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Floor Statement of Sen. Chuck Grassley
Finance Committee Matters in Supplemental Appropriation Bill
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I'm going to discuss this bill's unusual process first. I'll talk the substance after that. We will soon be considering the war supplemental bill entitled "U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007".

Let's go through the title. As the title says, the legislation is an appropriations bill. The title refers to troop readiness. And there is, finally, after several months of legislative wrangling, funding for the troops that the President can sign. The title refers to Veterans' Care. There is funding for Veterans care in the bill. The title refers to Katrina Recovery. There are funds for Hurricane Katrina recovery in the bill. The title also refers to Iraq accountability. There is language, finally, in a form acceptable to the Commander-in-Chief, dealing with benchmarks on our mission in Iraq and the role of the Iraqi government.

The title of the bill doesn't refer to any matters in the jurisdiction of the Finance Committee. But take a look, and you'll find three categories of Finance Committee matters. One, the small business tax relief package. Two, the so-called pension technicals. Three, the Medicaid and S-Chip provisions.

Now, why does it matter whether these policy matters travel in a tax writing committee bill or an appropriations bill? It matters for several reasons. I've had the pleasure of serving on both the Finance and Appropriations Committees. They are the money committees of the Senate. Appropriations bills, by and large, spend the money, that is not entitlements, that is set aside in the budget. Finance Committee bills raise revenues and deal with most of the health and welfare entitlement spending.

Both Appropriations and Finance have strong institutional traditions, expertise in their complex subject matter, and seasoned membership that are motivated and dedicated to service on the committee. All you have to do is look at the careers of Chairman Byrd, Ranking Member Cochran, or Chairman Baucus to know that they dedicate themselves to these two great money committees of the Senate.

So, when policy issues are processed outside of Appropriations or Finance, the necessary care, experience, and expertise is lost. When I was Chairman of Finance, I took great pains to avoid taking on Appropriations matters. More often than not, policy made outside of either of these committees' jurisdiction will need to be corrected.

There's another reason why it matters. Policy made through the committee process is transparent. The committees' role is to air out and carefully consider proposals in the area of the committees' jurisdiction. We're really talking about transparency. Sunshine is the best disinfectant. When the committee process is end-run, there's usually no positive reason. Usually, the reason is expediency on the part of the legislative leadership. It's happened under Republicans and Democrats, but I'm pleased to say it was very rare over the last six years. Skipping the committee process on new proposals was the exception rather than the rule.

Unfortunately, in this Congress, with respect to critical pieces of Finance Committee jurisdiction, it looks like the leadership prefers to skip the committee. Let's hope that it is a temporary pattern.

To sum it up, the people's business should be done in committees in a transparent way so that the people know what's going on. Committee process means sunshine.

The committee process was abused on this legislation, but the conference process was also abused. We never even went through the trappings of a conference process. We have an amended House bill, that, because of the imperative of an acceptable war funding package, has the force of a conference report.

How was the process abused? Just take a look at the bill and you'll find a patch work of unconnected provisions in the Finance Committee's jurisdiction. Aside from the small business tax relief provisions, no real back and forth discussion occurred on these matters, either in the Finance Committee or in conference. And with respect to the small business tax relief provisions, the House and Senate Democratic Leadership set an arbitrary ceiling that constrained our Chairman, Senator Baucus, from reaching a bipartisan agreement. The bottom line is Republicans opened the door to a conference agreement without receiving assurances of a fair deal. Once Republicans opened the door to a conference, the door was effectively shut on full and meaningful participation.

Now, in the past, Republican Leadership did similar things and Democrats cried foul. I'm proud to say that on most, not all, Finance Committee conferences, Senate Democrats were represented and present for the final conference deals.

After crying foul about some conference processes, the Senate Democratic Leadership insisted on pre-conference agreements before letting Republicans go to conference. As I feared earlier in the year, the Senate Republican Leadership will have to similarly insist on assurances before conferences are convened. This supplemental and its vetoed predecessor make the case that the conference process can't be trusted. Senate Republicans have no recourse other than to insist on pre-conference agreements.

Now I'm going to turn to the substance of the three categories of Finance Committee matters

inserted into this appropriations bill.

The first matter deals with the small business tax relief package that traveled with the minimum wage increase. The deal in the agreement is basically the same deal presented to us by the Democratic negotiators on the last appropriations bill. It favors the House position in number and composition of the package. From a small business standpoint, the House bill was a peanut shell, the Senate bill was peanuts, and the conference agreement is a single shriveled peanut. It is a missed opportunity. We could have provided small businesses with meaningful tax relief that is contemporaneous with the effects of the minimum wage hike.

The second matter deals with so-called pension technical corrections. What is a technical correction, you might ask.

Technical corrections measures are routine for major tax bills. Last year's landmark bipartisan pension reform bill certainly can be described as a major tax bill. It contained the most significant retirement security policy changes in a generation. There are proposals necessary to ensure that the provisions of the pension reform bill are working consistently with congressional intent, or to provide clerical corrections. Because these measures carry out congressional intent, no revenue gain or loss is scored from them.

Technical corrections are derived from a deliberative and consultative process among the Congressional and Administration tax staffs. That means the Republican and Democratic staffs of the House Ways and Means and Senate Finance Committees are involved, as is the staff of the Treasury Department. All of this work is performed with the participation and guidance of the non-partisan staff of the Joint Committee on Taxation. A technical enters the list only if all staffs agree it is appropriate.

The pension provisions in this bill represent a cherry-picking of some, not all, of the technical corrections currently on the staff's list. In addition, there are pension provisions included in this package that are not technical. Some of these proposals are controversial.

My staff reviewed legislative history over the last 15 plus years and inform me that this may be an unprecedented treatment of technical corrections. Technicals were processed on a 2000 bill that was not a tax writing committee bill, but that package was a consensus package. All committees and the Administration had signed off. In other instances, technicals were processed on tax writing committee vehicles. In all instances, the packages represented an agreement between the tax writing committees.

In this case, there are four committees involved. The two tax writing committees and the Senate Health Education Labor and Pensions ("HELP") Committee and the House Education and Labor Committee. To illustrate the controversy over the pension technicals package, I ask unanimous consent to insert in the record a copy of a letter from HELP Committee Chairman Kennedy and Ranking Member Enzi. The letter lays out their objections to the House technicals process.