill. This is personal casualty loss.  
9 I had one on SALT I did not offer.

10          The Chairman. Go ahead and take a minute.

11          Senator McCaskill. Well, Mr. Chairman, imagine that  
12 there is a business, let us say it is a Domino's Pizza  
13 franchise on the first floor of a building. And then a  
14 family lives above the pizza franchise. And unbeknownst  
15 to both of them, their fire insurance has lapsed and  
16 there is a fire.

17          Now, why is it that the owner of the Domino's Pizza  
18 franchise gets to deduct the losses from that fire, but  
19 the family does not?

20          This is just a parity amendment about property and  
21 casualty deductions. We have a lot of flooding in my  
22 state that does not get to the level of national  
23 disasters declared by the President. We have a lot of  
24 tornadoes that lots of people that are impacted do not  
25 getting into the zone of a natural disaster, fires.

1 I just do not understand why a property and casualty loss  
2 remains deductible to a business, but not to a family.  
3 And that is what this amendment would do.

4 The offset is modifying the AMT repeal in this  
5 legislation only to the degree necessary to offset the  
6 reinstatement of the personal casualty loss deduction.

7 Thank you, Mr. Chairman.

8 The Chairman. All right. Okay.

9 The clerk will call the roll.

10 The Clerk. Mr. Grassley?

11 Senator Grassley. No.

12 The Clerk. Mr. Crapo?

13 The Chairman. No by proxy.

14 The Clerk. Mr. Roberts?

15 Senator Roberts. No.

16 The Clerk. Mr. Enzi?

17 Senator Enzi. No.

18 The Clerk. Mr. Cornyn?

19 Senator Cornyn. No.

20 The Clerk. Mr. Thune?

21 Senator Thune. No.

22 The Clerk. Mr. Burr?

23 Senator Burr. No.

24 The Clerk. Mr. Isakson?

25 Senator Isakson. No.

1           The Clerk. Mr. Portman?  
2           Senator Portman. No.  
3           The Clerk. Mr. Toomey?  
4           Senator Toomey. No.  
5           The Clerk. Mr. Heller?  
6           Senator Heller. No.  
7           The Clerk. Mr. Scott?  
8           Senator Scott. No.  
9           The Clerk. Mr. Cassidy?  
10          The Chairman. No by proxy.  
11          The Clerk. Mr. Wyden?  
12          Senator Wyden. Aye.  
13          The Clerk. Ms. Stabenow?  
14          Senator Stabenow. Aye.  
15          The Clerk. Ms. Cantwell?  
16          Senator Cantwell. Aye.  
17          The Clerk. Mr. Nelson?  
18          Senator Nelson. Aye.  
19          The Clerk. Mr. Menendez?  
20          Senator Wyden. Aye by proxy.  
21          The Clerk. Mr. Carper.  
22          Senator Wyden. Aye by proxy.  
23          The Clerk. Mr. Cardin?  
24          Senator Cardin. Aye.  
25          The Clerk. Mr. Brown?

1 Senator Brown. Aye.

2 The Clerk. Mr. Bennet?

3 Senator Bennet. Aye.

4 The Clerk. Mr. Casey?

5 Senator Casey. Aye.

6 The Clerk. Mr. Warner?

7 Senator Warner. Aye.

8 The Clerk. Mrs. McCaskill?

9 Senator McCaskill. Aye.

10 The Clerk. Mr. Chairman?

11 The Chairman. No.

12 The clerk will report.

13 The Clerk. Mr. Chairman, the final tally is 12  
14 ayes, 14 nays.

15 The Chairman. The amendment is defeated.

16 Are we going to go to another one by Senator Bennet?

17 Senator Bennet. Thank you, Mr. Chairman. I will be very  
18 brief.

19 This is Bennet number 2, Brown-Stabenow-Wyden  
20 amendment.

21 This amendment would strike the child tax credit in  
22 the chairman's mark and replace it with a child tax  
23 credit with the same maximum level per child, as is in  
24 your legislation, but designed so that a private in the  
25 Army, a bartender, a construction worker, a farmer or



1 rancher or a full-time minimum wage worker earning the  
2 median annual wage for their profession would receive the  
3 same child tax credit amount per child as is provided to  
4 a person earning an income equal to the salary for  
5 members of Congress and Senators.

6 A worker earning the median annual wage in each of  
7 these professions should receive the same child tax  
8 credit amount per child as their member of Congress and  
9 Senators, whether they have one, two or more children.  
10 I yield back.

11 The Chairman. Any further debate?

12 He has yielded back.

13 [No response.]

14 The Chairman. The clerk will call the roll.

15 The Clerk. Mr. Grassley?

16 Senator Grassley. No.

17 The Clerk. Mr. Crapo?

18 The Chairman. No by proxy.

19 The Clerk. Mr. Roberts?

20 Senator Roberts. No.

21 The Clerk. Mr. Enzi?

22 Senator Enzi. No.

23 The Clerk. Mr. Cornyn?

24 Senator Cornyn. No.

25 The Clerk. Mr. Thune?

1 Senator Thune. No.  
2 The Clerk. Mr. Burr?  
3 Senator Burr. No.  
4 The Clerk. Mr. Isakson?  
5 Senator Isakson. No.  
6 The Clerk. Mr. Portman?  
7 Senator Portman. No.  
8 The Clerk. Mr. Toomey?  
9 Senator Toomey. No.  
10 The Clerk. Mr. Heller?  
11 Senator Heller. No.  
12 The Clerk. Mr. Scott?  
13 Senator Scott. No.  
14 The Clerk. Mr. Cassidy?  
15 Senator Cassidy. No.  
16 The Clerk. Mr. Wyden?  
17 Senator Wyden. Aye.  
18 The Clerk. Ms. Stabenow? Ms. Stabenow?  
19 Senator Stabenow. Aye.  
20 The Clerk. Ms. Cantwell?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Nelson?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Mr. Menendez?  
25 Senator Wyden. Aye by proxy.

1           The Clerk. Mr. Carper.  
2           Senator Wyden. Aye by proxy.  
3           The Clerk. Mr. Cardin?  
4           Senator Cardin. Aye.  
5           The Clerk. Mr. Brown?  
6           Senator Brown. Aye.  
7           The Clerk. Mr. Bennet?  
8           Senator Bennet. Aye.  
9           The Clerk. Mr. Casey?  
10          Senator Casey. Aye.  
11          The Clerk. Mr. Warner?  
12          Senator Warner. Aye.  
13          The Clerk. Mrs. McCaskill?  
14          Senator McCaskill. Aye.  
15          The Clerk. Mr. Chairman?  
16          The Chairman. No.  
17          The clerk will report.  
18          The Clerk. Mr. Chairman, the final tally is 12  
19          ayes, 14 nays.  
20          The Chairman. Okay, who is next?  
21          Senator Wyden. Senator Cardin.  
22          The Chairman. Senator Cardin is next.  
23          Senator Cardin. Thank you, Mr. Chairman.  
24          I call up my amendment number 3. I am cosponsored  
25          by Senator Brown and Senator Casey, and I thank both of

1       them for their help on this.

2               The amendment would improve the saver's credit that  
3       is available for retirement savings. And let me explain  
4       the reason for this. This would make the credit  
5       refundable and would index it and make the 50 percent  
6       available to all.

7               The challenge for individuals being able to  
8       contribute to their retirement, particularly lower  
9       income, is that the tax incentive, the tax aspects of it  
10      for some are just not enough. And what is happening with  
11      this bill, of course, with reducing rates, it even makes  
12      the tax advantages of contributions a little bit less  
13      inviting for those who put in money for retirement.

14              Now, if your employer puts money on the table, that  
15      could be very helpful. And as we know in our own Thrift  
16      Savings, the number of participants is pretty high. But  
17      if you do not have an employer putting money on the  
18      table, it is challenging to get lower-income people to  
19      retire, put money away for their retirement.

20              The saver's credit provides a real meaningful way to  
21      get particularly lower-income people into the retirement  
22      savings.

23              And this amendment that is offered along with  
24      Senators Brown and Casey would make that credit more  
25      available so that we can increase retirement savings,

1 particularly for lower-income wage earners in light of  
2 the changes that may have the unintended consequence of  
3 reducing the incentives for individuals to put money away  
4 for their retirement.

5 The offset is in the estate tax, so we have the  
6 offset.

7 And I would urge my colleagues to support this  
8 amendment.

9 And yield to Senator Brown.

10 Senator Brown. Mr. Chairman? Mr. Chairman? Could  
11 I speak?

12 Thank you, Mr. Chairman.

13 There is another reason to support this.

14 The Chairman. You have 30 seconds.

15 Senator Brown. Yes, I can do it in 30 seconds.

16 There is another reason to support the Cardin-Casey-  
17 Brown amendment and that is that Senator Crapo and I in  
18 the working groups that you and maybe originally Senator  
19 Baucus, I do not remember, you and Senator Wyden came up  
20 with --

21 The Chairman. Right.

22 Senator Brown. -- the working group that Senator  
23 Crapo and I did on savings and investment included these  
24 provisions. There was strong bipartisan agreement on  
25 that and other things. This is a real chance tonight to

1 show some bipartisanship on an amendment that will really  
2 matter to help working-class families save.

3 And if we really, really want to look out for  
4 working-class families, this is a really good example  
5 tonight.

6 The Chairman. I would just mention I do not think  
7 there is much bipartisanship either way here tonight. We  
8 are just going through the motions as far as I am  
9 concerned.

10 Yes, the Senator from Ohio?

11 Senator Portman. Thank you, Mr. Chairman.  
12 So Senator Cardin, then Congressman Cardin, is the father  
13 of this saver's credit in the Portman-Cardin legislation.

14 And I like it. I think it is working. And there are  
15 actually millions of people who are saving who would not  
16 otherwise.

17 And there were rumors about either the House bill or  
18 maybe even this bill finding some savings in that area.  
19 That did not happen, partly because even on the catch-up  
20 contributions to 401(k)s, we stood up together in a  
21 bipartisan basis to keep that from happening.

22 I am just looking at this for the first time and so,  
23 obviously, I do not see an offset here. But obviously, I  
24 would be supportive of being helpful on the saver's  
25 credit at the appropriate time.

1           I do think it is interesting that Mr. Cardin made  
2           the point that with the lower tax rates for lower-income  
3           families, this benefit is not as great as it was at one  
4           time if this bill goes through, which is accurate because  
5           we do have lower tax rates for middle-class families,  
6           which we have talked about and had some good discussion  
7           about today.

8           So I would just say to Mr. Cardin, I need to look at  
9           this, I do not know what your offset is, but I do think  
10          this is an area where we can enhance savings for folks  
11          who need it the most.

12          The Chairman. The clerk will call the roll.

13          The Clerk. Mr. Grassley?

14          Senator Grassley. No.

15          The Clerk. Mr. Crapo?

16          The Chairman. No by proxy.

17          The Clerk. Mr. Roberts?

18          Senator Roberts. No.

19          The Clerk. Mr. Enzi?

20          Senator Enzi. No.

21          The Clerk. Mr. Cornyn?

22          Senator Cornyn. No.

23          The Clerk. Mr. Thune?

24          Senator Thune. No.

25          The Clerk. Mr. Burr?

1 Senator Burr. No.  
2 The Clerk. Mr. Isakson?  
3 Senator Isakson. No.  
4 The Clerk. Mr. Portman?  
5 Senator Portman. No.  
6 The Clerk. Mr. Toomey?  
7 Senator Toomey. No.  
8 The Clerk. Mr. Heller?  
9 Senator Heller. No.  
10 The Clerk. Mr. Scott?  
11 Senator Scott. No.  
12 The Clerk. Mr. Cassidy?  
13 Senator Cassidy. No.  
14 The Clerk. Mr. Wyden?  
15 Senator Wyden. Aye.  
16 The Clerk. Ms. Stabenow?  
17 Senator Stabenow. Aye.  
18 The Clerk. Ms. Cantwell?  
19 Senator Cantwell. Aye.  
20 The Clerk. Mr. Nelson?  
21 Senator Nelson. Aye.  
22 The Clerk. Mr. Menendez?  
23 Senator Wyden. Aye by proxy.  
24 The Clerk. Mr. Carper.  
25 Senator Wyden. Aye by proxy.



1           The Clerk. Mr. Cardin?  
2           Senator Cardin. Aye.  
3           The Clerk. Mr. Brown?  
4           Senator Brown. Aye.  
5           The Clerk. Mr. Bennet?  
6           Senator Bennet. Aye.  
7           The Clerk. Mr. Casey?  
8           Senator Casey. Aye.  
9           The Clerk. Mr. Warner?  
10          Senator Warner. Aye.  
11          The Clerk. Mrs. McCaskill?  
12          Senator McCaskill. Aye.  
13          The Clerk. Mr. Chairman?  
14          The Chairman. No.  
15          The clerk will report.  
16          The Clerk. Mr. Chairman, the final tally is 12  
17          ayes, 14 nays.  
18          The Chairman. The amendment is defeated.  
19          Is Senator Nelson ready with his amendment number 4?  
20          Senator Nelson. Yes, sir.  
21          The Chairman. Okay.  
22          Senator Nelson. The Treasury loses billions of  
23          dollars each year because criminals are filing false tax  
24          returns and getting refunds. And it is not theirs. It  
25          is unbelievable that some criminals in a city in Florida,

1 the actual street crime had dropped because the criminals  
2 suddenly figured out they did not need to break into  
3 people's houses to get money, they could do it with a  
4 laptop and were submitting false tax returns. Back then,  
5 it was to the tune of a loss to the Treasury of \$5  
6 billion a year.

7 We did some improvements over time, got the IRS to  
8 straighten up some things, but the losses today are still  
9 \$3 billion a year of taxpayer money that is going to  
10 criminals who defraud the IRS.

11 There are a number of things that we can do. It is  
12 the essence of a bill that about a dozen of us have  
13 filed. And therefore, we would gain this revenue back.  
14 Mr. Chairman?

15 The Chairman. Yes, sir?

16 Senator Nelson. How is that for a short explanation  
17 of the amendment?

18 The Chairman. That was good.

19 The clerk will call the roll.

20 The Clerk. Mr. Grassley?

21 The Chairman. No by proxy.

22 The Clerk. Mr. Crapo?

23 Senator Wyden. Mr. Chairman? Could I just speak  
24 for a second on that? I had to be detained on something.

25 The Chairman. We will be happy to -

1           Senator Wyden. Thank you, and I will be very, very  
2 brief.

3           The Chairman. Very brief.

4           Senator Wyden. Senator Nelson's amendment is  
5 extraordinarily important. As you know, we have been  
6 looking at this in the Finance Committee. It has been  
7 bipartisan.

8           The IRS has a lot of challenges. Hackers are, as is  
9 always the case, trying to stay one step ahead of the law  
10 enforcement side. They use out-of-wallet information, a  
11 variety of other kinds of approaches.

12           This is an important amendment and that is why I  
13 want to take a minute.

14           The Chairman. Okay, the clerk will call the roll.

15           Senator Nelson. And it had passed out of the  
16 committee on a voice vote, Mr. Chairman.

17           The Chairman. Okay.

18           The clerk will -- we understand that there are some  
19 amendments that may be valid. But we are trying to get  
20 through this markup, too.

21           The clerk will call the roll.

22           The Clerk. Mr. Grassley?

23           The Chairman. No by proxy.

24           The Clerk. Mr. Crapo?

25           The Chairman. No by proxy.

1           The Clerk. Mr. Roberts?  
2           Senator Roberts. No.  
3           The Clerk. Mr. Enzi?  
4           Senator Enzi. No.  
5           The Clerk. Mr. Cornyn?  
6           Senator Cornyn. No.  
7           The Clerk. Mr. Thune?  
8           Senator Thune. No.  
9           The Clerk. Mr. Burr?  
10          Senator Burr. No.  
11          The Clerk. Mr. Isakson?  
12          Senator Isakson. No.  
13          The Clerk. Mr. Portman?  
14          Senator Portman. No.  
15          The Clerk. Mr. Toomey?  
16          The Chairman. No by proxy.  
17          The Clerk. Mr. Heller?  
18          The Chairman. No by proxy.  
19          The Clerk. Mr. Scott?  
20          The Chairman. No by proxy.  
21          The Clerk. Mr. Cassidy?  
22          Senator Cassidy. No.  
23          The Clerk. Mr. Wyden?  
24          Senator Wyden. Aye.  
25          The Clerk. Ms. Stabenow?

1 Senator Stabenow. Aye.  
2 The Clerk. Ms. Cantwell?  
3 Senator Cantwell. Aye.  
4 The Clerk. Mr. Nelson?  
5 Senator Nelson. Aye.  
6 The Clerk. Mr. Menendez?  
7 Senator Wyden. Aye by proxy.  
8 The Clerk. Mr. Carper.  
9 Senator Wyden. Aye by proxy.  
10 The Clerk. Mr. Cardin?  
11 Senator Cardin. Aye.  
12 The Clerk. Mr. Brown?  
13 Senator Brown. Aye.  
14 The Clerk. Mr. Bennet?  
15 Senator Bennet. Aye.  
16 The Clerk. Mr. Casey?  
17 Senator Casey. Aye.  
18 The Clerk. Mr. Warner?  
19 Senator Warner. Aye.  
20 The Clerk. Mrs. McCaskill?  
21 Senator Wyden. Aye by proxy.  
22 The Clerk. Mr. Chairman?  
23 The Chairman. No.  
24 The clerk will report.  
25 The Clerk. Mr. Chairman, the final tally is 12

1 ayes, 14 nays.

2 The Chairman. The amendment is defeated.

3 Okay, who is next?

4 Senator Nelson. Me.

5 The Chairman. Okay, Senator Nelson.

6 Senator Nelson. Mr. Chairman, I call up Amendment  
7 194, Nelson amendment number 6.

8 The Chairman. All right, you are up.

9 Senator Nelson. All right. Mr. Chairman, you have  
10 tried to reform the tax code and make it simpler, but the  
11 fact is that what you are offering today, many small  
12 businesses are going to find a lot of intricacies in this  
13 bill and a myriad of regulations. And a lot of small  
14 businesses have a lot on their plate to try to run their  
15 business and they do not have the time for the ins and  
16 outs of the tax code.

17 So despite your efforts, Mr. Chairman, this bill is  
18 going to be a legal jargon that few people will  
19 understand. So what this amendment does is to try to put  
20 into the code a simple way to ensure taxpayers can file  
21 their taxes without having to learn the tax law or to  
22 incur the cost of a tax professional.

23 It directs the IRS to work with the private sector  
24 to create a free online tool to help small-business  
25 owners fill out their tax forms and file returns

1 electronically, much like what is done under the IRS Free  
2 File program.

3 So we should use this opportunity to put in place  
4 policies that are going to make it easier for folks to  
5 file their taxes.

6 So most small businesses simply do not live and  
7 breathe tax law. This is a good government, good private  
8 citizen, good small business amendment. I would think  
9 you would want to accept this amendment, Mr. Chairman.

10 The Chairman. Normally I might.

11 The clerk will call the roll.

12 The Clerk. Mr. Grassley?

13 The Chairman. No by proxy.

14 The Clerk. Mr. Crapo?

15 Senator Crapo. No.

16 The Clerk. Mr. Roberts?

17 Senator Roberts. No.

18 The Clerk. Mr. Enzi?

19 The Chairman. No by proxy.

20 The Clerk. Mr. Cornyn?

21 Senator Cornyn. No.

22 The Clerk. Mr. Thune?

23 Senator Thune. No.

24 The Clerk. Mr. Burr?

25 Senator Burr. No.

1           The Clerk. Mr. Isakson?  
2           Senator Isakson. No.  
3           The Clerk. Mr. Portman?  
4           Senator Portman. No.  
5           The Clerk. Mr. Toomey?  
6           Senator Toomey. No.  
7           The Clerk. Mr. Heller?  
8           The Chairman. No by proxy.  
9           The Clerk. Mr. Scott?  
10          The Chairman. No by proxy.  
11          The Clerk. Mr. Cassidy?  
12          Senator Cassidy. No.  
13          The Clerk. Mr. Wyden?  
14          Senator Wyden. Aye.  
15          The Clerk. Ms. Stabenow?  
16          Senator Stabenow. Aye.  
17          The Clerk. Ms. Cantwell?  
18          Senator Cantwell. Aye.  
19          The Clerk. Mr. Nelson?  
20          Senator Nelson. Aye.  
21          The Clerk. Mr. Menendez?  
22          Senator Wyden. Aye by proxy.  
23          The Clerk. Mr. Carper.  
24          Senator Carper. Aye.  
25          The Clerk. Mr. Cardin?



1 Senator Cardin. Aye.

2 The Clerk. Mr. Brown?

3 Senator Wyden. Aye by proxy.

4 The Clerk. Mr. Bennet?

5 Senator Bennet. Aye.

6 The Clerk. Mr. Casey?

7 Senator Casey. Aye.

8 The Clerk. Mr. Warner?

9 Senator Warner. Aye.

10 The Clerk. Mrs. McCaskill?

11 Senator Wyden. Aye by proxy.

12 The Clerk. Mr. Chairman?

13 The Chairman. No.

14 The clerk will report.

15 The Clerk. Mr. Chairman, the final tally is 12

16 ayes, 14 nays.

17 The Chairman. The amendment is defeated.

18 We are open to amendment.

19 Senator Bennet. Mr. Chairman, I withdraw Bennet

20 number 10.

21 The Chairman. Senator Bennet.

22 Senator Bennet. Mr. Chairman, I am withdrawing

23 number 10.

24 The Chairman. Okay, really I am proud of you. Just

25 very proud of you.

1 [Laughter.]

2 The Chairman. Okay. Senator Menendez 7, as I  
3 understand it.

4 Are you offering that, Mr. Wyden, Menendez 7?  
5 Okay, Carper 6. Are you ready, Senator Carper?

6 Senator Carper. Carper 6 is ready.

7 The Chairman. Okay, then go ahead.

8 Senator Carper. Mr. Chairman, colleagues --

9 The Chairman. Let me just interrupt here. I hope  
10 we can get rid of this long ordeal that is not going  
11 anywhere anyway. I do not blame Senators who want to  
12 score some political points. I understand that. But to  
13 keep doing this over and over and over, it does not make  
14 sense to me. But you have a right to do it. And if you  
15 want to do that, we will keep going.

16 But we will go to you, Senator, and then we will go  
17 from there.

18 Senator Carper. Good, thanks. Thanks, Mr.  
19 Chairman.

20 My amendment number 6 replaces the global minimum  
21 tax with a country-by-country minimum tax.

22 I think most of us will agree that the international tax  
23 system is in desperate need of reform.

24 Some of us worked together under the leadership of  
25 Senators Schumer and Portman a year or two ago on a task

1 force created by our leadership on this Committee. And  
2 the task force that they led and one that I participated  
3 along with some others is called the International Tax  
4 Working Group. And I think we were established in 2015,  
5 as I recall.

6 And I have a whole lot of respect for Senators  
7 Portman and Schumer who led the working group and tried  
8 to forge a workable consensus on international tax  
9 reform.

10 I support modernizing the international system, and  
11 I do not oppose everything that is in the international  
12 provisions of the chairman's mark.

13 I think ultimately this is an area where we can find  
14 common ground. We have before. However, the bill before  
15 us lacks the sufficient guardrails, at least we believe  
16 it lacks the sufficient guardrails that are needed to  
17 stop and to prevent companies from moving jobs overseas  
18 and shifting profits to tax havens.

19 The new territorial taxes in this bill does not  
20 include an effective minimum tax. Rather, this bill  
21 includes something called the global intangible low-taxed  
22 income, which goes by the acronym of GILTI.

23 And the chairman's mark uses a complicated formula  
24 that allows foreign companies to avoid paying taxes on  
25 their routine, normal earnings. Then the income that

1 remains is subject to a rate at half of the new U.S. rate  
2 of 20 percent.

3 The problem with this is that the tax is calculated  
4 on a global basis, and that means that a multinational  
5 company can average its income across multiple foreign  
6 countries. These companies could put their earnings into  
7 a tax haven and then stuff other earnings in a high-tax  
8 jurisdiction through something that is called cross-  
9 crediting, and then blend the earnings from both to get  
10 the very best tax result for them.

11 That does nothing to shut down tax havens. And that  
12 does nothing to stop multinational corporations from  
13 gaming the system. I do not think that is what we want  
14 and I think we can do better than that.

15 The amendment that I am offering today tries to fix  
16 that and tries to fix that by including an effective  
17 minimum tax.

18 If a company has shifted all of its profits and  
19 valuable intellectual property to a tax haven, then that  
20 company should have to apply a minimum tax to that haven.  
21 And to my colleagues, I would just say this. I am not  
22 wedded to the details here. Instead, I am trying to make  
23 the point that we can do something that is cleaner,  
24 something that is simpler and I think something that is  
25 fairer.

1           And I urge this Committee to include a country-by-  
2 country minimum tax in this bill to ensure that we shut  
3 down tax havens once and for all.

4           Mr. Chairman? Mr. Chairman? I am not going to ask  
5 for a record vote on this, but I just wanted to be able  
6 to lay it before us. I think this is one of those areas  
7 where we can find common ground. And if not tonight,  
8 hopefully in the days ahead. This is a good one for us  
9 to work on.

10           Senator Brown. Mr. Chairman? Could I speak for 60  
11 seconds on that Carper-Wyden-Brown amendment?

12 Thank you, Mr. Chairman. And I will do 60 seconds.  
13 This exactly outlines the problem and this fixes the  
14 effective minimum tax issue. The average versus country-  
15 by-country, turns it upside down. And we all have spoken  
16 time after time after time in our states about this  
17 problem of countries shutting down in Wilmington or  
18 Cleveland and moving to China or Mexico. And we know why  
19 they do that, in many ways to avoid these taxes.  
20 We know this will only encourage more of that if we do  
21 not fix the language in this bill.

22           So what is already a bad situation in outsourcing  
23 this makes worse unless we adopt the Carper-Wyden-Brown  
24 amendment fixing the effective minimum tax.

25           Thank you, Mr. Chairman.

1           Senator Carper. Thank you.

2           Senator Portman. Mr. Chairman? Mr. Chairman?  
3           First of all, thanks to my colleague Senator Carper who  
4           did join me on that committee and was a constructive  
5           participant, as always, and Senator Brown also was a  
6           constructive player in that.

7           And at the end of the day, one of my concerns about  
8           where we are headed as a Senate is we seem to be  
9           forgetting what we did two years ago, which was to say  
10          that unless we went to a competitive tax code in our  
11          country we were going to continue to lose jobs and  
12          investment overseas.

13          Because if American workers cannot compete globally,  
14          we will continue to have exactly what we have had, and  
15          that is 4,700 companies that would otherwise be American  
16          companies that are now foreign companies over the last 13  
17          years alone, based on the last analysis I have seen.  
18          That is from Ernst & Young. We talked about that.  
19          If we had the proposal we are looking at here today, the  
20          20 percent and territorial rate, they say those companies  
21          would all be American companies. Three times as many  
22          foreign companies are buying American companies instead  
23          of the other way around.

24          And we spent months on this, as you know, Senator  
25          Carper, on the Permanent Subcommittee on Investigations

1 getting behind the curtain into the corporate boardroom.

2 And guess what we found out? Two things, both of which  
3 probably we already assumed.

4 One, these moves overseas are tax motivated. It is  
5 not, frankly, regulations, it is not, frankly,  
6 retraining, it is not, frankly, health care costs,  
7 although those are all important. But for the tax  
8 system, this would not be happening.

9 And so I am really delighted that the mark  
10 represents that.

11 And again, this has been a bipartisan issue in the  
12 past and I hope it will be going forward.

13 And Senator Cardin just talked about his tax proposal  
14 that had a 20 percent rate as an example, which is very  
15 constructive. In fact, he thinks it might even be lower  
16 he told me.

17 The problem we have is some individuals will still  
18 want to shift income out of the United States because at  
19 20 percent we are still higher than a lot of other  
20 countries. It is below the average of the developed  
21 countries, which is 23 1/2 percent OECD, but it is well  
22 above where it is in the Cayman Islands or where it is in  
23 other low-tax jurisdictions, say Singapore, even above  
24 Ireland, sometimes above Switzerland and Luxembourg  
25 because they cut deals.

1           So we still have to have this base erosion in place,  
2 both on the outbound and the inbound side, and that is in  
3 this proposal.

4           And what you are saying is that with regard to the  
5 base erosion provisions, which effectively does apply  
6 minimum tax, that is exactly what you are suggesting,  
7 that it should be country-by-country rather than an  
8 aggregate of where those companies do business.  
9 Now, Senator Carper, you said we do not want companies to  
10 put all their income in low-tax jurisdictions. They  
11 cannot do that under this. They would be subject to a 10  
12 percent tax.

13           And we have gotten some pushback, as you can  
14 imagine, from the corporate community on that. But we  
15 are saying no, we are going to have this tax and it is  
16 going to be applied.

17           We have also said, though, that if you are doing  
18 business in other tax jurisdictions, like Germany which  
19 has a relatively high tax, you would be able to take your  
20 tax credit there and average those.

21           If you do not do that, what is going to happen is --  
22 and I will just tell you this is based on a lot of  
23 analysis, we can talk about it more away from the --

24           Senator Carper. Or we could just talk about it now.  
25           Senator Portman. -- the partisanship of these kinds



1 of meetings -- but what we are going to have is companies  
2 that are American companies that still cannot compete.  
3 And it is advantageous for a foreign company to buy them.  
4 Forget inversions, we are talking about just what is  
5 happening, three times as many foreign companies buying  
6 U.S. companies because they can pay a premium.

7 So you have got to be very careful here. It has to  
8 be the right balance, otherwise American workers are  
9 still left out in the cold. Because when these companies  
10 move overseas with their headquarters, they also take  
11 jobs and investment with them.

12 We did an analysis of pharmaceutical companies, an  
13 analysis of Ambev, and Senator McCaskill and I have had  
14 some discussions about that. She may not agree with all  
15 my numbers, but we spent a lot of time looking at the  
16 data. And they take jobs with them, it is not just the  
17 headquarters.

18 So I hope that at the end of the day we can continue  
19 to have this discussion. I am not going to ask for a  
20 vote tonight, but we are trying to find the balance. And  
21 this has been a nonpartisan issue, typically, not even  
22 bipartisan. And I, of course, want to work with you on  
23 this to make sure we end up with that right balance.

24 We do have base erosion in here on both sides. We  
25 also want to be careful that foreign companies do not

1 take advantage of the U.S. market in a way that  
2 disadvantages our Ohio companies and our Delaware  
3 companies, so we also have effectively a minimum tax on  
4 the inbound side that we have gotten some negative  
5 feedback on from some foreign parent companies that have  
6 investments in the United States, but we are just trying  
7 to have a fair balance.

8 And we also have the carrot as well as the stick on  
9 the outbound side, and that is what we talked about the  
10 other day where if you bring your IP back here, your  
11 patent back here, say an export, you actually get a  
12 benefit, which is a lot like the patent boxes that other  
13 countries have.

14 So we think in the end this is going to result in  
15 more jobs, more research being done here in America. And  
16 we just have to have the right balance.

17 Senator Brown. Mr. Chairman, 30 seconds on that, if  
18 I could?

19 The Chairman. Thirty seconds to the Senator from  
20 Ohio.

21 Senator Brown. I appreciate the comments from my  
22 friend from Ohio.

23 Thank you.

24 And I think it is important to remember, before we  
25 get too far out ahead of our skis on this working group

1 that Senator Carper, Senator Portman, Senator Schumer,  
2 Senator Warner and I were in, and others, to remember  
3 that a component of that was revenue, \$250 billion for  
4 infrastructure.

5 So let us not get too carried away with how  
6 successful that group was. I thought it was pretty darn  
7 successful, but I also thought it was pretty important  
8 that we were actually going to have revenue to do real  
9 infrastructure. And there is nothing like that in this  
10 bill, not even close.

11 Senator Portman. Yes, if the gentleman will yield  
12 just for a minute?

13 Senator Brown. Of course.

14 Senator Portman. We did not ever establish a number  
15 on that, as you know. We did have serious discussions  
16 with the speaker of the House at the time. And I was  
17 supportive of that.

18 I will tell you, the international provisions of  
19 this bill more than pay for themselves. In other words,  
20 there is no tax cut on the international side, it  
21 actually produces revenue.

22 Am I right, Mr. Barthold?

23 Mr. Barthold. Correct, Senator Portman.

24 The Chairman. You are right.

25 Senator Portman. Thank you, Mr. Chairman.

1           The Chairman. Okay, now let me just give the lay of  
2 the land. We are going to take a 20-minute recess. Then  
3 we are going to come back and we are going to finish up  
4 by 8:30 unless somebody has an objection.

5           Senator Wyden. Mr. Chairman, I object. If we come  
6 back at 8:20, there is no way that we can be finished at  
7 8:30.

8           The Chairman. Well, then when do you suggest we  
9 finish?

10          Senator Nelson. Let us just go straight through.  
11 Go straight through so we can finish at 8:30.

12          Senator Wyden. Colleagues, I am hearing from a  
13 number of Senators that they still have significant  
14 proposals that have to be dealt with. So I am happy to  
15 keep going. If the chairman wants to take a 20-minute  
16 break --

17          The Chairman. We will take a 20-minute break and we  
18 will have staff work out how we bring this to a  
19 successful conclusion.

20          I appreciate everybody's cooperation on this because  
21 we are not accomplishing a heck of a lot in my eyes. So  
22 let us take a 20-minute break. And we will be back here  
23 at 8:20.

24          [Whereupon, at 8 p.m., the Committee was recessed,  
25 reconvening at 8:20 p.m.]

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AFTER RECESS

[8:20 p.m.]

The Chairman. Okay, let us go.

Senator Bennet, we will turn to you.

Senator Bennet. Thank you, Mr. Chairman.

It just seems to me that with close to a quarter of America's children living in poverty and - I am sorry, I am calling up amendment 11, Bennet 11 -- with almost a quarter of our children living in poverty and the middle class struggling with flat wages, the cost of higher education is up, the cost of early childhood education is up, the cost of housing and health care is up, that it seems to me that we could have thought about a lot better use of this money than giving \$39 billion to 1 percent of Americans that are making over a million dollars a year. And by the way, it is year after year after year. That is why the deficits are so huge. It is not \$39 billion in one year, it is year after year after year.

I was in a meeting with some of my colleagues that President Trump called in to, and I am not saying anything that has not already been put in the newspapers, but one of the things he said when he got on the phone, he was calling from Asia, was how terrible he said this plan is for the rich. That is what he called them. I do not refer to people that way. But he said it was

1       terrible for the rich and that he had to throw in the  
2       estate tax so the rich would actually get something.  
3       And what we know they are getting is \$68,000, on average,  
4       as a result of this plan, whereas people, 90 million  
5       people, not 570,000 people, 90 million people who are  
6       earning salaries at \$50,000 or less, who have been talked  
7       about here today, are getting, on average, \$160, which is  
8       \$7.50 a paycheck if you are paid every two weeks.

9               And I am telling you, I do not know what it is like  
10       in other states, but Colorado's farmers and ranchers are  
11       not going to be fooled by talking about percentages and  
12       rates. They cannot eat percentages and rates. They are  
13       going to follow the money and they are going to see that  
14       \$39 billion of this money, a huge amount, goes to 500,000  
15       taxpayers in America.

16              And what I think is even more galling about this is  
17       that it is not paid for, which means that our children  
18       are going to once again get stuck with the bill. They do  
19       not have a vote in this room. The generation after them  
20       does not have a vote in this room. They have only us,  
21       Republicans and Democrats working together. And for  
22       years, both sides have found it a lot easier to slash  
23       investments in our children's future and in our roads,  
24       our infrastructure, bridges, education and innovation,  
25       while loading them with the debt.

1           I know everyone in this room worries about that.  
2           That is why you are here. And I have worked on so many  
3           projects with people on the other side of the aisle here.

4           I believe it. I believe that everyone in this room  
5           believes this is deeply unfair and deeply unjust.

6           The question before us is, are we going to ease the  
7           burden of our children or are we going to add to it?  
8           And I have said a lot tonight about my story about how we  
9           got where we are. I know people on the other side of the  
10          aisle have a different story. But whatever one thinks  
11          about the specifics of this tax plan -- and we have  
12          debated them intensely this evening and I appreciate, Mr.  
13          Chairman, the way you have run this Committee markup --  
14          surely we can agree that it is simply wrong to burden our  
15          kids and grandkids with another 1.5 (trillion dollars) to  
16          \$2.2 trillion in debt.

17          We have no idea what challenges they are going to  
18          face. And whatever it brings, we owe them the freedom to  
19          make their own choices, the same freedom our parents and  
20          grandparents had the decency to provide for all of us.  
21          That strikes me as a reasonable expectation, if not an  
22          essential duty for those of us with the responsibility of  
23          public office.

24          So my amendment is simple. It says that any  
25          American born after January 1st, 1982 would not have to

1 pay for the 1.5 (trillion dollars) to \$2.2 trillion in  
2 this new debt we will be creating with this bill.  
3 Middle-class people in Colorado, whether they are  
4 Democrats, independents or Republicans, will not  
5 appreciate the fact that they and their children are  
6 being asked to finance an economic giveaway to people who  
7 have earned, they are at the very top. And I do not  
8 begrudge them for having been there. But I think there  
9 is a lot better use of that money to help lift wages in  
10 the middle class and to help lift our children out of  
11 poverty.

12 That would be a worthy goal for us to have as  
13 Democrats and Republicans working together in a  
14 bipartisan way, not saddling them with another \$2  
15 trillion on debt.

16 I urge my colleagues to vote yes on the amendment.  
17 And I appreciate the opportunity to offer it.

18 Senator Toomey. Mr. Chairman?

19 The Chairman. Senator Toomey.

20 Senator Toomey. Just briefly, I would just say you  
21 cannot tax your way out of the deficit and debt problem  
22 that we have. We have a fundamental structural problem,  
23 which is that our big entitlement programs grow faster  
24 than the economy. As long as that is the case, we are  
25 not on a sustainable fiscal path. And you cannot fix



1 that with any amount of taxes.

2 So until we have a bipartisan agreement about  
3 restructuring these programs so that they are growing at  
4 or more slowly than the economy, we are making this  
5 problem worse.

6 I would be delighted to work with anybody on both  
7 sides of the aisle to change the growth rate, because it  
8 is the trajectory of those programs that is the driver of  
9 our deficits and our debt.

10 The Chairman. Okay. Are we prepared to vote on  
11 this?

12 Senator Bennet. I had 20 seconds left, so I think I  
13 would like to respond to my friend from Pennsylvania with  
14 whom I would really like to work on this issue.  
15 But to describe our position, when a bill is providing  
16 \$39 billion in tax relief to people at the very top, as  
17 punishing the rich, which is what you said earlier  
18 tonight, I think is a completely unfair characterization  
19 of our position.

20 I agree with the 64 Senators that signed a letter in  
21 2011 saying we need entitlement reform, we need tax  
22 reform and we need to deal with discretionary spending.  
23 Unfortunately, tonight we are only dealing with one of  
24 those things and we are doing it in a totally unbalanced  
25 way.

1           The Chairman. All right.  
2           The clerk will call the roll.  
3           The Clerk. Mr. Grassley?  
4           Senator Grassley. No.  
5           The Clerk. Mr. Crapo?  
6           Senator Crapo. No.  
7           The Clerk. Mr. Roberts?  
8           Senator Roberts. No.  
9           The Clerk. Mr. Enzi?  
10          Senator Enzi. No.  
11          The Clerk. Mr. Cornyn?  
12          Senator Cornyn. No.  
13          The Clerk. Mr. Thune?  
14          Senator Thune. No.  
15          The Clerk. Mr. Burr?  
16          Senator Burr. No.  
17          The Clerk. Mr. Isakson?  
18          Senator Isakson. No.  
19          The Clerk. Mr. Portman?  
20          Senator Portman. No.  
21          The Clerk. Mr. Toomey?  
22          Senator Toomey. No.  
23          The Clerk. Mr. Heller?  
24          Senator Heller. No.  
25          The Clerk. Mr. Scott?

1           The Chairman.  No by proxy.  
2           The Clerk.  Mr. Cassidy?  
3           Senator Cassidy.  No.  
4           The Clerk.  Mr. Wyden?  
5           Senator Wyden.  Aye.  
6           The Clerk.  Ms. Stabenow?  
7           Senator Stabenow.  Aye.  
8           The Clerk.  Ms. Cantwell?  
9           Senator Cantwell.  Aye.  
10          The Clerk.  Mr. Nelson?  
11          Senator Nelson.  Aye.  
12          The Clerk.  Mr. Menendez?  
13          Senator Wyden.  Aye by proxy.  
14          The Clerk.  Mr. Carper.  
15          Senator Carper.  Aye.  
16          The Clerk.  Mr. Cardin?  
17          Senator Cardin.  Aye.  
18          The Clerk.  Mr. Brown?  
19          Senator Brown.  Aye.  
20          The Clerk.  Mr. Bennet?  
21          Senator Bennet.  Aye.  
22          The Clerk.  Mr. Casey?  
23          Senator Casey.  Aye.  
24          The Clerk.  Mr. Warner?  
25          Senator Wyden.  Aye by proxy.

1 The Clerk. Mrs. McCaskill?

2 Senator McCaskill. Aye.

3 The Clerk. Mr. Chairman?

4 The Chairman. No.

5 The clerk will tell the tally.

6 The Clerk. Mr. Chairman, the final tally is 12  
7 ayes, 14 nays.

8 The Chairman. The amendment fails.

9 Senator Stabenow, you are next.

10 Senator Stabenow. Thank you, Mr. Chairman.

11 I would call up Stabenow-Wyden amendment number 9.  
12 And this would make sure that 95 percent of Americans are  
13 not cut out from the tax incentives for charitable  
14 giving.

15 This tax reform proposal has the potential to  
16 dramatically reduce the amount of charitable giving and  
17 hurt our communities and people.

18 Under this tax bill, it is estimated that charitable  
19 giving would drop by \$13 billion. And it is hard to  
20 believe that colleagues would want that to happen. And I  
21 am sure that people do not want it to happen, but that is  
22 what is in this bill. Charitable giving would drop by  
23 about \$13 billion a year. That is the combined total of  
24 all the donations to the United Way, Feeding America,  
25 Catholic Charities, Salvation Army, YMCA, Boys & Girls

1 Club, Habitat for Humanity and the American Cancer  
2 Society in 2016. That is the combined charitable giving  
3 to all of those very, very critical organizations.  
4 It is 144 million meals for people who are going hungry.  
5 So our amendment will allow many more Americans to  
6 receive a tax benefit from charitable giving. Tax reform  
7 should not be about squeezing money from Americans who  
8 are trying to help people in need in order to put more  
9 money in the pockets of the wealthiest among us. That is  
10 not right. It is not fair. And it will have a very  
11 serious impact on our communities and on people across  
12 the country.

13 So I would urge colleagues to support this  
14 amendment.

15 The Chairman. Senator Wyden.

16 Senator Wyden. Thank you, Mr. Chairman.

17 Mr. Chairman, we have made charity on this Committee a  
18 bipartisan effort. I am particularly appreciative of  
19 Senator Thune. He and I for I think close to five years  
20 now have led a bipartisan effort.

21 And I think our basic proposition is the charitable  
22 deduction is a lifeline, it is not a loophole.

23 And I requested a report from the Joint Committee on  
24 Taxation. And what they found is that charitable  
25 deductions would be cut by 40 percent next year under the

1 House plan. And as far as I can tell, the bill we are  
2 marking up here today does not look much different.  
3 We are a charitable people. We are anxious to always  
4 help. But clearly, the charitable deduction makes a big  
5 difference, both in the size of the gift and the number  
6 of the gifts.

7 And when the Joint Committee on Taxation says that  
8 the House plan is going to cut charitable donations by 40  
9 percent, that is trampling on the bipartisan effort that  
10 has been led in this Committee now for something like  
11 five years.

12 I see Senator Thune here. He has been a great  
13 supporter of charities. I hope my colleagues on the  
14 other side support the Stabenow amendment.

15 The Chairman. Anybody else want to talk?

16 The clerk will call the roll.

17 The Clerk. Mr. Grassley?

18 Senator Grassley. No.

19 Senator Portman. Mr. Chairman? Mr. Chairman?

20 The Chairman. Who is that?

21 Senator Portman. I thought someone was going to at  
22 least make the point that we are keeping the charitable  
23 deduction.

24 The Chairman. Yes, we are.

25 Senator Portman. It is in the bill.

1           The Chairman. That is right.

2           Senator Portman. And by doubling the standard  
3 deduction, there is a sense that those people who are  
4 taking advantage of that, which is a zero interest rate  
5 up to at least, for a lot of families, 24,000 bucks. If  
6 that is the reason that charitable giving is being  
7 affected, I guess you have to say that you would like  
8 those people not to be in the doubling the standard  
9 deduction, which is a huge simplification and a tax cut.  
10 So I think a better economy is very important for  
11 charitable giving. I support charitable giving, of  
12 course. We keep it as a deduction, want to keep a few  
13 deductions, medical and charitable giving and interest  
14 rates, mortgage interest deduction, so we keep it and I  
15 am glad we do.

16           And I think short of, you know, taking away the  
17 ability for people to have a doubling of their standard  
18 deduction, you are not going to be able to address the  
19 issue that you are talking about and I think that is a  
20 good trade.

21           Senator Stabenow. Mr. Chairman, if I might? I  
22 would say two different things. First of all, doubling  
23 the standard deduction, but taking away the personal  
24 exemption for each child in your family is not a good  
25 trade for most families. The reality is that most

1 families -- if you have more than one child, that is a  
2 loser, so I have a concern about how that works out.  
3 But secondly, doing this the way you have done it in the  
4 bill means 95 percent of the people in our country who  
5 file their taxes would no longer get any kind of benefit  
6 from the charitable deduction.

7 And I can only tell you that those involved in  
8 providing really important work across our country are  
9 totally opposed to this. They estimate that charitable  
10 giving would drop by \$13 billion a year.

11 And so, I mean, when we look at all of the important  
12 work that is done by all of the charities, I can only  
13 tell you they are adamantly opposed.

14 Senator Portman. Mr. Chairman, I know we want to  
15 get to a vote, but I cannot let these things stand.  
16 You said just then that 95 percent of the people who are  
17 able to now are not going to be. That is not accurate.  
18 I mean, most of your constituents or mine take the  
19 standard deduction right now. So it is 70-some percent  
20 already. And yes, it goes up to 90-some percent because  
21 we double it.

22 Senator Stabenow. And you double the deduction.

23 Senator Portman. Yes. But the 70 percent cannot do  
24 it now, so, I mean, let us just be accurate.

25 Senator Stabenow. And so that means --



1           Senator Portman. Thank you, Mr. Chairman.

2           Senator Cornyn. Would the Senator yield for a  
3 question?

4           Senator Portman. Sure.

5           Senator Cornyn. Mr. Chairman, I believe the Senator  
6 from Michigan said that if you have additional children  
7 you are somehow being denied a deduction. But in  
8 addition to the standard deduction, there is a child tax  
9 credit for each child. Correct?

10          Senator Portman. Doubling the child tax credit.

11          Senator Cornyn. Double the current --

12          Senator Portman. Increasing the refundability.

13          Senator Cornyn. -- tax credit. That is what I  
14 thought. Thank you.

15          Senator Stabenow. And if I might just expand on  
16 that, because it involves putting the whole picture  
17 together, which is why when you put the whole picture  
18 together this is so skewed to the wealthy and why the  
19 latest numbers show folks under \$75,000 a year are  
20 actually going to end up with tax increases because, yes,  
21 there is a double standard deduction, but yes, there is  
22 also eliminating the personal exemption. Yes the child  
23 credit is doubled, but working people will not get the  
24 benefit of that because it is currently a thousand  
25 dollars that is refundable, it goes to \$2,000, but only

1 an additional hundred (dollars) of that is refundable.  
2 So it goes to \$2,000 and then the number of people, the  
3 income level that can then benefit from that goes from  
4 \$75,000 for an individual to \$500,000, a half-a-million  
5 dollars.

6 So what is happening is you are increasing so that  
7 folks at 200(,000 dollars), 300(,000 dollars), \$400,000 a  
8 year can get this child credit, but only minisculy  
9 increasing the benefit to working people because it is  
10 not refundable other than a hundred bucks.

11 Senator Portman. Mr. Chairman, I think we want to  
12 go to a vote, but let me just again just clarify here.  
13 It does not take anything away from people who get the  
14 doubling of the child tax credit. They get a doubling of  
15 the child tax credit. Because somebody gets it at a  
16 higher income also does not mean that they do not get it,  
17 so it is just not accurate.

18 Mr. Chairman, let us vote.

19 Senator Stabenow. Mr. Barthold, could you tell us  
20 how much of the \$2,000, the new credit, is refundable?

21 Mr. Barthold. The base amount that is refundable is  
22 \$1,000. That is indexed, and so our projection is that  
23 starting next year that would mean that \$1,100 would be  
24 refundable.

25 Senator Stabenow. Eleven-hundred dollars, yes. So

1 it is \$2,000, but working folks are not going to get the  
2 benefit of \$2,000. So thank you.

3 The Chairman. The clerk will call the roll.

4 The Clerk. Mr. Grassley.

5 Senator Grassley. No.

6 The Clerk. Mr. Crapo?

7 Senator Crapo. No.

8 The Clerk. Mr. Roberts?

9 Senator Roberts. No.

10 The Clerk. Mr. Enzi?

11 Senator Enzi. No.

12 The Clerk. Mr. Cornyn?

13 Senator Cornyn. No.

14 The Clerk. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Burr?

17 Senator Burr. Votes no.

18 The Clerk. Mr. Isakson?

19 The Chairman. No by proxy.

20 The Clerk. Mr. Portman?

21 Senator Portman. No.

22 The Clerk. Mr. Toomey?

23 Senator Toomey. No.

24 The Clerk. Mr. Heller?

25 Senator Heller. No.

1           The Clerk. Mr. Scott?  
2           Senator Scott. No.  
3           The Clerk. Mr. Cassidy?  
4           Senator Cassidy. No.  
5           The Clerk. Mr. Wyden?  
6           Senator Wyden. Aye.  
7           The Clerk. Ms. Stabenow?  
8           Senator Stabenow. Aye.  
9           The Clerk. Ms. Cantwell?  
10          Senator Cantwell. Aye.  
11          The Clerk. Mr. Nelson?  
12          Senator Nelson. Aye.  
13          The Clerk. Mr. Menendez?  
14          Senator Wyden. Aye by proxy.  
15          The Clerk. Mr. Carper.  
16          Senator Carper. Aye.  
17          The Clerk. Mr. Cardin?  
18          Senator Cardin. Aye.  
19          The Clerk. Mr. Brown?  
20          Senator Brown. Aye.  
21          The Clerk. Mr. Bennet?  
22          Senator Bennet. Aye.  
23          The Clerk. Mr. Casey?  
24          Senator Casey. Aye.  
25          The Clerk. Mr. Warner?

1 Senator Warner. Aye.

2 The Clerk. Mrs. McCaskill?

3 Senator McCaskill. Aye.

4 The Clerk. Mr. Chairman?

5 The Chairman. No.

6 The clerk will report.

7 The Clerk. Mr. Chairman, the final tally is 12  
8 ayes, 14 nays.

9 The Chairman. Okay, the amendment is defeated.

10 Senator Brown, you are --

11 Senator Brown. Thank you, Mr. Chairman. This one  
12 is --

13 The Chairman. And I hope this is your last one,  
14 though.

15 Senator Brown. This is actually my last one unless  
16 --

17 The Chairman. This is what?

18 Senator Brown. It is the last one, Mr. Chairman.

19 The Chairman. Okay, that would be great.

20 Senator Brown. If you were to agree to this one,  
21 it might be the last one for months on any issue.

22 The Chairman. Holy cow. That is an offer --

23 Senator Brown. I knew that would make you stop and  
24 think.

25 This amendment is 20 Brown, 21 modified HCTC for

1 Opioids. Between now and midnight in my state, someone  
2 will likely die of an overdose. Statistics predict we  
3 lose 11 Ohioans to this epidemic -- not predict.  
4 Statistics show that we lose 11 Ohioans to this epidemic  
5 every day.

6 Right now, 220,000 Ohioans are getting addiction  
7 treatment because of coverage they got through the  
8 Affordable Care Act, 220,000 Ohioans. That is why,  
9 Governor Kasich has stood for this against Medicaid cuts,  
10 and why I have, and why so many have around the country.

11 But this bill threatens their treatment, according  
12 to the Congressional Budget Office. The changes made to  
13 this bill in the dead of night, as we know, will kick 13  
14 million people off of their insurance. That does not  
15 even count increase in premiums. That is not the issue  
16 here. The issue here is 13 million people will lose  
17 their insurance under this legislation.

18 This amendment is simple. It gives anyone who loses  
19 their insurance as a result of this bill, a tax credit to  
20 pay for addiction treatment. So those 220,000 people in  
21 Ohio, and I believe the number is 9 million, national. I  
22 think whatever the number is. It might be less than  
23 that, but the -- I think it is 5 million, actually --  
24 220,000 Ohioans that are getting addiction treatment. If  
25 any of them lose their treatment because of this tax

1 health care bill, they would get a tax credit to help pay  
2 for their addiction treatment.

3 That is the least this committee could do, Mr.  
4 Chairman, to show working Americans and Americans that  
5 are addicted that we actually do care about them, not  
6 just talk about caring about them.

7 The Chairman. Any other comments?

8 [No response.]

9 The clerk will call role.

10 The Clerk. Mr. Grassley?

11 Senator Grassley. No.

12 The Clerk. Mr. Crapo?

13 Senator Crapo. No.

14 The Clerk. Mr. Roberts?

15 Senator Roberts. No.

16 The Clerk. Mr. Enzi?

17 Senator Enzi. No.

18 The Clerk. Mr. Cornyn?

19 Senator Cornyn. No.

20 The Clerk. Mr. Thune?

21 Senator Thune. No.

22 The Clerk. Mr. Burr?

23 Senator Burr. No.

24 The Clerk. Mr. Isakson?

25 Senator Isakson. No.

1           The Clerk.    Mr. Portman?  
2           Senator Portman.   No.  
3           The Clerk.    Mr. Toomey?  
4           Senator Toomey.   No.  
5           The Clerk.    Mr. Heller?  
6           Senator Heller.   No.  
7           The Clerk.    Mr. Scott?  
8           Senator Scott.   No.  
9           The Clerk.    Mr. Cassidy?  
10          Senator Cassidy.   No.  
11          The Clerk.    Mr. Wyden?  
12          Senator Wyden.   Aye.  
13          The Clerk.    Ms. Stabenow?  
14          Senator Stabenow.   Aye.  
15          The Clerk.    Ms. Cantwell?  
16          Senator Cantwell.   Aye.  
17          The Clerk.    Mr. Nelson?  
18          Senator Nelson.   Aye.  
19          The Clerk.    Mr. Menendez?  
20          Senator Wyden.   Aye by proxy.  
21          The Clerk.    Mr. Carper?  
22          Senator Carper.   Aye.  
23          The Clerk.    Mr. Cardin?  
24          Senator Cardin.   Aye.  
25          The Clerk.    Mr. Brown?



1 Senator Brown. Aye.

2 The Clerk. Mr. Bennet?

3 Senator Bennet. Aye.

4 The Clerk. Mr. Casey?

5 Senator Casey. Aye.

6 The Clerk. Mr. Warner?

7 Senator Warner. Aye.

8 The Clerk. Ms. McCaskill?

9 Senator McCaskill. Aye.

10 The Clerk. Mr. Chairman?

11 The Chairman. No.

12 The Chairman. The clerk will report.

13 The Clerk. Mr. Chairman, the final tally is 12

14 ayes, 14 nays.

15 The Chairman. The amendment is defeated.

16 Senator Wyden, I guess it is your turn.

17 Senator Wyden. Thank you, Mr. Chairman.

18 This is Wyden 14, craft beverage.

19 Recognized? May I be recognized?

20 The Chairman. Yes. Sure.

21 Senator Wyden. This amendment, colleagues, makes

22 permanent the two your craft beverage provision in the

23 Chairman's modification. What is in the bill is a two-

24 year version of the bipartisan craft beverage bill that I

25 wrote with Senator Blunt.

1           I just want to take a couple of minutes to describe  
2 why this short-term version is the tax reform done wrong,  
3 and a major lost opportunity.

4           The legislation I wrote with Senator Blunt would  
5 give a booster shot to a growing industry that is  
6 responsible for a lot of good-paying jobs in my state,  
7 and I think in the states of many represented on this  
8 committee. Senator Blunt and I made a judgment that with  
9 this bipartisan bill, we could help this industry grow.  
10 For example, in our state, we have grapes, we have hops,  
11 we have people who make the equipment, we have truckers,  
12 we have the hospitality industry -- big economic  
13 multiplier.

14           Senator Blunt and I said we are going to give this  
15 industry a chance to grow. The bill has got 55 Senate  
16 cosponsors. And I guess at this point, I am not sure you  
17 could get 55 Senators to agree that water is actually  
18 wet.

19           [Laughter.]

20           Senator Wyden. And we got 55 colleagues on board.  
21 House companion has 296 in terms of sponsors. But what  
22 is in the Chairman's modified Mark is not our whole bill.  
23 It is a two-year version of my bill. I want to be clear  
24 -- because we have done some homework on this -- why this  
25 is a problem.

1           First, the Treasury Department has told us that a  
2 two-year provision would expire before they could even  
3 write the regulations to implement it. So right out of  
4 the gate, the short-term version is going to be a dud.

5           But it is not just an implementation issue. And as  
6 I talked about last night, and I discussed with my friend  
7 from Ohio, I do not understand why there interested in  
8 taking a bill that wants to make a permanent change in  
9 tax policy with overwhelming bipartisan support, and send  
10 us back to yesteryear with stop-and-go tax extender  
11 policy.

12           What this short-term proposal does is it puts the  
13 small brewer, the vintner, the cider makers, the  
14 distillers in a position where every year or two, they  
15 are going to come back groveling for lawmakers to extend  
16 their tax incentive.

17           Fifty-five members of the Senate, 296 members of the  
18 House agree that the bill ought to be permanent, but the  
19 Republican plan makes it a short-term initiative, takes  
20 us back to yesteryear with tax extenders. And as far as  
21 I can tell, talk about a full employment program for  
22 lobbyists, you are going to have all of these groups  
23 coming back every year or two.

24           And I am just going to wrap up, Mr. Chairman, by  
25 saying I think it is especially important to note that

1 the reason that craft beverage makers are not getting any  
2 certainty really does not have anything to do with the  
3 merits of the proposal. It is because the Majority  
4 decided to spend their \$1.5 trillion deficit allowance on  
5 all of these big breaks for the multinationals, rather  
6 than something like Senator Blunt and I have tried to do.

7 So instead of a permanent job creating bill that we  
8 put forward, craft beverage producers are stuck with a  
9 short-term bill that I think represents a missed  
10 opportunity. Bad policy -- it is unfair. It is going to  
11 stifle investment.

12 And more than anything, as we talked about with Mr.  
13 Barthold yesterday, it is another example of how  
14 everybody on the other side talks about how it is real  
15 tax reform, but they have got extenders, they have got  
16 stuff that is permanent. It is going to be a real crazy  
17 quilt. Colleagues, it does not have to be this way.

18 My amendment would take us back to the proposal  
19 Senator Blunt and I have offered, and make this  
20 permanent. And we can do it -- virtually everybody on  
21 this committee, by the way, on both sides of the aisle is  
22 a cosponsor of this legislation as well. So we can  
23 either do that, or we can proceed with something that the  
24 Treasury Department has told us is not going to work.

25 It is not like we are making it up here. They told

1 us that the two-year provision would expire before they  
2 even get the rules right.

3 Mr. Chairman, if Senator Portman would like, we can  
4 go back and forth, but I am ready for a vot.

5 The Chairman. If you are ready for a vote, let us  
6 vote.

7 Senator Portman. So I do not recall our  
8 conversation you mentioned, but I do know that we reached  
9 out to you to see whether you were going to offer an  
10 amendment on our legislation.

11 Senator Wyden. I say to my colleague, we never had  
12 a conversation about it. I would have been happy to do  
13 it.

14 Senator Portman. Yes, well we did have  
15 conversations at the staff level. We were told you were  
16 not going to offer an amendment on it. Otherwise --

17 Senator Wyden. Well we have got this wonderful  
18 thing called phones, and you can maybe use one to call  
19 me.

20 Senator Portman. Yes.

21 The Chairman. Okay.

22 The clerk will --

23 Senator Portman. I would just like to thank the  
24 Chairman for putting it in the Mark because this is an  
25 important bill. I support it. Many members of this

1 committee are cosponsors of it.

2 The Beer Institute, the Brewers Association, the  
3 Wine Institute, Wine America, the Distilled Spirits  
4 Council, the American Craft Spirits all support the  
5 amendment. Senator Blunt supports the amendment that we  
6 were able to get into the Chairman's Mark.

7 The pay for it here, of course, is the one that my  
8 colleagues on this side of the aisle are going to have a  
9 hard time with. I would love to make this permanent,  
10 love to work with you on that.

11 You have been a leader on this, Senator Wyden, as I  
12 said, when we talked about the amendment having been  
13 accepted by the Chairman into his Mark. But reinstating  
14 the corporate alternative minimum tax, obviously, is  
15 something that will actually take away a benefit from  
16 some of these companies that would be looking for a  
17 benefit, that are trying to expand an opportunity in this  
18 area of craft breweries and craft distilleries. So it is  
19 kind of taking with one hand and giving with another.

20 But I would like to make it permanent -- love to  
21 work with you on that. Again, as I said the other day, I  
22 appreciate your leadership on this, Senator Wyden.

23 Senator Wyden. Well two points.

24 One, we know that what the groups you have mentioned  
25 want is to make this permanent because they do not want

1 to come back as part of an extender caucus and year-  
2 after-year completing and having to hire a lobbyist. So  
3 that is the first thing.

4 And second, as far as the paperwork, I looked it up  
5 in Standard and Poor's, 27 companies did not pay any  
6 taxes last year. That is really the pay for it.

7 Mr. Chairman, let us just go to the yeas and nays.

8 The Chairman. Okay.

9 The Clerk will call the roll.

10 The Clerk. Mr. Grassley?

11 Senator Grassley. No.

12 The Clerk. Mr. Crapo?

13 Senator Crapo. No.

14 The Clerk. Mr. Roberts?

15 Senator Roberts. No.

16 The Clerk. Mr. Enzi?

17 Senator Enzi. No.

18 The Clerk. Mr. Cornyn?

19 Senator Cornyn. No.

20 The Clerk. Mr. Thune?

21 Senator Thune. No.

22 The Clerk. Mr. Burr?

23 Senator Burr. No.

24 The Clerk. Mr. Isakson?

25 Senator Isakson. No.

1           The Clerk.    Mr. Portman?  
2           Senator Portman.   No.  
3           The Clerk.    Mr. Toomey?  
4           Senator Toomey.   No.  
5           The Clerk.    Mr. Heller?  
6           Senator Heller.   No.  
7           The Clerk.    Mr. Scott?  
8           Senator Scott.   No.  
9           The Clerk.    Mr. Cassidy?  
10          Senator Cassidy.   No.  
11          The Clerk.    Mr. Wyden?  
12          Senator Wyden.   Aye.  
13          The Clerk.    Ms. Stabenow?  
14          Senator Stabenow.   Aye.  
15          The Clerk.    Ms. Cantwell?  
16          Senator Cantwell.   Aye.  
17          The Clerk.    Mr. Nelson?  
18          Senator Nelson.   Aye.  
19          The Clerk.    Mr. Menendez?  
20          Senator Wyden.   Aye by proxy.  
21          The Clerk.    Mr. Carper?  
22          Senator Carper.   Aye.  
23          The Clerk.    Mr. Cardin?  
24          Senator Cardin.   Aye.  
25          The Clerk.    Mr. Brown?



1           Senator Brown.    Aye.

2           The Clerk.    Mr. Bennet?

3           Senator Bennet.    Aye.

4           The Clerk.    Mr. Casey?

5           Senator Casey.    Aye.

6           The Clerk.    Mr. Warner?

7           Senator Warner.    Aye.

8           The Clerk.    Ms. McCaskill?

9           Senator McCaskill.    Aye.

10          The Clerk.    Mr. Chairman?

11          The Chairman.    No.

12          The Chairman.    The clerk will read the tally.

13          The Clerk.    Mr. Chairman, the final tally is 12

14          eyes, 14 nays.

15          The Chairman.    The amendment is not agreed too.

16          Okay.

17          Senator Cantwell, I guess you are next.

18          Senator Cantwell.    Thank you, Mr. Chairman.

19          The Chairman.    I am hoping we can get these

20          amendments down to the last few.

21          Senator Cantwell?

22          Senator Cantwell.    Thank you, Mr. Chairman.

23          I would call up modification Cantwell number 8,

24          committee amendment number 187. I know you are desiring

25          to get these things done, but this is something that was

1 just added in the last 24 hours. And as I asked  
2 yesterday, trying to understand how it got put in the  
3 dark of night, and why it was there.

4 My amendment would strike Section 3G4 of the Mark,  
5 which was just inserted, and asks, as I said, the staff  
6 about this. I could not get an answer about what it does  
7 and who it benefits.

8 So here is my concern. It loses \$600 million in  
9 revenue. I think it would be good for us to know exactly  
10 what the benefit of this provision is. What companies,  
11 WHAT individuals would be getting the \$600 million.

12 Now, I am very well aware of the challenges of the  
13 U.S. Virgin Aisle. We just had a hearing in the Energy  
14 and Interior Committee, for both Puerto Rico and the  
15 Virgin Islands. I am very interested in their economic  
16 future, and the unbelievable damage that they have seen  
17 from past storms.

18 But, provisions like this being stuck in when no one  
19 really understands why, or who they are going to benefit,  
20 is of concern to me. So I think we need to stop and slow  
21 down, as I have said that many times about this bill  
22 overall, because of the many complexities that are in  
23 here, but some of them having to do with the  
24 international tax changes in the bill that is being  
25 rushed through. I think we need time to understand this.

1           My amendment simply strikes the section.

2           Senator Crapo.    Mr. Chairman?

3           Senator Crapo.    Mr. Chairman, this amendment was a  
4           filed amendment. All members had plenty of time to look  
5           at it.

6           As a matter of fact, this is not a new issue. I  
7           think most members and their staff have been very well-  
8           informed about this issue for years now. It is a very  
9           simple and straightforward correction of a problem in our  
10          tax code.

11          As we all know, bona fide residents of the Virgin  
12          Islands are allowed to pay their U.S. tax obligations to  
13          the Virgin Islands. And the Virgin Islands is allowed to  
14          have an economic development program that relates to the  
15          specific Virgin Islands source income.

16          The rules as to what a source Virgin Islands source  
17          income are for the Island's economic develop programs  
18          have been, frankly, wrongly determined over the last  
19          little while. We have been working to try and solve that  
20          here in Congress for a long time.

21          It is a very simple fix. That is, the Internal  
22          Revenue Service has looked at this, has no objection to  
23          it. It simply clarifies what is properly attributable to  
24          U.S. income limitations and does one other thing, it  
25          basically creates parity between the way capital gains in

1 the Virgin Islands are treated with respect to the same  
2 way that they are treated in Puerto Rico and other U.S.  
3 holdings.

4 So I do not understand why the objection to the --  
5 Senator Cantwell. Is the Senator from Utah saying  
6 this is your request into the legislation?

7 Senator Crapo. This is an amendment that Senator  
8 Hatch and I both filed.

9 Senator Cantwell. So it was your request? So  
10 yesterday when I asked people what it was and no one  
11 could explain it or the impact?

12 Senator Crapo. I was not involved in that request.  
13 So I do not know.

14 Senator Cantwell. I will say to the Senator from  
15 Utah, here is my concern.

16 Senator Crapo. Idaho.

17 Senator Cantwell. Sorry. Sorry. The Senator from  
18 Idaho, my colleague from the Pacific Northwest.

19 The U.S. Virgin Islands has a mirror tax code of the  
20 U.S., meaning that when we make changes to the federal  
21 tax code, they automatically apply there. So we do not  
22 know exactly how this provision would work, but it could  
23 create opportunities to shelter income in the Virgin  
24 Islands so that it would never be taxed.

25 So I am interested in what -- so much of this bill,

1 we are trying to make sure because, again, we are seeing  
2 it for the first time. I do not know that we have ever  
3 had a hearing in this committee about the subject, but I  
4 am not interested in creating a big loophole for hedge  
5 funds to go down to the U.S. Virgin Islands and start a  
6 new process here of not having income taxed.

7 So, that is the measure. And, as I said, I do not  
8 know if you were here yesterday when I brought this up,  
9 but no one could explain it. No one knew how it just  
10 appeared overnight.

11 So if it was so ready and so important, why did it  
12 appear overnight? Because if it was so important and had  
13 been talked about for so long, I would have thought in  
14 the original draft, somebody would have put it there.

15 Senator Crapo. Mr. Chairman?

16 The Chairman. Okay.

17 Senator Crapo. First of all, I was not here,  
18 apparently, when you raised that question. But, this did  
19 not appear overnight. It has been here in front of the  
20 committee and members of the committee for years.

21 The amendment, itself, was out there for a number of  
22 days. So I just think the characterization that it  
23 appeared overnight is wrong.

24 Also, the notion that this is going to allow the  
25 hiding of assets or hedge fund operations is also not

1 correct. This amendment does not change the general  
2 sourcing rules, and Treasury will continue to have its  
3 regulatory authority to assert guidance over these  
4 policies.

5 It simply tries to achieve fairness in the  
6 application of the rules with regard to the Virgin  
7 Islands.

8 Senator Cantwell. Well I know of no filed  
9 amendment. And I can tell you that this legislation has  
10 changed daily. The fact that we have to keep up with it,  
11 and the fact that I cannot even get a table on the  
12 distribution for taxpayers and what they are going to pay  
13 in my state, but I am being asked to vote on an amendment  
14 that just got into the bill last night, is not something  
15 I am comfortable in doing. So I oppose this, and ask  
16 people to strike this section.

17 The Chairman. Okay.

18 The clerk will call the roll.

19 The Clerk. Mr. Grassley?

20 Senator Grassley. No.

21 The Clerk. Mr. Crapo?

22 Senator Crapo. No.

23 The Clerk. Mr. Roberts?

24 Senator Roberts. No.

25 The Clerk. Mr. Enzi?

1 Senator Enzi. No.  
2 The Clerk. Mr. Cornyn?  
3 Senator Cornyn. No.  
4 The Clerk. Mr. Thune?  
5 Senator Thune. No.  
6 The Clerk. Mr. Burr?  
7 The Chairman. No by proxy.  
8 The Clerk. Mr. Isakson?  
9 Senator Isakson. No.  
10 The Clerk. Mr. Portman?  
11 Senator Portman. No.  
12 The Clerk. Mr. Toomey?  
13 Senator Toomey. No.  
14 The Clerk. Mr. Heller?  
15 Senator Heller. No.  
16 The Clerk. Mr. Scott?  
17 Senator Scott. No.  
18 The Clerk. Mr. Cassidy?  
19 Senator Cassidy. No.  
20 The Clerk. Mr. Wyden?  
21 Senator Wyden. Aye.  
22 The Clerk. Ms. Stabenow?  
23 Senator Stabenow. Aye.  
24 The Clerk. Ms. Cantwell?  
25 Senator Cantwell. Aye.

1           The Clerk.    Mr. Nelson?  
2           Senator Nelson.   Aye.  
3           The Clerk.    Mr. Menendez?  
4           Senator Wyden.    Aye by proxy.  
5           The Clerk.    Mr. Carper?  
6           Senator Carper.    Aye.  
7           The Clerk.    Mr. Cardin?  
8           Senator Cardin.   Aye.  
9           The Clerk.    Mr. Brown?  
10          Senator Brown.   Aye.  
11          The Clerk.    Mr. Bennet?  
12          Senator Bennet.   Aye.  
13          The Clerk.    Mr. Casey?  
14          Senator Casey.   Aye.  
15          The Clerk.    Mr. Warner?  
16          Senator Warner.   Aye.  
17          The Clerk.    Ms. McCaskill?  
18          Senator McCaskill.   Aye.  
19          The Clerk.    Mr. Chairman?  
20          The Chairman.   No.  
21          The Clerk.    Mr. Burr.  
22          Senator Burr.    No.  
23          The Chairman.   The clerk will give us the vote.  
24          The Clerk.    Mr. Chairman, the final tally is 12  
25          ayes, 14 nays.



1           The Chairman.    The amendment fails.

2           Senator Cardin, you are next.

3           Senator Cardin.    Thank you, Mr. Chairman.

4           First, I want to correct a statement I made on the  
5 Progressive Consumption Tax where I had indicated the  
6 corp rate was 20 percent.  It is actually 17%.  I just  
7 want to make sure that that was in the record accurately.

8           Mr. Chairman, this amendment deals with changes  
9 that were made in the Chairman's Mark as it relates to  
10 church pension plans.

11          I want to acknowledge that Senator Portman has  
12 worked on this issue, and I thank him very much for his  
13 help on this issue.  I am trying to get his attention.

14          [Laughter.]

15          Senator Cardin.  I was trying to acknowledge that  
16 Senator Portman has been working very hard on this issue,  
17 and I appreciate it.  We both have had common issues  
18 here.

19          There are two provisions that are critical to the  
20 retirement savings of clergy and lay workers that were  
21 affected by the underlying bill, the rule allowing  
22 special catchup contributions, the 403b plans recognize  
23 the unique earning progression of church employees who  
24 cannot aboard to save as much early in their career.

25          The rule allowing employer contribution, the Section

1 403b plans up to 5 years after termination of employment  
2 are essential to preserve so that these workers can have  
3 adequate savings. That is just the nature of the  
4 professions.

5 I would ask consent that the letter from the Church  
6 Alliance, dated November 10, be made part of our record.

7 Mr. Chairman? Mr. Chairman, I would ask that the  
8 letter be made part of the record.

9 The Chairman. Without objection.

10 [The letter appears at the end of the transcript.]

11 Senator Cardin. And I would hope that as this bill  
12 works its way through that we can take a look at these  
13 concerns because I think these are unintended  
14 consequences of the Chairman's Mark that need to be  
15 corrected in order not to have that consequence on those  
16 individuals.

17 Mr. Chairman, in an effort to work with the  
18 committee on this issue, I would ask consent to withdraw  
19 the amendment.

20 The Chairman. Okay.

21 I am happy you withdrew it.

22 Who is next?

23 Senator Cardin. Mr. Chairman, I believe those are  
24 good policy changes. I hope we can make them.

25 The Chairman. Senator Nelson? Menendez?

1           Senator Nelson.   Mr. Chairman, I call up amendment  
2   207, Menendez-Nelson amendment number 7.

3           We just had a discussion about the U.S. Virgin  
4   Islands. There is something in there, in this bill, that  
5   we are helping now, but, in this bill, we take away two  
6   major portions of existing law that helps Puerto Rico.  
7   As a matter of fact, this is the newspaper in Puerto  
8   Rico, El Nuevo Dia. It is today's edition. It says that  
9   250,000 jobs are at risk on the island as a result of  
10  this bill.

11          Now, of all people, our Chairman of the Finance  
12  Committee was the chairman of this taskforce. This is a  
13  taskforce that we did last year on what we ought to be  
14  doing for Puerto Rico. And, in fact, what this tax bill  
15  does, it eliminates two tax extenders that were allowed  
16  to expire for no reason.

17          One of them was a Section 199 deduction, which  
18  encourages production on the island. Another is what is  
19  typically called the Rum Cover Over, but it is a rebate  
20  of the excise tax to encourage employment and  
21  manufacturing, and/or other businesses on the island.  
22  And we are letting them expire at the very time that  
23  Puerto Rico needs so much help.

24          First, before the hurricane, we recognized in the  
25  taskforce chaired by Chairman Hatch, of which this

1 Senator had the privilege of being a part, and we  
2 recognized so many things in the law where the territory  
3 is treated different from a state. But, there were  
4 provisions in the tax law to try to encourage business  
5 and employment on the island, and they are being expired  
6 in this bill, of all places.

7 Well over 65 percent of the island still does not  
8 have any electricity. Half of the island population does  
9 not have potable water yet. This is going on two and a  
10 half, three months after the hurricane.

11 We should not be doing this financially to them in a  
12 tax code.

13 The Chairman. Well, let me just add this.

14 I fully intend to help Puerto Rico. I am right in  
15 the middle of that. I want to help them. I just do not  
16 want to have it as part of this particular bill. And I  
17 believe all of our colleagues will come together to help  
18 them when we get all the facts and all the information  
19 that is necessary to do a bill for Puerto Rico.

20 But there are a lot of things that have to be  
21 resolved before we do that. There is a lot of things  
22 that have been going on in Puerto Rico that are highly  
23 criticizable, and we are going to have to have some  
24 changes before we start bolstering some of the things  
25 that really have been going on.

1           So I just do not think it should be in this bill,  
2           but I am willing to work with my distinguished friend  
3           from Florida to help solve this problem. He knows it.

4           I would like to solve this problem. I will tell you  
5           another way to solve it, let us get rid of the Jones Act  
6           so they have a chance to really compete. I do not see  
7           much help from my Democratic colleagues with regarding  
8           getting rid of the Jones Act with regard to Puerto Rico  
9           and the other islands.

10          But I think you ought to look at that, and let us  
11          sit down and let us help Puerto Rico in ways that we can,  
12          but it should not be on this tax bill. So I am  
13          recommending a vote against it.

14          Senator Cornyn. Mr. Chairman?

15          The Chairman. Yes, Senator Cornyn?

16          Senator Cornyn. I want to just support your  
17          comments on helping those areas that were devastated by  
18          the recent hurricanes, whether they be the Virgin Islands  
19          or Puerto Rico or Florida or my home state of Texas.  
20          Frankly, after the outpouring of sympathy and the  
21          expressions of concern that we have heard from the  
22          highest levels here in Washington, D.C., we have  
23          continually been told to wait, wait, wait.

24          There is going to be another request coming over  
25          from the office of Management and Budget tomorrow which

1 my staff has already looked like. It will be released  
2 tomorrow morning, which my staff advises me is wholly  
3 inadequate.

4 So I think there is going to be an opportunity here,  
5 and you can count on me to work with our colleagues  
6 concerned about all of the areas that have been hit by  
7 natural disasters recently, because, frankly, we are all  
8 in the same boat here. And I know Senator Crapo and I  
9 have talked about the fact that OMB and their requests  
10 that they have sent over have shortchanged the areas of  
11 this country that have been hit by wildfires. And I  
12 know of his concern about that, so you are going to have  
13 friends working with you when it comes to the  
14 supplemental, in particular, that is coming over here  
15 from OMB tomorrow. We look forward to working with you,  
16 Mr. Chairman, as well.

17 The Chairman. Hopefully one of the friends.

18 Senator Cantwell. I just do not see with Puerto  
19 Rico being as devastated as it is, why you would pick on  
20 them by eliminating these tax extenders.

21 The Chairman. Nobody is picking on them. We just  
22 want to do it the right way. That is all there is to it.

23 And just throwing money at things is not the right way.

24 The clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. No.  
2 The Clerk. Mr. Crapo?  
3 Senator Crapo. No.  
4 The Clerk. Mr. Roberts?  
5 Senator Roberts. No.  
6 The Clerk. Mr. Enzi?  
7 Senator Enzi. No.  
8 The Clerk. Mr. Cornyn?  
9 Senator Cornyn. No.  
10 The Clerk. Mr. Thune?  
11 Senator Thune. No.  
12 The Clerk. Mr. Burr?  
13 Senator Burr. No.  
14 The Clerk. Mr. Isakson?  
15 Senator Isakson. No.  
16 The Clerk. Mr. Portman?  
17 Senator Portman. No.  
18 The Clerk. Mr. Toomey?  
19 Senator Toomey. No.  
20 The Clerk. Mr. Heller?  
21 Senator Heller. No.  
22 The Clerk. Mr. Scott?  
23 Senator Scott. No.  
24 The Clerk. Mr. Cassidy?  
25 Senator Cassidy. No.

1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    Aye.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Stabenow.    Aye.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    Aye.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    Aye.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    Aye by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Wyden.    Aye by proxy.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    Aye.  
15          The Clerk.    Mr. Brown?  
16          Senator Brown.    Aye.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    Aye.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    Aye.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    Aye.  
23          The Clerk.    Ms. McCaskill?  
24          Senator McCaskill.    Aye.  
25          The Clerk.    Mr. Chairman?



1           The Chairman.    No.

2           The Clerk will report.

3           The Clerk.    Mr. Chairman, the final tally is 12  
4 ayes, 14 nays.

5           The Chairman.    The amendment is defeated.

6           Senator Cantwell, I think you are next.

7           I hope we are getting down to the last amendments  
8 here.

9           Senator Cantwell?

10          Senator Cantwell.    Thank you, Mr. Chairman.

11          We had discussion of this yesterday, too. I am  
12 offering Cantwell amendment 4, committee number 183.

13          The Chairman's Mark eliminates a foreign-based  
14 company oil-related income as a category of foreign-based  
15 company income. So this provision would cost the  
16 American taxpayers \$3.9 billion over 10 years.

17          This provision -- the provision in existing law, I  
18 should say -- in existing law, this language on this has  
19 been in place for 25 years in order to combat tax haven  
20 type of operations. So the committee report from when  
21 this provision was enacted stated, "because of the  
22 complex structures involved, oil income is particularly  
23 suited to tax haven-type operations." "The net result  
24 has been that petroleum companies have paid little or no  
25 U.S. tax on their foreign subsidiary operations despite

1 their extremely high revenue.”

2 So, if we go forward and repeal this provision, I  
3 wonder what and where there will be foreign oil company  
4 profits that will never be taxed by any country, here, or  
5 abroad. The Mark creates a brand new untested regime in  
6 the international taxation code.

7 Under this regime, the profits of multinational  
8 companies earned -- the profits earned in those companies  
9 will be 100 percent exempt from taxes in the United  
10 States. This new provision in the Mark will supposedly  
11 prevent companies with highly-mobile incomes, like  
12 intellectual property from shifting their profits to low-  
13 tax haven countries, like the Cayman Islands. But the  
14 oil income is highly mobile, and as the committee said in  
15 their 1982 report, oil income is particularly suited to  
16 move around in finding tax haven operations.

17 So these oil profits should be captured in the Mark  
18 with new anti-abuse rules designed to protect the  
19 taxpayers. But, clearly, they will not be because we are  
20 repealing the old anti-abuse rules for the taxpayers and  
21 the \$4 billion will be exempt from that.

22 So I urge my colleagues to support this amendment.  
23 To me, perhaps, it is another reason why we should slow  
24 down here and examine the importance of this section and  
25 making sure that we get it right.

1 I do not want to see us opening up new tax haven  
2 opportunities. And I want to make sure that we are doing  
3 everything we can here as we look as this legislation. I  
4 know my colleagues are going to get into discussing this  
5 idea of bringing money back home, but there have been  
6 specific securities in the code to prevent this, and now  
7 we are giving away \$4 billion.

8 So I ask my colleagues to support this amendment.

9 Senator Grassley. Mr. Chairman?

10 The Chairman. Senator Grassley.

11 Senator Grassley. I want to ask Mr. Barthold a  
12 question because Subpart F is so complicated. Explain  
13 how the Mark treats oil income, and I know I am  
14 interested in reducing any corporation to the 20 percent  
15 rate, and for the transition. But beyond that, I am not  
16 interested in -- I hope that we have not done anything  
17 more for the oil industry.

18 Mr. Barthold. Senator Grassley, it is certainly a  
19 fair assessment to say that Subpart F is a complicated  
20 part of the code.

21 In terms of the Mark, there are a couple of oil  
22 concepts, maybe, to think about. There is the point that  
23 Senator Cantwell brought up about foreign-based company  
24 oil-related income, FBCORI.

25 FBCORI provides that FORI, foreign-related oil

1 income, is currently taxable under present law. And that  
2 is what is being repealed.

3 FORI is income from sources from outside the United  
4 States from processing oil or gas into primary products,  
5 such as chemicals or gasoline, from the transportation or  
6 distribution in sale of oil and gas and their primary  
7 products, disposition of assets related to that and other  
8 related services which could include the transportation  
9 of the oil or gas.

10 FORI is distinct from FOGI, which is foreign oil and  
11 gas extraction income, which is income derived from the  
12 extraction of oil and gas from the well.

13 What the Mark does is -- the Mark as noted by  
14 Senator Cantwell repeals FBCORI, but FORI would be  
15 subject to the new anti-base erosion rule that is the  
16 global intangible low-taxed income rule that I described  
17 in the walkthrough two days ago. FOGI, the extraction  
18 income, is exempt from the global intangible low-tax  
19 income rule.

20 So within the new rule which is an anti-base erosion  
21 rule, FORI is subject to it, again, presumably on the  
22 principle that there is possibility of mobility and  
23 manipulation. Whereas, FOGI, which is extraction, is  
24 exempt as are the extraction -- all extractive  
25 industries. I am assuming that decision was based on the

1 fact that the extraction is not in itself mobile or  
2 manipulatable.

3 For example, you cannot claim that an oil well is  
4 located in Ireland because there is not oil there.

5 Senator Nelson. Mr. Chairman, may I ask Mr.  
6 Abraham --

7 The Chairman. The Senator from Florida.

8 Senator Nelson. May I ask Mr. Abraham if he would  
9 put that in everyday English?

10 [Laughter.]

11 Mr. Abraham. I will try, Senator. And my  
12 colleague can feel free to chime in to the extent that I  
13 do not get this right.

14 My understanding of the Chairman's Mark is exactly  
15 as Tom has explained it. In maybe a little more plain  
16 English is that to the extent you have this foreign oil-  
17 related income that under current law is subject to  
18 immediate tax. If it falls into Subpart F, it is a 35  
19 percent rate under current law.

20 Because there is no specific Subpart F category for  
21 FORI, it would not be subject to immediate tax at the  
22 full U.S. corporate rate, which would be 20 percent. It  
23 would fall into this other tax regime where it would be  
24 taxed the minimum tax, where it would be taxed at a  
25 potentially maximum of 12.5 percent.

1           Senator Nelson.    Okay.

2           I think you explained it.  It is less tax for the  
3 oil companies on foreign-derived oil income.

4           Mr. Abraham.    As compared to if there was a  
5 specific category of Subpart F, where it would be taxed  
6 at the full U.S. tax rate, which would be 20 percent, now  
7 it is subject to the new minimum tax -- I am just talking  
8 about FORI, which would be a maximum of 12.5 percent.

9           Senator Nelson.    Thank you.

10          Senator Stabenow.   Mr. Chairman?

11          The Chairman.    The Senator from Michigan.

12          Senator Stabenow.   Thank you, Mr. Chairman.

13          Another way of saying that is that the JCT analysis,  
14 Mr. Barthold, basically gave this a value of \$4 billion,  
15 a loss of revenue as part of your score at \$4 billion.

16          Mr. Barthold.    Under present law, as noted,  
17 foreign-based company oil-related income is currently  
18 taxable.  The repeal of that reflects the current revenue  
19 stream in taxes applied.

20          Senator Stabenow.   So the answer is, yes.  In your  
21 report it was \$4 billion.

22          So for my friend from Iowa, this is a new -- I call  
23 it loophole, gift, whatever, of \$4 billion to oil  
24 companies.  And I would just argue that, first of all,  
25 oil companies that have been getting tax breaks for 100

1 years in the code, I often think as we -- and the Senator  
2 from Iowa and I are often talking about the importance of  
3 wind, and solar and other alternative energies, clean  
4 energies and so on. And we hear the argument, well we  
5 should not pick winners and losers, but frankly, oil  
6 companies, oil and gas, have been the winner for 100  
7 years.

8 They are baked into the code. They are not part of  
9 tax extenders. They are baked into the code. They have  
10 enjoyed about \$470 billion as a result of their current  
11 tax treatment in the tax code, and this provides a new  
12 tax loophole. I call it offshore. It does not have to  
13 Cayman Islands to be offshore. It means foreign tax  
14 loophole, \$4 billion in additional support funding, money  
15 in their pockets for oil companies.

16 Senator Cassidy. Mr. Chairman?

17 The Chairman. Yes, sir.

18 Senator Cassidy. Mr. Chairman, it is my  
19 understanding that this is to -- I think you mentioned,  
20 Tom, that FOGI is related to extraction.

21 Mr. Barthold. That is correct, Senator.

22 Senator Cassidy. And that -- FOGI -- if I noticed,  
23 there are not oil wells in Ireland, as has been duly  
24 noted, nor in the Cayman Islands. They are typically in  
25 Nigeria or other high-tax regimes.

1           Now, Mr. Coughlan, it is my understanding that this  
2 provision is to prevent double taxation. Would you  
3 clarify, please?

4           Mr. Coughlin. Yes, sir. That is right. In the  
5 current law because a lot of oil income, as you said,  
6 Senator Cassidy, is earned in very high-taxed  
7 jurisdictions it generates what is known as excess  
8 foreign tax credits. And those excess foreign tax  
9 credits can be used to offset any U.S. tax that might  
10 arise from a low-tax jurisdiction. It could be income  
11 that arises from a low-tax jurisdiction where that is  
12 FBCORI income.

13           In a transition to a territorial type system, there  
14 would not be as much of a foreign tax credit regime any  
15 more. So we might find that FBCORI income now not being  
16 offset with excess foreign tax credits, would actually,  
17 ironically and intuitively, would rise to -- it would be  
18 a higher tax burden because of the inability to utilize  
19 foreign tax credits.

20           Senator Cornyn. Mr. Chairman?

21           The Chairman. I am ready to vote on the Cantwell -  
22 -

23           Senator Cornyn. If I could just take 30 seconds.

24           I cannot let the comments our colleague from  
25 Michigan passed about foreign gas companies getting all



1 sorts of tax goodies. The fact of the matter is, 70  
2 percent of the tax benefits, the tax expenditures under  
3 the code go to renewable energy.

4 Now, I do not -- I support all of the above. We  
5 were the number one producer of wind energy in the  
6 country in Texas, but it is just an urban legend that  
7 they oil and gas companies somehow get special tax  
8 breaks.

9 In fact, oil and gas companies actually pay taxes,  
10 whereas, many of these other entities simply get a check  
11 from the government.

12 So with that, I certainly vote against the  
13 amendment.

14 The Chairman. I certainly agree with that.

15 The clerk will call the roll.

16 Senator Cantwell. Mr. Chairman, could I just  
17 clarify one thing with Mr. Barthold?

18 Is there any other category of foreign-based income  
19 company repealed, or just oil?

20 Mr. Barthold. It is just the oil in the Mark.

21 Senator Cantwell. Thank you.

22 The Chairman. All right.

23 We are going to vote on this.

24 The clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. No.  
2 The Clerk. Mr. Crapo?  
3 Senator Crapo. No.  
4 The Clerk. Mr. Roberts?  
5 Senator Roberts. No.  
6 The Clerk. Mr. Enzi?  
7 Senator Enzi. No.  
8 The Clerk. Mr. Cornyn?  
9 Senator Cornyn. No.  
10 The Clerk. Mr. Thune?  
11 Senator Thune. No.  
12 The Clerk. Mr. Burr?  
13 Senator Burr. No.  
14 The Clerk. Mr. Isakson?  
15 Senator Isakson. No.  
16 The Clerk. Mr. Portman?  
17 Senator Portman. No.  
18 The Clerk. Mr. Toomey?  
19 Senator Toomey. No.  
20 The Clerk. Mr. Heller?  
21 Senator Heller. No.  
22 The Clerk. Mr. Scott?  
23 Senator Scott. No.  
24 The Clerk. Mr. Cassidy?  
25 Senator Cassidy. No.

1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    Aye.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Stabenow.    Aye.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    Aye.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    Aye.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    Aye by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Carper.    Aye.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    Aye.  
15          The Clerk.    Mr. Brown?  
16          Senator Brown.    Aye.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    Aye.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    Aye.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    Aye.  
23          The Clerk.    Ms. McCaskill?  
24          Senator McCaskill.    Aye.  
25          The Clerk.    Mr. Chairman?

1           The Chairman.    No.

2           The Chairman.    Give us the tally.

3           The Clerk.     Mr. Chairman, the final tally is 12  
4 ayes, 14 nays.

5           The Chairman.    The amendment is defeated.

6           It looks like we have a deal with the Ranking  
7 Member. We will now have three more amendments in the  
8 queue. Senator McCaskill has amendment number 8, Senator  
9 Scott has amendment number 2 and Senator Menendez has  
10 amendment number 6.

11           And this will be followed by the Manager's  
12 amendment, and then final passage. So we are just about  
13 seeing the end of this. So we will go -- Senator  
14 McCaskill, we will turn to you.

15           Senator McCaskill.    Yes, I am not going to offer  
16 the amendment, Mr. Chairman.

17           The Chairman.    Sure.

18           Senator McCaskill.    I know that the House -- just  
19 briefly, let me talk just for a minute about the subject  
20 matter.

21           I know the House did something on carried interest,  
22 really weak tea, still exempts payroll. It is not as  
23 strong as what Dave Camp did in 2014 where that  
24 Republican Congressman tried to make a real effort to get  
25 at this abuse in the tax code, carried interest.

1           At least the House touched it. They did not do it  
2 very well, but it would have been great to have a debate  
3 about the carried interest provisions and the abuses of  
4 them. I think President Trump has talked about doing  
5 away with them. I think most people have talked about  
6 doing away with these abuses.

7           For some reason, that has gotten really short shrift  
8 in this discussion when we are desperately -- you guys  
9 are desperately, particularly, looking for revenue that  
10 would allow you to make tax cuts permanent and take care  
11 of, in some ways, I think too generously, some of the  
12 wealthy people in this country, including my family.

13           So I really -- I will not offer the amendment  
14 because I know how it will turn out, but I really do  
15 still think this subject matter deserves a vigorous  
16 debate on a bipartisan basis.

17           The Chairman. All right.

18           Thank you for withdrawing.

19           Senator Scott?

20           Senator Scott. Thank you, Mr. Chairman.

21           Mr. Chairman, I am going to withdraw my amendment as  
22 well, but I do want to talk about it for just a second.

23           I spent about 20 years in the life insurance and  
24 financial services industry. I have a pretty good  
25 understanding and appreciation for the ins and outs of

1 the industry.

2 Without a robust system of risk management, families  
3 will not be able to protect against life's uncertainties  
4 and plan for a better future.

5 As we reform our tax code, we should not take a  
6 wrecking ball to the private sector safety net that so  
7 many Americans depend on. I am going to continue to work  
8 with you, Mr. Chairman and JCT to find the appropriate  
9 solution -- from the life insurance industry.

10 I would appreciate the ability and the opportunity  
11 to work with you, Mr. Chairman, and JCT on the solution.

12 Senator Cardin. Would the gentlemen yield for one  
13 point.

14 Senator Scott. Yes, sir.

15 Senator Cardin. I want to thank you for raising  
16 this. I was watching what was done in the House, was  
17 done in the Senate, and it is clear that when you try to  
18 do this in a quick manner, there are unintended  
19 consequences, and I have life insurance companies in  
20 Maryland that are extremely concerned by the manner in  
21 which this has been handled.

22 And I thank you for raising this, and I hope that we  
23 will have a chance to work on this as it goes forward.

24 Senator Scott. I look forward to working in a  
25 bipartisan fashion with you.

1           The Chairman.    Thank you.

2           Senator Isakson.   Mr. Chairman, I will tell you --  
3 one minute.

4           I want to join Senator Cardin. You know, every time  
5 somebody in our country prepares for their future, covers  
6 themselves either through insurance or savings, or  
7 medical problems or whatever, that is one less dollar we  
8 are going to have to pay out in taxes one day to take  
9 care of them for one thing or another.

10          The insurance industry is a critical part of the  
11 benefits for our citizens and our consumers. And I thank  
12 Senator Scott for bringing this up, and I look to join  
13 him and Senator Cardin and others to see to it that we  
14 bring this to a conclusion and we get a solution to  
15 problem for the long term.

16          Senator Scott.    Thank you, Senator Isakson.

17          The Chairman.    Thank you.

18          Then as I understand it, the McCaskill amendment has  
19 been withdrawn.

20          Senator Scott, you are withdrawing your amendment.

21          Senator Scott.    Yes, sir.

22          The Chairman.    Then we are going to Menendez --

23          Senator Cantwell.   I wanted to -- on a Cantwell  
24 amendment that was set aside earlier, I would just say on  
25 the low-income housing tax credit and this underlying

1 Mark, there were two provisions to an amendment.

2 I am happy to keep working with you on --

3 The Chairman. I would be happy to do that.

4 Senator Cantwell. Mr. Chairman, if we are going to  
5 -- the issue is that the credits, plus the depreciation  
6 losses, obviously make the program less effective, and  
7 this is something you and I have been working on overall  
8 just to address the issue. I want to make sure as this  
9 Mark moves forward we continue to assess the damage, the  
10 impact that this will have on depreciation rates.

11 Thank you.

12 The Chairman. We appreciate that, and we are now  
13 going to turn to the Ranking Member, my partner.

14 As I understand it, you are going to bring up  
15 Menendez 6. Is that right?

16 Senator Wyden. Yes. That is right, Mr. Chairman.

17 This is Menendez 6.

18 Senator Menendez has offered this amendment. I  
19 think it is a very important amendment, and I am offering  
20 it on his behalf.

21 I think it would be fair to say we have seen a great  
22 number of very far-fetched claims by the Trump  
23 Administration through this exceptionally flawed tax  
24 reform process.

25 The one that really takes the cake, though, is the



1 proposition that corporate rate tax are going to somehow  
2 magically result, there is going to be this growth fairy  
3 that just comes out of nowhere and gets a \$4,000 wage  
4 increase from American workers.

5 Now, I asked Mr. Barthold -- he is down there  
6 consulting, and I just want to make sure I am stating his  
7 view. When I asked about this, Mr. Barthold said, and he  
8 is very professional, I asked him about this, and he  
9 spent some time rummaging through that vast array of  
10 tables that he has, and he said that it was very unlikely  
11 that this could ever come about.

12 And yet, my colleagues have just been nodding along  
13 all through this that somehow the corporate rate cut is  
14 going to translate into this huge bonanza, Senator Casey,  
15 for the workers of Pennsylvania, all of the middle-class  
16 families.

17 So the commonsense Menendez amendment is if you  
18 actually do believe that massive handouts to corporations  
19 will cause this magical wage growth, then you ought to be  
20 willing to support some basic guardrail.

21 Under this amendment, tax cuts for multinational  
22 corporations are reversed if American workers wages go  
23 down. So just try that one on.

24 We have been told by the Trump Administration that  
25 this corporate rate cut is going to put \$4,000 into the

1       pockets of middleclass workers.

2               So what Senator Menendez says, why do we not at  
3       least say if workers' wages go down, not only do they not  
4       get the \$4,000, but if their wages go down, then the tax  
5       cuts for multinationals would be reversed.

6               I think Senator Menendez is offering a commonsense  
7       check on the promises that have been given middle-class  
8       families for, now, months. I urge my colleagues to stand  
9       up for the middle-class and vote for this important  
10       Menendez amendment.

11              Mr. Chairman, I am prepared to go to yeas and nays.

12              Some of my colleagues may want to speak on it, but I  
13       am prepared to go to the yeas and nays.

14              Senator Toomey.    Mr. Chairman?

15              The Chairman.    Senator Toomey?

16              Senator Toomey.    Just very briefly, Mr. Chairman.

17              I just emphasize the point again, this sort of  
18       mechanism is sort of designed to produce the failure that  
19       it anticipates.

20              What do I mean by that? The whole point, the way to  
21       wage growth is to increase demand for workers. It is  
22       when businesses are competing more for workers that they  
23       drive up the price of wages. It is not a sudden fairy  
24       dust of generosity that falls on them. It is the need  
25       for workers.

1           Well, they need workers if they are making more  
2           investments. They make more investments if they believe  
3           that the taxes are going to be predictable for a long  
4           period.

5           If you tell them 5 years from now all bets are off,  
6           then they do not make the investments in the first place,  
7           they do not expand their business, they do not need more  
8           workers, therefore, and wages do not go up.

9           Why do we want to prevent the wages from going up?  
10          This is a very bad idea. We should reject the amendment.

11          The Chairman.     Senator Brown?

12          Senator Brown.     Thank you, Mr. Chairman.

13          I go back again to the historic meeting in the White  
14          House with the five most important Democratic Senators on  
15          this committee, and Senator Wyden in attendance. And I  
16          am sorry for those that did not get invited.

17          [Laughter.]

18          Senator Brown.     You always learn something in this  
19          world and what I learned from that meeting was I saw the  
20          playbook on how President Trump and Majority Republicans  
21          were going to sell this tax cut, because they know --  
22          they fundamentally intuitively know, all of you do, that  
23          the public always knows that when Republicans are in  
24          power, the first thing they want to do is give tax cuts  
25          to the rich. That is just what -- it is in their DNA.

1 It is what they are going to do. We know that.

2 So they fundamentally -- and the Chairman laughs,  
3 but he knows, over 40 years, it is always true. But the  
4 public fundamentally just intuitively, almost viscerally,  
5 understands that that is what they are going to do. So  
6 the tax cuts are not really going to be the middle class  
7 no matter how many times they sing that song.

8 So the Republican strategy in the White House -- and  
9 I know the President does not always follow the exact  
10 script that Senator McConnell and Speaker Ryan write for  
11 him, but the President said, "I will bet you five times,"  
12 and it was mimicked by a whole bunch of my colleagues,  
13 that wages were going to go up \$4,000 each for American  
14 workers. Some would go up as much as \$9,000. They said  
15 it over and over again.

16 They kind of have this bank short, you give tax cuts  
17 and the tax law is hard to understand. But then you  
18 think about this. A dozen years ago when you did the tax  
19 holiday, the corporations had all this money and, of  
20 course, they were going to be eager to give it out to --  
21 well, actually, they did not give it out to workers.

22 They did stock buy-backs, they did executive  
23 compensation, they paid out dividends. Then somebody  
24 cited Britain. Great Britain has done a series of tax  
25 cuts and their wages were flat, too.

1           So this is really wishful thinking. But I do know  
2           that the TV ads that are going to be run against the five  
3           most important Senators on this committee, the TV ads  
4           that the independent groups will run will, of course, say  
5           Senator McCaskill and Senator Casey and Senator Stabenow  
6           and Senator Nelson are voting against a \$4,000 raise that  
7           this tax cut is going to bestow on them. We know it is  
8           coming. We know you will have way more money to promote  
9           that than we will have to defend it.

10           But that is why the Wyden amendment is so important  
11           and I just think it would be nice just tonight, before we  
12           go home, to just acknowledge this tax really is not for  
13           the middle class, it is for the rich. And that whole  
14           thing about higher wages, well, it is a good selling  
15           point, but we know companies do not just give away higher  
16           wages. They just do not give away higher wages just  
17           because they have more money.

18           Corporations are sitting on a lot of money now.  
19           They are sitting on a lot of profits now. I do not see  
20           wages going up.

21           So just spare us the bank shot, spare us the sarcasm  
22           and the satire.

23           The Chairman. I have been fair, but I am going to  
24           just say to you that I come from the poor people and I  
25           have been here working my whole stinking career for

1 people who do not have a chance, and I really resent  
2 anybody saying that I am just doing this for the rich.

3 Give me a break. I think you guys overplay that all  
4 the time and it gets old, and, frankly, you ought to quit  
5 it.

6 Senator Brown. Mr. Chairman, the public believes  
7 it.

8 The Chairman. Wait a minute. I am not through. I  
9 get kind of sick and tired of it. True, it is a nice  
10 political play, but --

11 Senator Brown. Well, Mr. Chairman --

12 The Chairman. -- it is not true.

13 Senator Brown. -- with all due respect, I get sick  
14 and tired of the richest people in the country getting  
15 richer and richer and richer.

16 Senator Grassley. Regular order, Mr. Chairman.  
17 Regular order.

18 The Chairman. Regular order.

19 Senator Brown. We do a tax break for the rich --

20 Senator Grassley. Regular order. Regular order.

21 The Chairman. Wait just --

22 [Gavel.]

23 Senator Brown. How many times do we do this before  
24 we learn this?

25 [Gavel.]

1           The Chairman.    Listen, I have honored you by  
2           allowing you to spout off here and what you said was not  
3           right.   That is all I am saying.

4           I come from the lower middle class originally.   We  
5           did not have anything.   So do not spew that stuff on me.  
6           I get a little tired of that crap.

7           And let me just say something.   If we would work  
8           together, we could pull this country out of every mess it  
9           is in and we could do a lot of the things that you are  
10          talking about, too.   And I think I have got a reputation  
11          of having worked together with Democrats.

12          Senator Brown.    Let us start with CHIP.

13          The Chairman.    I am not starting with CHIP.   I have  
14          done it for years.   I have got more bills --

15          Senator Brown.    Start with CHIP today.

16          The Chairman.    I have got more bills passed than  
17          everybody on this committee put together and they have  
18          been passed for the benefit of people in this country.

19          Now, all I can say is I like you personally very  
20          much, but I am telling you, this bull crap that you guys  
21          throw out here really gets old after a while.   And to do  
22          it right at the end of this was just not right.

23          It takes a lot to get me worked up like this.

24          On the Menendez amendment, let us call the roll.

25          The Clerk.    Mr. Grassley?

1           Senator Grassley.    No.  
2           The Clerk.    Mr. Crapo?  
3           Senator Crapo.    No.  
4           The Clerk.    Mr. Roberts?  
5           Senator Roberts.   No.  
6           The Clerk.    Mr. Enzi?  
7           Senator Enzi.    No.  
8           The Clerk.    Mr. Cornyn?  
9           Senator Cornyn.   No.  
10          The Clerk.    Mr. Thune?  
11          Senator Thune.   No.  
12          The Clerk.    Mr. Burr?  
13          Senator Burr.    No.  
14          The Clerk.    Mr. Isakson?  
15          Senator Isakson.   No.  
16          The Clerk.    Mr. Portman?  
17          Senator Portman.   No.  
18          The Clerk.    Mr. Toomey?  
19          Senator Toomey.   No.  
20          The Clerk.    Mr. Heller?  
21          Senator Heller.   No.  
22          The Clerk.    Mr. Scott?  
23          Senator Scott.    No.  
24          The Clerk.    Mr. Cassidy?  
25          Senator Cassidy.   No.



1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    Aye.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Stabenow.    Aye.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    Aye.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    Aye.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    Aye by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Carper.    Aye.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    Aye.  
15          The Clerk.    Mr. Brown?  
16          Senator Brown.    Aye.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    Aye.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    Aye.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    Aye.  
23          The Clerk.    Mrs. McCaskill?  
24          Senator McCaskill.    Aye.  
25          The Clerk.    Mr. Chairman?

1           The Chairman.    No.

2           I am so upset I cannot even say no.

3           The Clerk.    Mr. Chairman, the final tally is 12  
4 ayes, 14 nays.

5           The Chairman.    The amendment fails.

6           Now, I have a manager's amendment that is called  
7 Hatch Amendment No. 25, modified, that includes a series  
8 of technical fixes and clarifying changes to the mark, as  
9 well as small handful of accepted member amendments.

10          Mr. Barthold, please walk us through the manager's  
11 amendment.

12          Senator Wyden.    But, Mr. Chairman, I would like to  
13 echo the Chairman's request. We need this summary. We  
14 just got a draft to it. There are a lot of changes in  
15 it. We have not had any time to review the changes. We  
16 have not had a chance to ask any questions.

17          As far as I can tell, folks on the other side went  
18 in the back while we were taking these votes and they  
19 have been talking about making these changes, and it  
20 seemed to me that would have been a natural opportunity  
21 to talk about ways to find common ground.

22          So it looks to me like the last hour or so on this  
23 reinforced the partisanship here.

24          So, Mr. Barthold, we need you to take us through  
25 what these changes are. We may have some questions.

1           The Chairman.    Let us move on.  I have to say that  
2 we did walk your staff through it.

3           Senator Wyden.    Mr. Chairman, this is the first I  
4 have heard of that.

5           The Chairman.    Well, that is not my problem.  I  
6 mean, I get it from my staff.  You can get it from yours.

7           Senator McCaskill.  No, that is not true.

8           Senator Cantwell.  That is not true.

9           Senator McCaskill.       Our staff did not have it.

10          Senator Cantwell.  Nobody had this.

11          Senator McCaskill.  Nobody had it.

12          The Chairman.    The Clerk will call the roll.

13          Senator Wyden.    Mr. Chairman, there is no --

14          Senator McCaskill.  Mr. Chairman?  Mr. Chairman?  
15 Are you kidding?

16               [Simultaneous speech.]

17          Senator Wyden.    Mr. Chairman, you asked --

18          The Chairman.    We are doing the walk-through.  I am  
19 sorry.

20          Senator Wyden.    Right.

21          The Chairman.    I am so upset.  Let us do that.

22          Senator Wyden.    That will be fine.

23          Mr. Barthold.    Mr. Chairman, members of the  
24 committee, the Chairman's modification begins with a  
25 modification to the transition rule to the change in the

1 mark on Section 162(m) that relates to binding contracts.

2 It makes a clarification that the excise tax on  
3 investment income of private colleges and universities,  
4 it clarifies the related party rule provision of the  
5 underlying provision in the mark.

6 It makes another clarifying amendment with respect  
7 to partner shares of charitable contributions and foreign  
8 taxes paid.

9 It also adds a clarification that the interest --  
10 the limitation on the deduction of net interest expense,  
11 for which there is an exception for regulated public  
12 utilities, also applies in the case of certain electric  
13 co-ops.

14 It clarifies -- or it excludes, I should say, that  
15 the accumulated foreign deferred earnings from the REIT  
16 gross income test for the purpose of the transition rule  
17 on the transition to the participation exemption system.

18 It makes a modification to the mark's underlying  
19 proposal with respect to the orphan drug credit. It  
20 changes the credit rate to 27 percent and strikes certain  
21 limitations on expenses related to drugs that had been  
22 previously approved under the Food, Drug and Cosmetic  
23 Act.

24 I am not sure if the written document before you has  
25 a line that relates to the net operating loss deduction.

1 If it does, I was informed that that is in error, that  
2 there is no change to the Chairman's mark, as modified,  
3 with respect to the net operating loss deduction. So if  
4 you have your pen, you can strike that from your copy.

5 The Chairman's mark, as modified, although I  
6 mentioned it in the walk-through, the description of the  
7 amendment in the mark did not have an effective date for  
8 the change with respect meals provided by the employer.  
9 This is only clarifying for the written record that that  
10 would be effective for taxable years beginning after  
11 December 31, 2025.

12 The amendment also then adds a reporting requirement  
13 for research and experimentation expenditures beginning  
14 after December 31, 2024. This is in relation to the  
15 amortization of research expenses.

16 The cost basis of certain securities, it changes the  
17 first-in/first-out rule with respect to mutual funds,  
18 regulated investment companies.

19 There are certain additions. So these are new  
20 starters as opposed to modifications.

21 It extends the free file program for the IRS.

22 It provides two changes with respect to  
23 whistleblower programs. One is it treats whistleblower  
24 awards, other than those of whistleblowers with respect  
25 to the IRS, as above the -- allows them above-the-line

1 treatment for attorneys fees and court costs paid in  
2 connection to it. So it is conforming the treatment in  
3 other areas where there are whistleblower award  
4 possibilities to the present law treatment that is  
5 accorded to whistleblower awards in a tax case.

6 It allows the -- it modifies, I guess, the  
7 definition of collected proceeds with respect to awards  
8 to be a little bit broader, effectively making mandatory  
9 the whistleblower programs under areas, again, other than  
10 the IRS.

11 It increases the excise tax on stock compensation of  
12 officers in inverted corporations.

13 It disallows deductions for lobbying expenses with  
14 respect to lobbying before local government bodies.

15 It adds a new requirement for corporate taxpayers  
16 that pay dividends to shareholders, such that there is a  
17 requirement to report the total amount of dividends paid  
18 during a taxable year and the first 2.5 months of the  
19 succeeding year. That would be effective starting after  
20 2018, so a year's lead time.

21 It imposes a 3-year holding period requirement for  
22 qualification of long-term capital gains with respect to  
23 partnership interest received in connection of performing  
24 services. This is related to carried interest of certain  
25 investment partnerships.

1           Then I believe the last item makes some technical  
2 changes to the provision in the -- I am sorry -- makes  
3 some changes to permit distribution from retirement plans  
4 without penalty and to provide essentially above-the-line  
5 treatment for casualty losses with respect to the  
6 Mississippi River Delta flooding of -- I guess that is a  
7 year and a half ago.

8           That concludes the --

9           Senator Wyden.   Mr. Chairman, I have several  
10 questions.

11          Mr. Barthold.   I am sorry, Senator Wyden. I forgot  
12 one thing.

13          Also, it does make a modification to -- the  
14 underlying mark would reduce the historic rehab credit  
15 value by 50 percent. The Chairman's amendment, and this  
16 was not typed in what was handed out to you, it would  
17 restore the full value of the credit, but it would make a  
18 modification to say that the credit may be claimed -- the  
19 credit allowable would be claimed by taxpayers in four  
20 equal pieces over the four succeeding --

21          Senator McCaskill.   Is that written here? No?

22          Mr. Barthold.   I just said it was not written  
23 there.

24          Senator Wyden.   So we have got yet another major  
25 set of changes, including things that were not written

1 down.

2 Mr. Abraham, was the Democratic staff consulted in  
3 the development of this? I understand apparently you  
4 were shown it here after it was written. But in the  
5 development of it, were the Democratic staff consulted in  
6 any of it?

7 Mr. Abraham. No, we were not.

8 Senator Wyden. So, colleagues, once again, the  
9 partisanship is stark. It is obvious. This was another  
10 opportunity here, late at night, when we were voting, for  
11 there to be discussion between Democrats and Republicans  
12 about how we might find some common ground. We did not  
13 get it.

14 Now, Mr. Barthold, I listened to you and you went  
15 through a lot of things, and I could not find, just from  
16 my ear, a whole lot that would help middle class  
17 families. I heard about the free file program and that  
18 struck me as something that would be useful, and Senator  
19 Nelson has been a leader in that.

20 But I heard an awful lot that I can tell you a lot  
21 of lobbyists who are following this are paying attention  
22 to. Could you just give me a sense whether anything else  
23 is there to help the middle class?

24 Mr. Barthold. Perhaps, Senator Wyden, the second  
25 to last item that I mentioned related to the disaster



1 losses in the Mississippi Delta flooding. A number of  
2 the --

3 Senator Wyden. But Mississippi only, right? We  
4 got clobbered in the west with fires and the like. That  
5 is for the Mississippi, right?

6 Mr. Barthold. This is just specific to that area.  
7 Well, my colleague says it is not just the State of  
8 Mississippi. There is also --

9 Senator Wyden. I got it.

10 Mr. Barthold. -- parts of Texas.

11 Senator Wyden. Again, I want to come back to this.  
12 We heard that we are getting brand new material here at  
13 10:00 at night, Democratic staff not consulted. I think  
14 all of us, at least on our side, were trying to listen  
15 because we did not know what was in it.

16 It sure looked like a lot of stuff that was  
17 important to lobbyists and not a whole lot that is going  
18 to matter to the middle class.

19 Mr. Chairman, I think that kind of sums it up. I  
20 think you have a closing statement. I do. Some of my  
21 colleagues, I think, have questions, as well.

22 The Chairman. Well, let me just -- I will give a  
23 closing statement. If you have one, you give one, too.

24 Senator Wyden. Mr. Chairman, if we could, could  
25 our colleagues ask questions before you and I give our

1 closing statements?

2 The Chairman. Who has questions?

3 Senator Stabenow. I do.

4 The Chairman. You represent the party and you ask  
5 the questions.

6 Senator Stabenow. Thank you, Mr. Chairman.

7 The Chairman. You are the one that raised your  
8 hand. So go ahead.

9 Senator Stabenow. Thank you.

10 Mr. Barthold, is there anything in these changes  
11 that would prevent tax increases for people who earn less  
12 than \$75,000 a year in income?

13 Mr. Barthold. Prevent or create?

14 Senator Stabenow. Prevent or create, either one.  
15 Are there any that create tax increases or are there any  
16 that prevent tax increases?

17 Mr. Barthold. There is nothing that directly  
18 affects tax rates or allowable exemptions or deductions  
19 that would affect those individuals.

20 Senator Stabenow. So nothing in here that would  
21 affect the people earning \$75,000.

22 Mr. Barthold. There is nothing that changes the  
23 broad structure of the income tax.

24 Senator Stabenow. So another way of saying it,  
25 there is nothing in here -- there is a lot in here,

1 nothing of it helping or affecting people's taxes who  
2 earn \$75,000 or less who get tax increases in this  
3 overall bill.

4 I am wondering, also, you talked about drug company  
5 changes and orphan drugs and so on. What kind of  
6 benefits are seeing coming? What kind of benefits happen  
7 here for the drug companies, anything?

8 Mr. Barthold. The underlying mark, Senator  
9 Stabenow, had actually reduced the tax benefit of the  
10 current law orphan drug credit, and this modification,  
11 the modification here makes some further changes that, on  
12 net, reduce the benefits even a little bit further.

13 It changes the credit rate. It changes some of the  
14 terms of what may be allowable to be claimed as eligible  
15 expenses for the purpose of the credit.

16 Senator Stabenow. Is there anything else specific  
17 to drug companies, any changes?

18 Mr. Barthold. Nothing else specific to the  
19 pharmaceutical industry.

20 Senator Stabenow. Thank you.

21 Mr. Chairman, I just have to say that, with great  
22 respect for you, if this process were happening and we  
23 were doing this process, people would be jumping up with  
24 their hair on fire on the other side.

25 This is unbelievable. When I look at the Affordable

1 Care Act and the fact that there were 100 hearings, I  
2 think 53 in the Finance Committee and 47 in the HELP  
3 Committee, before there was even one vote on that, which  
4 was a very substantial piece of legislation, here we have  
5 something that affects the whole economy and now affects  
6 health care, one-sixth of the economy alone, and there  
7 are no hearings.

8 We get it late Thursday night. We are told any  
9 amendments have to be done by Sunday. We come in, we do  
10 opening statements. We ask questions on Tuesday on  
11 something that is not even the real bill, because then it  
12 gets changed again. Then we come in and we find out that  
13 it is worse for working families, middle income families.  
14 And now we have something in fine print here, multiple  
15 pages, again.

16 I do not understand why we do not take the time, why  
17 we are not thoughtfully given the time to look at this  
18 over the next few days and to come back after  
19 Thanksgiving and actually be able to know what it is  
20 people are voting on, the impact on people, have a chance  
21 to talk to our constituents about it who are impacted,  
22 and actually do this in a more thoughtful way.

23 I do not understand. Many of these do not even take  
24 effect until 2019. So there is this rush on something  
25 that does not even take effect immediately.

1           There is time. There is time to be able to do this  
2 in a thoughtful way.

3           I see my friend with his chart down there again. It  
4 does not take the place of what we see in all of the  
5 numbers here. The most important thing is if we are  
6 going to sort out differences in numbers and differences  
7 in ideas and people having different analysis, that takes  
8 a little bit of time to be able to do that.

9           I know in another committee I am in with the  
10 distinguished gentleman, we do not operate the committee  
11 like that. We just do not. It is very, very concerning  
12 to me, because we have done things in a whole lot better  
13 way, Mr. Chairman, under your leadership.

14           The Chairman. Well, I am sorry we have  
15 disappointed you.

16           Senator Cornyn?

17           Senator Cornyn. Thank you, Mr. Chairman.

18           I want to congratulate you and thank you for your  
19 leadership during this challenging markup.

20           This whole process has been especially difficult  
21 because of the posture taken by our Democratic  
22 colleagues, that they simply do not want to contribute to  
23 it. They want to try to undermine what we have tried to  
24 do here, and that is a shame and a lost opportunity. But  
25 this is still just the beginning of a legislative

1 process.

2 So I look forward to working with all of my  
3 colleagues as we continue to find ways to build on the  
4 good work of the committee, especially when it comes to  
5 the particularly challenging job of dealing with pass-  
6 through business entities. We still have quite a bit of  
7 work to do there to make sure that the tax code properly  
8 addresses the needs of those important contributors to  
9 our economy and jobs in America.

10 Thank you.

11 The Chairman. Senator Toomey, you will be next.  
12 Then we will come over to this side and Senator Cardin.

13 Senator Toomey?

14 Senator Toomey. Just a final clarification from  
15 Mr. Barthold. In light of this final amendment, a simple  
16 question.

17 Does the effective elimination of the individual  
18 mandate in the tax bill lead to anyone in any income  
19 class paying any additional taxes out of pocket?

20 Mr. Barthold. Senator Toomey, as I explained, the  
21 original revenue estimate reflected a lot of economic  
22 behavior. The elimination of the mandate itself does not  
23 create a new individual income tax liability.

24 Senator Toomey. Thank you.

25 The Chairman. Is that it?

1           Senator Toomey.    Yes.

2           The Chairman.    Senator Cardin?

3           Senator Cardin.    Thank you, Mr. Chairman.

4           Mr. Chairman, I am going to ask for your help here,  
5 if I might. In Maryland, we had a national disaster  
6 declared, a major flood in Ellicott City, Maryland, about  
7 the same time in 2016.

8           I do not know whether it would qualify as similar to  
9 the Mississippi River Delta flood disaster, but I would  
10 hope, Mr. Chairman, that you would work with other  
11 members if we have similar types of national (sic)  
12 disaster declarations, where people are in a similar  
13 situation, that we would be willing to accept amendments  
14 to this section for other areas of the country that may  
15 have the similar circumstances that occurred in the  
16 Mississippi Delta.

17           Would the Chairman work with us? We certainly do  
18 not want to do it for one area if we are not doing it for  
19 a similar type of a circumstance.

20           The Chairman.    Be happy to work with you.

21           Senator Cardin.    Thank you. Because the disaster  
22 in Ellicott City, Maryland was devastating. It was a  
23 flash flood that totally destroyed an historic city and  
24 the people there suffered greatly.

25           Mr. Barthold, is there a revenue estimate in regard

1 to any of these changes?

2 Mr. Barthold. My colleagues are working on that.  
3 So I hope to actually have a final estimate. Also,  
4 understand that I was in error in saying that the NOL  
5 provision was stricken. In fact, it was to have the  
6 effective date moved forward 1 more year in the mark, as  
7 modified. The limitation to 80 percent of -- that net  
8 operating losses are limited to 80 percent of net income  
9 was to be effective for taxable years after 2023.

10 This final amendment from the Chairman would make  
11 that for taxable years after 2022. I thought the  
12 provision was on here in error. In fact, it was supposed  
13 to have the year be 2022.

14 Senator Wyden. Would my colleague yield?

15 The Chairman. Senator Wyden has a question.

16 Senator Wyden. Would my colleague yield? Is that  
17 acceptable, Mr. Chairman?

18 The Chairman. That is acceptable.

19 Senator Wyden. I was led to believe, Mr. Barthold,  
20 that this was revenue-neutral, which is why I did not ask  
21 it. Now, Senator Cardin has excavated the fact that we  
22 really do not know that is the case.

23 So we are going to be voting, colleagues, after one  
24 partisan effort after another, where we have been kept in  
25 the dark, when we thought at least when we started this



1 discussion this was revenue-neutral.

2 Mr. Barthold cannot tell us as of 10:00 this evening  
3 whether this additional significant array of changes,  
4 where there is virtually nothing in there for the middle  
5 class, but plenty of stuff for the business interests,  
6 now we cannot determine when we are voting that this is  
7 revenue-neutral.

8 Nothing is a clearer snapshot, colleagues, of what  
9 this has been all about, from what I have just heard.

10 The Chairman. Senator Thune?

11 Senator Thune. Thank you, Mr. Chairman.

12 Mr. Chairman, tonight is a victory for the middle  
13 class and, I would argue, for all Americans.

14 To the Ranking Member's point he just made, that  
15 there is nothing in there for the middle class, I know  
16 you have seen this before, one last time. This is the  
17 Joint Committee on Taxation's distribution -- based on  
18 their distribution tables.

19 As you can see, across all income categories,  
20 everybody is receiving a tax cut. And if you look at  
21 where the biggest tax cuts percentage-wise come, it comes  
22 right through those low and middle income groups.

23 I would say that one of the measures of whether or  
24 not this has been a fair process or not is how we  
25 maintain progressivity in the code. A lot of us talked

1 about maintaining progressivity in the code.

2 If you look again at the distribution tables and  
3 where the tax burden falls after the changes that are  
4 made in this reform, it is very similar to what it is  
5 today, with one exception, and that exception is that  
6 people who make more than \$1 million a year pay a bigger  
7 share of the tax burden than they do today.

8 Progressivity in the code is something that was  
9 maintained. The share of the tax burden borne by various  
10 different groups in different income categories remains  
11 fairly the same.

12 I want to make one other comment, Mr. Chairman, and  
13 echo what Senator Cornyn said. Senator Cardin and I led  
14 the Business Tax Working Group and we delved into a lot  
15 of these issues, and probably the toughest issue that we  
16 examined was the issue of how you deal with pass-through  
17 income.

18 I know that there are members that have concerns  
19 about that. There are a lot of folks in the pass-through  
20 community who have concerns about that. We look forward  
21 to continuing to work with them and with co-ops, I might  
22 add, to address those concerns and see if we can perfect  
23 and refine the way that this mark treats pass-throughs.

24 But, again, in terms of the arguments that have been  
25 made all day, heard them all day long, that middle income

1 taxpayers do not get anything out of this, middle income  
2 taxpayers, everybody gets a tax cut.

3 NFIB is supporting what we have done with respect to  
4 business income and pass-throughs, as well.

5 So we look forward to continuing to work with this  
6 as it goes to the floor, but I think this is a great  
7 start and I congratulate you, Mr. Chairman, on getting us  
8 this far.

9 The Chairman. Senator Roberts?

10 Senator Roberts. I want to speak to the question  
11 raised by my colleague from Michigan, Senator Stabenow.  
12 That is the modification of the credit for the clinical  
13 testing of certain drugs for various diseases.

14 We are talking about drugs for cancer kids. The  
15 House completely repealed the orphan drug credit. We  
16 took care of a limitation. We also then restored at  
17 least a 27.5 percent credit.

18 I would point out that there are many other diseases  
19 that are very unique and that it takes a great deal of  
20 money to make sure these drugs are made available. And I  
21 would assume that many middle income folks would be  
22 taking advantage of that.

23 The Chairman. Let us vote on the amendment. The  
24 Clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. Aye.  
2 The Clerk. Mr. Crapo?  
3 Senator Crapo. Aye.  
4 The Clerk. Mr. Roberts?  
5 Senator Roberts. Aye.  
6 The Clerk. Mr. Enzi?  
7 Senator Enzi. Aye.  
8 The Clerk. Mr. Cornyn?  
9 Senator Cornyn. Aye.  
10 The Clerk. Mr. Thune?  
11 Senator Thune. Aye.  
12 The Clerk. Mr. Burr?  
13 Senator Burr. Aye.  
14 The Clerk. Mr. Isakson?  
15 Senator Isakson. Aye.  
16 The Clerk. Mr. Portman?  
17 Senator Portman. Aye.  
18 The Clerk. Mr. Toomey?  
19 Senator Toomey. Aye.  
20 The Clerk. Mr. Heller?  
21 Senator Heller. Aye.  
22 The Clerk. Mr. Scott?  
23 Senator Scott. Aye.  
24 The Clerk. Mr. Cassidy?  
25 Senator Cassidy. Aye.

1           The Clerk.    Mr. Wyden?  
2           Senator Wyden.    No.  
3           The Clerk.    Ms. Stabenow?  
4           Senator Stabenow.    No.  
5           The Clerk.    Ms. Cantwell?  
6           Senator Cantwell.    No.  
7           The Clerk.    Mr. Nelson?  
8           Senator Nelson.    No.  
9           The Clerk.    Mr. Menendez?  
10          Senator Wyden.    No by proxy.  
11          The Clerk.    Mr. Carper?  
12          Senator Carper.    No.  
13          The Clerk.    Mr. Cardin?  
14          Senator Cardin.    No.  
15          The Clerk.    Mr. Brown?  
16          Senator Brown.    No.  
17          The Clerk.    Mr. Bennet?  
18          Senator Bennet.    No.  
19          The Clerk.    Mr. Casey?  
20          Senator Casey.    No.  
21          The Clerk.    Mr. Warner?  
22          Senator Warner.    No.  
23          The Clerk.    Mrs. McCaskill?  
24          Senator McCaskill.    No.  
25          The Clerk.    Mr. Chairman?

1           The Chairman.    Aye.

2           If you would tell us the tally.

3           The Clerk.    Mr. Chairman, the final tally is 14  
4 ayes, 12 nays.

5           The Chairman.    The amendment is passed.

6           Now, let me just say this.  We are soon going to  
7 vote on final passage of the Chairman's mark, as  
8 modified, of the Tax Cuts and Jobs Act.

9           I want to thank all my colleagues from both sides  
10 for their participation, particularly today as we have  
11 gone through amendments.  This is a good bill that  
12 delivers on our promise to provide middle class tax  
13 relief and grow our economy.

14           Most importantly, this bill will allow hardworking,  
15 middle class families to keep more of their hard-earned  
16 paychecks.  By nearly doubling the standard deduction,  
17 lowering rates, and doubling the child tax credit, we  
18 have made good on our promise to produce a bill that will  
19 improve the lives of average Americans who have been hit  
20 by nearly a decade of sluggish economic growth.

21           Working and middle class families will also see  
22 gains in the form of higher wages as a result of a more  
23 vibrant economy.  This is a bill I think both parties can  
24 ultimately support.

25           As I have said many times throughout this debate,

1 both Republicans and Democrats have long supported the  
2 key elements of this bill. For example, the bill lowers  
3 the corporate tax rate to 20 percent, in line with  
4 bipartisan proposals that have been discussed in advance  
5 by members of this committee. Let us not understate the  
6 importance of that.

7 Our current corporate tax rate is a major drag on  
8 our economy. It drives businesses, jobs and investment  
9 offshore. It slows growth and contributes to wage  
10 stagnation.

11 That is why President Obama, Simpson-Bowles, and  
12 even our beloved Ranking Member have put forward concrete  
13 plans to bring down our corporate tax rate and improve  
14 our Nation's ability to globally compete.

15 The bill also fixes our international system. So  
16 that going forward, American businesses will not owe  
17 taxes on income earned by foreign subsidiaries.

18 Our current system also drives companies offshore,  
19 because it puts American companies at a distinct  
20 disadvantage in the world marketplace.

21 I do not think any one of us should stand for that.  
22 We should all want America to be a good place to do  
23 business and give our job creators a chance to compete.  
24 That is how we improve wages, create jobs, and grow our  
25 economy.

1           Of course, most of the debate we have had here has  
2           been about what this bill will do for American workers  
3           and families. There have been some differences of  
4           opinion, as our two sides have interpreted the available  
5           data differently.

6           I will not reopen that debate now. However, I do  
7           want to reiterate that all of us have sat here as the top  
8           official at JCT has confirmed time and time again that  
9           people in the middle tax brackets will receive the  
10          largest proportional tax cuts under the mark.

11          He has also told us several times that those at the  
12          very top will see their share of the overall tax burden  
13          go up. That is not a random occurrence. We have worked  
14          for months to find the right combination of reforms that  
15          will allow us to make good on our promise to cut taxes  
16          for the middle class.

17          By reducing rates, growing the standard deduction,  
18          and significantly expanding the child tax credit, tens of  
19          millions of middle class families will see their taxes go  
20          down. Others will see their tax liability go away  
21          completely.

22          Let me reiterate that. A middle class family of  
23          four making the median family income will see their taxes  
24          go down by \$1,500 a year or more under the modified mark.  
25          That is at least \$125 in extra take-home pay every month.



1           For a family with two kids, making \$73,000 a year,  
2           that amount can go toward their mortgage or car payments.  
3           It could help them bring down credit card balances or  
4           start a college savings account for their kids.

5           I am, personally, proud of what we have accomplished  
6           here on behalf of the middle class. I will not count any  
7           proverbial chickens before they are hatched, no pun  
8           intended, but I think we produced a bill that can and  
9           will pass both chambers.

10          As I said at the outset, I still hope to get some  
11          Democratic votes for the bill; if not here, then  
12          hopefully on the floor. That is an erstwhile wish on my  
13          part, but I sure hope we can do that. I would feel  
14          really good about it if we can suddenly start doing  
15          things together again.

16          But if we have to vote the bill out of committee  
17          with only Republicans in support, we are prepared to do  
18          that.

19          I want to close by thanking my colleagues on the  
20          Majority side for their assistance in producing this bill  
21          and getting it to this point. Every one of them has  
22          played an integral part of this effort, and most of them,  
23          like me, have been working on this for a number of years.

24          Every member on the Republican side has brought  
25          unique perspectives and expertise to this process and it

1 would not have gotten this far without them.

2 As for the Democratic members of the committee, I  
3 will say that I admire their commitment to their beliefs  
4 and principles and for their participation in this  
5 debate.

6 Let us be clear about something. I want this  
7 committee to work in a bipartisan fashion. I look  
8 forward to having an opportunity to lock arms once again  
9 with our Democratic colleagues and I will do my best to  
10 find these opportunities.

11 For now, let us just vote on the mark. Let us take  
12 advantage of this major opportunity to do something good  
13 for the American people.

14 I hope all of my colleagues, Republicans and  
15 Democrats alike, will vote in favor of the mark.

16 With that, I will turn to my dear colleague, Senator  
17 Wyden.

18 Senator Wyden. Thank you, Mr. Chairman.

19 As you know, Mr. Chairman, I and all of us on the  
20 Minority side appreciate our relationship with you  
21 personally and we have stated that again and again.

22 The Chairman. Thank you.

23 Senator Wyden. I believe that today will be  
24 remembered as the day that Republicans worked to trade  
25 the health and wellbeing of millions of Americans for

1 massive corporate handouts. And what a contrast to what  
2 Ronald Reagan did years ago.

3 A generation ago, Ronald Reagan worked together with  
4 Democrats on bipartisan tax reform that simplified the  
5 tax code and asked corporations to pay a little more in  
6 order to put money into the pockets of the middle class.

7 Today, Republicans do just the opposite. And let me  
8 just repeat that, because it is so critical. Ronald  
9 Reagan, no rabid socialist, said that corporations should  
10 pay a little more in order to put money into middle class  
11 pockets. That was what tax reform was all about.

12 Today, Republicans are doing exactly the opposite of  
13 what Ronald Reagan did.

14 Because of this bill, millions and millions of low  
15 income and middle income Americans are going to get hit  
16 with a tax hike they cannot afford. Thirteen million  
17 Americans are going to get kicked off their health care.  
18 Premiums are going to skyrocket on millions more.

19 The middle class that are fortunate enough to avoid  
20 those consequences are stuck with temporary tax cuts  
21 instead of the permanent cuts that we argued for, and it  
22 is not going to be much comfort for any of those  
23 Americans to know that corporations are using their  
24 permanent windfalls to buy back stock and fatten up  
25 executive compensation packages.

1           Now, my colleagues on this side put forward  
2           amendments for the middle class, to protect Medicare,  
3           Social Security, children's health, veterans, and bring  
4           some sunshine, some real sunshine to the way this  
5           committee has traditionally worked.

6           Our commonsense ideas were struck down and with the  
7           stage of the debate, a bill that was first crafted in the  
8           dark is headed back for the dark once more. Next week,  
9           while Americans give thanks with family and friends, my  
10          guess is Republicans will be back behind closed doors  
11          once more trying to decide what the final version of this  
12          tax scam is going to look like when the gavel drops at  
13          the end of the debate. And what happened here bears no  
14          resemblance to the storied history of this committee.

15          It is going to result in enormous deficits. It will  
16          become the excuse to attack Medicare and Medicaid and  
17          Social Security and other programs that keep our people  
18          from falling into destitution.

19          And by the way, Republican leaders have not even  
20          tried to disguise their plans on that front, with Paul  
21          Ryan saying the very first thing they are going to do  
22          after this tax bill is completed, they are going to go on  
23          to the entitlement agenda, and we have seen that movie  
24          before.

25          You get the sugar high, you have the big deficits,

1 and then you come after Medicare and Social Security and  
2 Medicaid and the programs so important to our people.

3 Colleagues, I think this is indefensible, partisan  
4 legislation, a dark day for a storied committee and a  
5 dark day for our country.

6 The debate is going to go on on the Senate Floor.  
7 And I will just say, because this has not been exactly an  
8 encouraging note, if our Republican colleagues come back  
9 from the Thanksgiving holiday saying that they want to  
10 work on a bipartisan tax reform proposal -- and, by the  
11 way, Senator Brown made note of the meeting with the  
12 President. The President agreed with every single one of  
13 the principles we brought up -- that the relief ought to  
14 go to the middle class, it should not go to the folks at  
15 the top, we should not explode the deficit, and we should  
16 not hurt Social Security and Medicare.

17 The President agreed with every single one of those  
18 points, every one. And we said, Mr. President,  
19 respectfully, that is not what has been written down on  
20 paper.

21 It is still not what is written down on paper. It  
22 is still not what we are going to vote on.

23 So if I might, since this has not been a  
24 particularly cheery comment here, Mr. Chairman, I hope my  
25 colleagues will come back from the Thanksgiving holiday

1 and say that over the holiday, they remembered what this  
2 committee does best, which is find common ground.

3 I have talked often to the Chairman that that 2015  
4 bill, nobody thought we would do much of anything, it  
5 would just be more extenders. But Democrats had good  
6 ideas for working families, like the EITC, the American  
7 Opportunity tax credit and the child credit.

8 We made them permanent. Good policies. And  
9 Republicans had good ideas, too, looking over at Senator  
10 Toomey, depreciation, expensing, making R&D permanent.  
11 But it was balanced and it was not taking each other's  
12 dumb ideas. It was taking each other's good ideas.

13 So my hope is -- I think I have a sense of how this  
14 vote is going to come out -- that after Thanksgiving, my  
15 colleagues will come back and say they have rediscovered  
16 what this committee is all about when we are at our best  
17 and that we change course and we proceed in a bipartisan  
18 way around the principles Democrats are for and the  
19 President of the United States told Democratic Senators  
20 he is for, as well.

21 Thank you, Mr. Chairman.

22 The Chairman. At this time, I would entertain a  
23 motion that the committee report the mark, as modified  
24 and amended.

25 Senator Grassley. I so move.

1           The Chairman.    The motion has occurred.  I assume  
2   that members want a recorded vote on this matter.  
3           The Clerk will call the roll.  
4           The Clerk.    Mr. Grassley?  
5           Senator Grassley.    Aye.  
6           The Clerk.    Mr. Crapo?  
7           Senator Crapo.    Aye.  
8           The Clerk.    Mr. Roberts?  
9           Senator Roberts.    Aye.  
10          The Clerk.    Mr. Enzi?  
11          Senator Enzi.    Aye.  
12          The Clerk.    Mr. Cornyn?  
13          Senator Cornyn.    Aye.  
14          The Clerk.    Mr. Thune?  
15          Senator Thune.    Aye.  
16          The Clerk.    Mr. Burr?  
17          Senator Burr.    Aye.  
18          The Clerk.    Mr. Isakson?  
19          Senator Isakson.    Aye.  
20          The Clerk.    Mr. Portman?  
21          Senator Portman.    Aye.  
22          The Clerk.    Mr. Toomey?  
23          Senator Toomey.    Aye.  
24          The Clerk.    Mr. Heller?  
25          Senator Heller.    Aye.

1           The Clerk.    Mr. Scott?  
2           Senator Scott.   Aye.  
3           The Clerk.    Mr. Cassidy?  
4           Senator Cassidy.   Aye.  
5           The Clerk.    Mr. Wyden?  
6           Senator Wyden.    No.  
7           The Clerk.    Ms. Stabenow?  
8           Senator Stabenow.   No.  
9           The Clerk.    Ms. Cantwell?  
10          Senator Cantwell.   No.  
11          The Clerk.    Mr. Nelson?  
12          Senator Nelson.   No.  
13          The Clerk.    Mr. Menendez?  
14          Senator Wyden.    No by proxy.  
15          The Clerk.    Mr. Carper?  
16          Senator Carper.    No.  
17          The Clerk.    Mr. Cardin?  
18          Senator Cardin.   No.  
19          The Clerk.    Mr. Brown?  
20          Senator Brown.    No.  
21          The Clerk.    Mr. Bennet?  
22          Senator Bennet.   No.  
23          The Clerk.    Mr. Casey?  
24          Senator Casey.    No.  
25          The Clerk.    Mr. Warner?



1 Senator Warner. No.

2 The Clerk. Mrs. McCaskill?

3 Senator McCaskill. No.

4 The Clerk. Mr. Chairman?

5 The Chairman. Aye.

6 The Clerk will announce the vote.

7 The Clerk. Mr. Chairman, the final tally is 14  
8 ayes, 12 nays.

9 The Chairman. The ayes have it. The mark, as  
10 modified and amended, is ordered reported.

11 At this time, if we could have order. Order.

12 At this time, I ask unanimous consent that staff be  
13 granted the usual authority to make technical, conforming  
14 and budgetary changes to the mark, including those that  
15 might be necessary to ensure it complies with the  
16 committee's reconciliation instruction.

17 Without objection, it is so ordered.

18 Senator Wyden. Mr. Chairman, reserving the right  
19 to object.

20 The Chairman. Go ahead.

21 Senator Wyden. Mr. Chairman, I understand that in  
22 the committee, to agree by unanimous consent to give the  
23 staff the authority to make technical, conforming and  
24 budgetary changes, that, of course, is customary and I  
25 accept that.

1           But there has not been a whole lot customary about  
2 the markup. So I am perfectly comfortable giving the  
3 staff the authority to make technical and conforming  
4 changes, but I want to make sure that the staff is not  
5 being given the authority to make budgetary changes.

6           To my mind, that might allow changes such as to  
7 assure that the bill complies with the reconciliation  
8 instruction, even if the bill we have just voted to  
9 report, when translated into legislative text, falls  
10 short.

11           I believe that the text that is filed should reflect  
12 what the committee just voted to report, which consists  
13 of the proposal submitted by the Chairman in narrative  
14 form, along with the modification and amendments that  
15 have been made.

16           So to the extent that the Chairman requests  
17 unanimous consent to go beyond technical, conforming  
18 changes to budgetary changes, I would have to object.

19           So I think it is important, before we leave, for the  
20 Majority staff to confirm that the Chairman's unanimous  
21 consent request is about technical, conforming changes  
22 and will not touch on budgetary changes.

23           The Chairman. I have made it very clear in my  
24 unanimous consent request that staff be granted the usual  
25 authority to make technical, conforming and budgetary

1 changes to the mark.

2 Senator Wyden. Mr. Chairman, I object. I object.

3 The Chairman. I am not asking the staff to live up  
4 to what the distinguished Senator is discussing. I do  
5 not want any games played on this. I just want it done  
6 right. But it also includes those that might be  
7 necessary to ensure it complies with the committee's  
8 reconciliation instruction.

9 So I do not see how you can object to that.

10 Senator Wyden. I object, because it is not  
11 technical matters and it goes to budgetary changes and I  
12 am concerned that that will affect the compliance with  
13 the reconciliation instruction.

14 The Chairman. The Clerk will call the roll. I  
15 think it is unnecessary, but we will call the roll.

16 The Clerk. Mr. Grassley?

17 Senator Grassley. Aye.

18 The Clerk. Mr. Crapo?

19 Senator Crapo. Aye.

20 The Clerk. Mr. Roberts?

21 Senator Roberts. Aye.

22 The Clerk. Mr. Enzi?

23 Senator Enzi. Aye.

24 The Clerk. Mr. Cornyn?

25 Senator Cornyn. Aye.

1           The Clerk.    Mr. Thune?  
2           Senator Thune.    Aye.  
3           The Clerk.    Mr. Burr?  
4           Senator Burr.    Aye.  
5           The Clerk.    Mr. Isakson?  
6           Senator Isakson.   Aye.  
7           The Clerk.    Mr. Portman?  
8           Senator Portman.   Aye.  
9           The Clerk.    Mr. Toomey?  
10          Senator Toomey.   Aye.  
11          The Clerk.    Mr. Heller?  
12          Senator Heller.   Aye.  
13          The Clerk.    Mr. Scott?  
14          Senator Scott.   Aye.  
15          The Clerk.    Mr. Cassidy?  
16          Senator Cassidy.   Aye.  
17          The Clerk.    Mr. Wyden?  
18          Senator Wyden.   No.  
19          The Clerk.    Ms. Stabenow?  
20          Senator Stabenow.   No.  
21          The Clerk.    Ms. Cantwell?  
22          Senator Cantwell.   No.  
23          The Clerk.    Mr. Nelson?  
24          Senator Wyden.   No by proxy.  
25          The Clerk.    Mr. Menendez?

1           Senator Wyden.    No by proxy.  
2           The Clerk.    Mr. Carper?  
3           Senator Carper.    No.  
4           The Clerk.    Mr. Cardin?  
5           Senator Cardin.    No.  
6           The Clerk.    Mr. Brown?  
7           Senator Brown.    No.  
8           The Clerk.    Mr. Bennet?  
9           Senator Bennet.    No.  
10          The Clerk.    Mr. Casey?  
11          Senator Casey.    No.  
12          The Clerk.    Mr. Warner?  
13          Senator Wyden.    No by proxy.  
14          The Clerk.    Mrs. McCaskill?  
15          Senator Wyden.    No by proxy.  
16          The Clerk.    Mr. Chairman?  
17          The Chairman.    Aye.  
18          The Clerk will report.  
19          The Clerk.    Mr. Chairman, the final tally is 14  
20          ayes, 12 nays.  
21          The Chairman.    All right. I want to thank my  
22          colleagues once again for their participation in this  
23          debate.  
24          I also want to particularly thank those who were  
25          involved in the process of drafting and advancing this

1 mark. We have taken a big step today, but, of course,  
2 there are many more steps ahead and though not every  
3 member agrees with the course we have taken as a  
4 committee today, I am glad to serve among so many  
5 accomplished members of the Senate and I look forward to  
6 our next opportunity to work together.

7 I certainly want to thank the Ranking Member for his  
8 work on this committee and helping us to get this far.

9 [Whereupon, at 10:25 p.m., the Committee was  
10 adjourned.]

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I N D E X

PAGE

STATEMENT OF:

THE HONORABLE ORRIN G. HATCH  
A United States Senator  
from the State of Utah 3

THE HONORABLE RON WYDEN  
A United States Senator  
from the State of Oregon 10

# Nelson Submission 1

115TH CONGRESS, 1ST SESSION

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KEVIN BRADY, TEXAS, CHAIRMAN	ORRIN G. HATCH, UTAH, VICE CHAIRMAN
SAM JOHNSON, TEXAS	CHUCK GRASSLEY, IOWA
DEVIN NUÑEZ, CALIFORNIA	MIKE CRAPO, IDAHO
RICHARD NEAL, MASSACHUSETTS	RON WYDEN, OREGON
JOHN LEWIS, GEORGIA	DEBBIE STABENOW, MICHIGAN

## Congress of the United States

JOINT COMMITTEE ON TAXATION  
502 FORD HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6453  
(202) 225-3621  
<http://www.jct.gov>

THOMAS A. BARTHOLD  
CHIEF OF STAFF  
ROBERT P. HARVEY  
DEPUTY CHIEF OF STAFF  
DAVID L. LENTER  
DEPUTY CHIEF OF STAFF

NOV 16 2017

Senator Bill Nelson  
United States Senate  
SH-716  
Washington, D.C. 20510

Dear Senator Nelson:

Please note that I misstated the scope of the modification to the foreign base company oil related income rules in the Chairman's Mark of the "Tax Cuts and Jobs Act". The Chairman's Mark does not repeal the foreign tax credit basketing rules set forth in section 907.<sup>1</sup> It simply modifies section 954(a)(5) by repealing the treatment of foreign base company oil related income as subpart F income. I regret the misstatement.

Sincerely,



Thomas A. Barthold

<sup>1</sup> Similarly, H.R. 1, "Tax Cuts and Jobs Act" does not repeal the foreign tax credit basketing rules set forth in section 907.



## Nelson Submission 2



301 South Bronough Street • Suite 300 • P.O. Box 1757 • Tallahassee, FL 32302-1757 • (850) 222-9684 • Fax (850) 222-3806 • [www.floridaleagueofcities.com](http://www.floridaleagueofcities.com)

November 13, 2017

The Honorable Bill Nelson  
U.S. Senate  
716 Hart Senate Office Building  
Washington, DC 20510

The Honorable Marco Rubio  
U.S. Senate  
284 Russell Senate Office Building  
Washington, DC 20510

Dear Senators Nelson and Rubio:

RE: Senate Tax Reform Proposal - Keep Advance Refunding Bonds Intact

On behalf of the Florida League of Cities, I am writing to urge you to oppose efforts repeal Advance Refunding Bonds, which are being proposed in the latest Senate tax reform proposal.

Advance refunding's have been used by all types of Florida local governments to save taxpayers tens of millions of dollars in borrowing costs over the past five years. Prohibiting tax-exempt advance refundings would have a direct impact on cities' budgets because advance refundings are specifically and exclusively done by governmental issuers to achieve debt service cost savings. Losing the authority to do advance refundings strips away one tool cities have for responding to a sharp economic downturn, because the lower interest rates that make an advance refunding feasible and attractive are typically sparked by a broader slowdown in the economy. In that scenario, cities will lose economically-sensitive revenues like sales taxes, so having the ability to manage otherwise fixed costs, like debt service, is particularly valuable. Under the Senate tax proposal, interest on advance refunding bonds issued after 2017 (i.e., refunding bonds issued more than 90 days before the redemption of the refunded bonds) would be taxable.

According to national statistics, state and local governments now shoulder over 75 percent of the costs of financing the nation's public infrastructure. We urge you to support an amendment that would preserve advance refundings of municipal bonds.

Should you have any questions or require additional information, please contact Allison Payne at the League at 850-701-3602 or [apayne@flcities.com](mailto:apayne@flcities.com). Thank you for your consideration.

Sincerely,

Michael Sittig  
Executive Director

President **Gil Ziffer**, Mayor Pro Tem, Tallahassee

First Vice President **Leo E. Longworth**, Vice Mayor, Bartow • Second Vice President **Isaac Salver**, Councilman, Bay Harbor Islands  
Executive Director **Michael Sittig** • General Counsel **Kraig Conn**

## Cardin Submission

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**Secretary/Treasurer:**  
Mr. Andrew G. Hendren, Esquire

Wespath Benefits and Investments  
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*Church of the Brethren*

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*Southern Baptist Convention*

Mr. Paul Hawkinson  
*Evangelical Covenant Church*

Mr. Reggie Hundley  
*Christian Churches Pension Plan*

Mr. Jeffrey A. Jenness\*  
*Board of Pensions of the Church of God (IN)*

Rev. Dr. Jeffrey J. Jeremiah  
*Evangelical Presbyterian Church*

Mr. Raymond Jimenez  
*General Conference of Seventh-Day Adventists*

Mr. Marlo J. Kautman  
*Memphis Church*

Mr. Michael Kimmel  
*Reform Pension Board*

Rev. Ross I. Morrison  
*Evangelical Free Church of America*

Rev. Richard Nugent  
*Unitarian Universalist Association*

Ms. Kelly Oliveira  
*Reformed Church in America*

Mr. Joshua Petzman  
*Wisconsin Evangelical Lutheran Synod*

Mr. Jonathan Phillips  
*International Church of the Foursquare Gospel*

Mr. John M. Preis\*  
*Young Men's Christian Association*

Br. Michael F. Quirk, FSC\*  
*Christian Brothers Services*

Mr. Arthur D. Rhodes  
*Church of God Benefits Board (TN)*

Mr. Larry Roberts  
*Free Methodist Church of North America*

Mr. James F. Sant\*  
*Lutheran Church-Missouri Synod*

Mr. Stephen Schultz  
*Baptist General Conference-Converge Worldwide*

Mr. Mitchell J. Smolowitz\*  
*Joint Retirement Board for Conservative Judaism*

Rev. Frank C. Spencer\*  
*Presbyterian Church (U.S.A.) Board of Pensions*

Rev. Jeffrey Thiemann\*  
*Evangelical Lutheran Church in America*

Mr. James P. Thomas, CPA  
*Churches of God, General Conference*

Rev. Bruce Verkhuyse, Jr.  
*Association of Unity Churches International*

Rev. Don L. Walter  
*Church of the Nazarene*

Mr. Roger Wiles  
*Associate Reformed Presbyterian Church*

Ms. Mary Kate Wold\*  
*Episcopal Church*

\* Steering Committee Members



**Counsel:**  
**K&L Gates LLP**  
1601 K Street NW  
Washington D.C. 20006  
Tel (202) 778-9000  
Fax (202) 778-9100

November 10, 2017

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230 The Capitol  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
S-221 The Capitol  
Washington, D.C. 20510

The Honorable Orrin Hatch  
Chairman  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ron Wyden  
Ranking Member  
U.S. Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Hatch, and Ranking Member Wyden:

Representing benefit plans that help more than one million clergy and church lay workers save for retirement, the members of the Church Alliance support comprehensive tax reform that helps all Americans save and invest for their future. We appreciate that the Senate Finance Committee's Tax Cuts and Jobs Act generally advances these principles, but are concerned that some of the provisions would place new burdens on modestly-paid clergy and others who have devoted their lives to ministry.

Specifically, we urge you to preserve two provisions that are crucial to the retirement savings of clergy and church lay workers, but would be repealed by the current version of the bill. First, the **rules allowing special catch-up contributions for 403(b) plans** are important to preserve in recognition of the unique earnings progression for church employees, who frequently cannot afford to save as much early in their careers. "Catch-up" contributions are an important tool to help these employees make up for years when they were able to contribute little towards retirement savings. Similarly, the **rules allowing employer contributions to section 403(b) plans for up to five years after termination of employment** are essential to preserve in order to ensure that clergy and church lay workers are able to set aside adequate savings, notwithstanding oftentimes modest earnings during their working life.

While we greatly appreciate the Senate Finance bill's retention of the special contribution amounts for church employees and missionaries, retaining the provisions outlined above is also important to prevent significant disruption and hardship to clergy and church lay workers who are trying to save for retirement. These policies exist for a reason – in large part, to reflect the special characteristics and unique circumstances of the church worker populations they serve. These policies help to ensure retirement security for church employees notwithstanding

the lower compensation that is typical of mission-driven religious organizations. Furthermore, any changes to plan rules would create significant transition and compliance costs. Because church benefit plans operate on a non-profit basis, these increased costs will only have the detrimental effect of reducing investment returns for all plan participants.

In addition, the bill's elimination of the *exclusion for qualified moving expense reimbursement* would be a significant burden for modestly-paid ministers, given the itinerant nature of many denominations. Indeed, some clergy are required to move on a regular basis as part of their denomination's religious tradition and beliefs; for example, being appointed by a bishop to different churches year over year. Illustrative of this impact, approximately one-third of ministers in The United Methodist Church are moved every year. The loss of the exclusion for moving expenses could be substantial and amount to thousands of dollars in increased tax burdens for people of modest means who have devoted their life to religious ministry.

The negative impact of repealing this exclusion would be compounded by the fact that ministers are treated by federal statute as self-employed for employment tax purposes so are subject to SECA taxes (15.3% of taxable earnings), as opposed to FICA taxes (employers and employees each pay 7.65% of taxable earnings). Eliminating the exclusion for moving expenses would thus disproportionately impact clergy since such amounts would be included in gross income and subject to federal income taxes as well as SECA. Moreover, eliminating exclusions for these benefits would be, effectively, a tax on "phantom" income that is unlikely to be offset by increasing the standard deduction. Clergy and church lay workers would face additional tax liability, which they must pay with cash, for a non-cash benefit they are currently receiving and in some cases is a matter of church polity.

We urge you to please consider the potentially harmful impact of the provisions discussed above on the financial security of clergy and church lay workers. The members of the Church Alliance are committed to engaging in a constructive dialogue on ways to simplify and streamline the tax code. We would be pleased to discuss our proposals and perspective in this regard, at your convenience.

On behalf of our organizations and our plan participants, thank you for your consideration of these concerns. We look forward to continue working with you to ensure that comprehensive tax reform advances and protects the interests of people of faith nationwide.

Sincerely,



Barbara A. Boigegrain  
Chair of the Church Alliance