

1 EXECUTIVE COMMITTEE MEETING ON AN ORIGINAL BILL ENTITLED
2 "HIGHWAY REAUTHORIZATION AND EXCISE TAX SIMPLIFICATION
3 ACT OF 2005" AND S. 661, "UNITED STATES TAX COURT
4 MODERNIZATION ACT"

5 TUESDAY, APRIL 19, 2005

6 U.S. Senate,
7 Committee on Finance,
8 Washington, DC.

9 The meeting was convened, pursuant to notice, at
10 10:06 am., in room SD-628, the Dirksen Senate Office
11 Building, Hon. Charles E. Grassley (chairman of the
12 committee) presiding.

13 Also present: Senators Hatch, Lott, Thomas Santorum,
14 Smith, Bunning, Crapo, Baucus, Conrad, Jeffords, Kerry,
15 Lincoln, Wyden, and Schumer.

16 Also present: John Parcell, Acting Assistant
17 Secretary for Tax Legislation, Treasury Department.

18 Also present: Kolan Davis, Republican Staff Director
19 and Chief Counsel; Russ Sullivan, Democratic Staff
20 Director; Dean Zerbe, Tax Counsel and Senior Counsel to
21 the Chairman; George Yin, Staff Director, Joint Committee
22 on Taxation; Elizabeth Paris, Tax Counsel, Majority;
23 Matthew Jones, Tax Counsel, Minority; Carla Martin, Chief
24 Clerk; Amber Williams, Deputy Chief Clerk; and Mark
25 Blair, Hearing Clerk.

"UNCORRECTED"

1 OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, CHAIRMAN,
2 COMMITTEE ON FINANCE

3

4 The Chairman. We do not have a quorum to do
5 amendments or vote a bill out, but we do have enough
6 people so we can get started with our statements. So, I
7 would like to start because we promised some of you that
8 we would be done very shortly here, and we think that we
9 can be. We will move ahead then, quickly.

10 I thank you all for joining us at today's mark-up.
11 We have two items on the agenda, the extension of the
12 Highway Trust Fund, and Senator Hatch's bill, the Tax
13 Court Modernization Act.

14 We need to move quickly this morning, so I will only
15 spend a little bit of time talking about the highway
16 portion of the mark-up. For several years, Senator
17 Baucus and I have worked with the authorizing committees
18 to prudently fund the highway and transit programs.

19 It was not an easy process, but last year we found a
20 way to fund programs in a way that enabled every State in
21 our Union to bring home more money. Every member of the
22 Senate, including those who complained about our funding
23 mechanism, did better with our plan last year.

24 Now, this year we seem to face a different set of
25 challenges. There are conflicts that arose in the

1 conference of two years ago that are still with us.
2 These conflicts spring from three principles. The first
3 principle, is to get the highway bill that is an
4 improvement over current policy. That is where an
5 overwhelming majority in the House and Senate are.

6 We need adequate funding for transportation
7 infrastructure. We need to do our best to meet the job
8 of economic development as well and the transportation
9 needs of our country. To be blunt, the authorizers say
10 improved policy means more trust fund money.

11 The second principle from conference is deficit
12 reduction. President Bush has rightly put deficit
13 reduction as a key objective, in general, and applied to
14 highways in particular. Towards that end, the
15 administration has pegged spending at \$284 billion over
16 the applicable period.

17 In conference, the House brought forward a third
18 principle. They made it clear that they would not accept
19 the use of general fund offsets to prevent deficit
20 increases from the highway bill.

21 So, as Senator Baucus and I look out to the next two
22 steps, which obviously after it leaves this committee
23 includes floor action and conference compromise, we can
24 see that these three principles conflict.

25 As one who is trying to get a bill, my goal will be

1 to grow trust fund revenues in a way that does not
2 increase the deficit or require general fund offsets.
3 Today, we mark-up in alignment with the President's
4 numbers.

5 That was the deal that the authorizing committees and
6 this committee made with Leader Frist to get a bill to
7 the floor, to get his consent to go to the floor, to get
8 his scheduling of it.

9 When we get to the floor, I intend to work with
10 Senator Baucus, with our leadership, and with the
11 authorizers to grow trust fund revenues and to
12 accommodate the principles that I have already stated.

13 To get there, I asked the administration to be
14 logically consistent and politically realistic. The
15 administration should shift its principle to deficit
16 reduction. The obsession with a top-line spending
17 number, viewed outside of a deficit reduction context,
18 will only lead to a repeat of last fall's conference
19 gridlock. Gridlock in conference will not resolve the
20 gridlock on our Nation's highways.

21 So, I would ask all the key players, whether you are
22 at the western end of Pennsylvania Avenue or the eastern
23 end of Pennsylvania Avenue, and particularly all of us,
24 to focus on Main Street rather than just both ends of
25 Pennsylvania Avenue, and work towards a fiscally

1 responsible highway bill.
2 Senator Baucus?
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM
2 MONTANA

3

4 Senator Baucus. Thank you, Mr. Chairman. I deeply
5 appreciate the last comment of yours, because I think it
6 is one that needs to be said.

7 As we all know, the financing of our Nation's
8 highways, bridges, and transit is critical to the safety
9 of our traveling public. It is also critical to the
10 strength of our economy. I do not know very many States
11 that do not depend to some degree on highway legislation.

12 I might say, too, it is also important to our ability
13 to compete globally, because where we have strong
14 infrastructure in our Nation, the more we will be able to
15 compete worldwide. I do not know of very many bills that
16 have more sweeping effects.

17 This has been around us for some time, this
18 legislation. We have been working on it for a good bit
19 of time. We are operating now under the sixth extension
20 of the highway bill. The current extension expires in
21 just over a month, that is, on May 31.

22 The Environment and Public Works Committee, where I
23 am the Ranking Member of the Transportation
24 Infrastructure Subcommittee, has completed action. The
25 Commerce and Banking Committees have completed their

1 work. It is now time for this committee to finance the
2 programs and prepare the bill for the floor.

3 We are at a critical point, however. The other body
4 has funded the program, I believe, in an unsatisfactory
5 level. That was, of course, their decision. So it is
6 now up to the Senate to exercise its prerogative to
7 propose a level of transportation funding that we
8 consider appropriate. We must do, clearly, what we
9 believe is the right thing to do.

10 If the Senate disagrees with the House, we will
11 address those disagreements in conference. Nothing in
12 the constitution says that we have to do exactly what the
13 House says. That is why we have two chambers, and that
14 is why we have conference committees.

15 We do our best to improve the Nation's transportation
16 systems. Few other pieces of legislation can so
17 profoundly move this country forward. I might mention,
18 in my home State of Montana, the 1998 bill helped to
19 create and sustain over 11,000 good-paying jobs.

20 In a certain sense, that was our economic development
21 program, the highway bill. It pumped \$1.6 billion into
22 our State. I helped write that bill in 1998. It was a
23 great benefit to the State of Montana. That is why I am
24 fighting hard for my State of Montana, and all States.
25 We clearly need good, solid highway legislation.

1 I also think we need higher funding levels than are
2 contained in the current bill. We need more money to
3 address various different components of the bill, that
4 is, concepts like minimum allocation and donor State
5 needs. We just need more than we now have it at \$294
6 billion.

7 I understand there has been a commitment to the
8 Majority Leader that all committees of jurisdiction will
9 mark-up this bill at the President's level, \$284 billion,
10 to get the bill to the floor. I agreed to go along with
11 that plan when the Environment and Public Works Committee
12 marked up last month.

13 At that time, however, I made it clear that these
14 levels need to be raised and that I would be working with
15 you, Mr. Chairman, to identify additional revenues and
16 resources for the Highway Trust Fund. You and I have
17 addressed the Senate's strong desire to increase funding.

18 But look at the vote, for example, on the Talent
19 amendment to the budget resolution that Senators
20 Jeffords, Wyden, and I co-sponsored to provide greater
21 flexibility for Congress to consider all available
22 transportation funding options. The Senate adopted that
23 amendment by a vote of 81 to 19, clearly a strong signal
24 that the members of the Senate believe that the level of
25 this bill should be higher.

1 Senators understand that we need to increase funding
2 in this bill. As I look around the room, I see
3 colleagues who I know are not happy with the bill as it
4 stands. For a variety of reasons, they feel that their
5 States do not do well, and I have spoken to many of my
6 colleagues about this.

7 I understand their concerns. I have heard from donor
8 States, transit States, border States, rural States that
9 there needs to be more funding in order to make this a
10 more equitable bill, and I will help make that happen.

11 I agreed to a mark-up of the bill today at a lower
12 level. I do so, however, with the understanding that the
13 Chairman and I will offer an amendment on the floor to
14 increase the funding.

15 Now, we will be responsible with the amendment. Any
16 increases will be paid for. We will not increase the
17 deficit. We will act responsibly. We do not know the
18 number yet, but we will continue to work to develop it.

19 Prior transportation bills have never been partisan.
20 There is no reason why this bill should be any different.
21 I look forward to working with you, Mr. Chairman, and all
22 Senators to help pass this bill, and once we get to the
23 floor, to get an amendment passed to raise it to an
24 appropriate level.

25 Now, I might just reconfirm what you just said, Mr.

1 Chairman. That is, this highway bill does not add to the
2 deficit. Contrary to what some say, it does not add one
3 thin dime to the deficit. It is all paid for with
4 highway user fees and with other offsets. It does not
5 add to the deficit. So if anyone says that it does, I
6 would ask that person to go back and look at the facts,
7 because it does not add to the deficit.

8 Thank you, Mr. Chairman.

9 The Chairman. Now, if I could move to the
10 committee's business. I would like to call up the
11 Chairman's mark. It is an original bill entitled "Highway
12 Reauthorization and Excise Tax Simplification Act of
13 2005."

14 The Finance Committee staff will walk through the
15 modification of my mark. We have Elizabeth Paris and
16 Matt Jones, Tax Counsels for our committee; George Yin,
17 Chief of Staff of the Joint Committee on Taxation; and we
18 have John Parcell, the Acting Deputy Tax Legislative
19 Counsel to the Treasury Department before us.

20 Mr. Yin, would you go through and make your comments
21 on the modification?

22 Mr. Yin. Thank you, Mr. Chairman. I am going to
23 describe the Chairman's mark, as modified. If you would
24 like to follow along, I am going to be working off of the
25 Revenue Table. It is a one-page Joint Committee Revenue

1 Table that has the number JCX-28-04 in the upper right-
2 hand corner. I will be describing the provisions in the
3 order that are presented in that table.

4 The first provision extends the expenditure authority
5 for the Highway Trust Fund and the Aquatic Resources
6 Trust Fund, which are currently due to expire May 31 of
7 this year, through September 30, 2009, and updates
8 permissible purposes for which expenditures can be made
9 to include the current reauthorization bill.

10 It also extends the motor fuels and other excise
11 taxes' financing of the trust funds which are currently
12 due to expire on September 30 of this year through
13 September 30, 2011 at their current rates.

14 It modifies the anti-deficit Harry Berg rule to
15 permit authorization of expenditures up to projected
16 receipts in the Highway Trust Fund over a 48-month period
17 instead of a 24-month period.

18 Finally, it does not extend the current-law provision
19 which is due to expire on September 30 of this year that
20 permits the general fund to retain 4.8 cents per gallon
21 of taxes on certain motor fuels and fuels for outdoor
22 power equipment that would otherwise be dedicated to the
23 Highway Trust Fund and the Aquatic Resources Trust Fund.
24 Thus, after September 30 of this year, those funds will
25 not be retained by the general fund.

1 The second item under II, Excise Tax Reform and
2 Simplification. Item A modifies the gas guzzler tax to
3 remove limousines in excess of 6,000 pounds as being
4 subject to that tax.

5 Senator Kerry. What is the theory of that?

6 Mr. Yin. Well, the theory of that, sir, is under
7 current law, vehicles generally are exempt from the tax
8 if they are in excess of 6,000 pounds.

9 Limousines are treated differently. Limousines are
10 treated subject to the tax no matter what their weight.
11 What this provision is doing, is conforming the treatment
12 of limousines to the treatment of all other vehicles.

13 Item B under Aquatic Excise Tax, under I, what the
14 provision does, is to eliminate the Aquatic Resources
15 Trust Fund, and its subaccount, the Boat Safety account,
16 and transforms the other subaccount, the Sport Fish
17 Restoration account, into a separate trust fund, the
18 Sport Fish Restoration and Boating Trust Fund, with the
19 taxes essentially now transferred to the Aquatic
20 Resources Trust fund to be transferred to this new trust
21 fund.

22 It, further, extends through September 30, 2011 the
23 authority to transfer taxes on fuels used on certain
24 outdoor power equipment from the Highway Trust Fund to
25 this new trust fund.

1 Item II relating to the Harbor Maintenance tax
2 conforms the Internal Revenue Code to a 1998 Supreme
3 Court decision which held that portion of the tax
4 unconstitutional by exempting exported cargo from the
5 Harbor Maintenance tax.

6 Item III relating to certain fishing equipment. This
7 proposal caps the excise tax on fishing rods and poles to
8 no more than \$10.

9 Item C, Aerial Excise Taxes. Number I, relating to
10 Aerial Applicators. This proposal eliminates the need
11 for aerial applicators to obtain the written consent of
12 the farm owner or operator before claiming refund for
13 exempt use of fuel, and also expands the exemption to
14 include fuel used by the plane between the airport and
15 the farm.

16 The proposal also extends the current-law exemption
17 for fuels used by helicopters in certain timber
18 operations to include fuel used by a fixed-wing aircraft
19 in the same type of operation.

20 Item II under C, relating to rural airports, expands
21 the definition of "rural airport" to include one that is
22 not connected by paved roads to another airport, and had
23 fewer than 100,000 commercial passengers departing by air
24 on flight segments of at least 100 miles during the
25 second preceding calendar year.

1 The next item, III, relating to sea planes, provides
2 that neither air passenger, nor air cargo taxes would
3 apply to transportation by sea planes for segments
4 consisting of take-off or landing on water, if such
5 locations have not received the financial assistance of
6 the Airport and Airway Trust Fund.

7 IV, relating to sightseeing flights. This proposal
8 provides that an aircraft operated, the sole purpose of
9 which is sightseeing, will not be considered operated on
10 an established line, and therefore if the aircraft has a
11 maximum weight --

12 Senator Baucus. Mr. Chairman, I just wondered. Did
13 you ask him to go through the whole bill or just the
14 modification? This is going to take a while to go
15 through all this. I wonder what your wishes were.

16 The Chairman. My wish, Mr. Yin, is if you could
17 just hit the modifications, and the high points, even, of
18 the modifications.

19 Mr. Yin. All right. The provisions in the
20 modification are set forth on the opposite side of the
21 revenue table on page 2, and it begins with the items
22 entitled, "Additional Provisions."

23 The high points. Number one, changes the present
24 rule for filing of excise tax payments to modify it from
25 a semi-monthly rule, which is current law, to a quarterly

1 filing for certain smaller producers of distilled
2 spirits.

3 Number four modifies the treatment of employer-
4 provided transit benefits. It increases the excludable
5 amount for vanpooling and transit benefits to \$155 a
6 month. It also changes the indexing scheme for both
7 those items and for parking benefits so that indexing
8 would begin after 2008 for all of those items.

9 All of the revenue offset items were previously
10 agreed to by the committee last year. Would you like me
11 to describe any of those?

12 The Chairman. No.

13 Mr. Yin. Well, that concludes then.

14 The Chairman. Now, the point is, do any members
15 have any questions of our staff at this point? [No
16 response]. All right.

17 Then if there are no questions, I would move to
18 modify the Chairman's mark. Without objection.

19 Senator Baucus. I second that.

20 The Chairman. That is seconded. Without objection,
21 the Chairman's mark is modified.

22 Senator Wyden. Mr. Chairman?

23 The Chairman. Yes?

24 Senator Wyden. Mr. Chairman, just a question. I am
25 very appreciate, I think, if this is the case. Senator

1 Talent and I, as you know, have the Build America Bonds
2 Program, which you and Senator Baucus have been helpful
3 with. Is that now in the mark so I would not have to
4 offer the amendment?

5 Mr. Yin. Yes, Senator Wyden. That is one of the
6 items that is in the Chairman's modification.

7 Senator Wyden. Mr. Chairman, I am very
8 appreciative. Thank you.

9 The Chairman. There were 15 amendments filed.
10 Several of those items were technical or carry-over
11 business from last year's highway bill. Those have been
12 included in the modification. In addition to these, a
13 group of similar, but slightly varying, amendments were
14 offered on the fuel tax by Senators Hatch, Thomas,
15 Conrad, and Crapo.

16 Each of these groups has an interest in creating
17 exceptions to the highway taxes for vehicles that use a
18 disproportionate amount of fuel off the road. We
19 understand each of the concerns of these Senators, and
20 had attempted to address many of those in the JOBS bill
21 last fall.

22 We will continue to work with these Senators in
23 developing appropriate solutions to these issues and
24 continue to facilitate meetings between our staff and the
25 Internal Revenue Service Excise Tax Audit Group. My

1 thanks to the members for their help on this matter, and
2 that helps us to move along in the legislation.

3 Are there any members wishing to speak or to offer
4 amendments at this point?

5 Senator Kerry. Mr. Chairman?

6 Senator Hatch. Mr. Chairman?

7 The Chairman. I saw Senator Kerry, first.

8 Senator Hatch. That is fine. We will all get
9 there.

10 The Chairman. All right.

11 Go ahead, Senator Kerry.

12 Senator Kerry. Well, obviously I am not going to
13 offer this amendment because we do not have the
14 jurisdiction here, but I am on the floor. I think it
15 concerns a lot of our States, particularly southwest and
16 southeast, now, because of the growth in those regions,
17 but almost every area in the country. Where even there
18 has been a traditional reliance on highways, there is an
19 increasing need for transit.

20 In last year's bill, by 76 votes in the Senate, we
21 set an 18.8 percent transit level. This bill has an 18.2
22 percent transit level. That is a loss of \$1.6 billion.

23 At a point in the country where we still do not have
24 a net new job created, and everyone knows that a billion
25 dollars spent in transit, or in highway, et cetera,

1 creates about 50,000 jobs, it seems to me we are moving
2 in the wrong direction when we are funded by the trust
3 fund and it does not have an impact on the deficit, et
4 cetera. So, I would like colleagues to think about this
5 as we go to the floor.

6 Almost every State here has increased transit
7 demands. It reduces our reliance on foreign oil. It
8 cleans air quality. It decongests roads. It creates
9 jobs. There is a very, very severe penalty to a lot of
10 States here in the loss of transit money. So, I am going
11 to ask that we raise it back just to last year's level.

12 I would love to go beyond there, but if we go with
13 the 18.8 and restore the 1.7, we will have the
14 appropriate offset. I hope colleagues will join in that
15 effort. It is not germane here. We cannot do it in the
16 committee, but I would like to do it on the floor, Mr.
17 Chairman. I hope we can get that support.

18 The Chairman. Senator Conrad, then Senator Hatch.

19 Senator Conrad. Mr. Chairman, the amendment that
20 Senator Thomas and I have offered is to try to clear up
21 confusion about what constitutes a tractor. In the law,
22 there is a design test.

23 That design test, called a primary design test, says
24 a self-propelled vehicle is considered a tractor when it
25 is chiefly used for highway transportation in combination

1 with a trailer or semi-trailer. Many of these vehicles,
2 most of us would look at and say, that is a truck. The
3 IRS says, no, it is a trailer.

4 This just leads to confusion. What our dealers are
5 telling us, is that some dealers charge the tax, some do
6 not, because this is so unclear. We just talked to the
7 biggest dealer in the biggest city in my State who said,
8 you know, Kent, I charge the tax, but I know some of my
9 competitors do not. I am losing sales to them because it
10 is just unclear.

11 What Senator Thomas and I have proposed is a bright-
12 line test. Instead of this primary design test that is
13 open to interpretation, that is confusing, we say the
14 ought to have a bright line test based on weight.

15 That is what we do other places in the law, and that
16 is what we think we ought to do here so there is not
17 confusion, so that people are not disadvantaged by
18 obeying the law.

19 The Chairman. Thank you.

20 Senator Lott. What is the status of that? It is
21 pending but it has not been accepted?

22 Senator Conrad. Correct. And the Chairman has
23 indicated that he and his staff would work with us before
24 we get to the floor. There is a cost to this of \$350
25 million. The Chairman has a desire to hold down the

1 cost, which is entirely reasonable to do, and he is
2 committed to working with us before we get to the floor.
3 There are a number of other colleagues that also have
4 acknowledged that this is a problem.

5 The Chairman. All right.

6 Senator Hatch?

7 Senator Hatch. Mr. Chairman, I just want to thank
8 you for your willingness to work on this tax relief for
9 some of these concrete pumping companies, that 50 percent
10 of their gas is not used on the road, and therefore they
11 should not have to pay excise taxes on that.

12 And they can prove it, as I understand it. They have
13 very good records that can show that a lot of it is off-
14 the-road type usage. So I just want to thank you for
15 being willing to look at that, and I hope we can solve
16 that problem.

17 The Chairman. Yes.

18 Senator Thomas?

19 Senator Thomas. Mr. Chairman, I just wanted to
20 thank you for consideration of this pick-up/tractor
21 thing, because it is clearly so undefined. We will
22 appreciate working on it as we move forward.

23 The Chairman. Thank you, Senator Thomas.

24 Now, Senator Smith?

25 Senator Smith. Mr. Chairman, I have a question for

1 Mr. Parcell, with the Treasury Department, who is here.
2 It relates to the application of one of the fuel tax
3 provisions of the JOBS bill last year.

4 Believe it or not, some people have been cheating by
5 paying no tax on aviation fuel by taking it from the
6 aviation sector and selling it for highway fuel. To
7 prevent this, we moved the collection point upstream to
8 the point at which the fuel is removed from the rack.

9 At the same time, we created exceptions for
10 situations where there is little risk of evasion. One
11 important exception is for fuel delivered by pipeline to
12 a secure airport that goes from a secure fuel tank at an
13 airport terminal directly into a commercial aircraft.

14 But here is the problem. Fuel suppliers often enter
15 into long-term contracts to deliver fuel throughout the
16 entire region. In some cases, they do not have their own
17 fuel tanks at a particular airport, so the company enters
18 into a contract with a fuel supplier, referred to as a
19 "position holder," who does have fuel available at the
20 airport.

21 In these cases, when planes come in for refueling,
22 the legal title of the fuel shifts from the position
23 holder to the re-seller, then to the airline when the
24 fuel goes into the commercial aircraft.

25 The concern is that situations like this may be

1 disqualified from the exemption because some believe the
2 passage of title means that the fuel is not considered to
3 go directly from the position holder to the commercial
4 aircraft. As a result, the transaction could be subject
5 to the burdens of the new rules, even though I believe
6 there is no risk of tax evasion.

7 I filed an amendment to address this concern and I
8 believe that the staff believes it is unnecessary. So
9 what I would like, is to get clarification from Treasury
10 if, in fact, the arrangement that is being pursued is in
11 compliance with law. So, if the Treasury could speak to
12 that, I would appreciate it.

13 The Chairman. Mr. Parcell, can you respond to that,
14 please?

15 Mr. Parcell. Yes. We agree with that staff. As
16 long as the commercial airline fuel transaction takes
17 place at a secure airport, then it is entitled to the
18 commercial rate.

19 The Chairman. Is that satisfactory, Senator Smith?

20 Senator Smith. It is, Mr. Chairman. About 100 jobs
21 in Salem, Oregon depend on his answer. So, I thank the
22 gentlemen.

23 The Chairman. All right.

24 Senator Kerry. Can I just ask a question?

25 The Chairman. Yes. Senator Kerry, then Senator

1 Schumer?

2 Senator Kerry. I just wanted to ask a question. Is
3 the capping of the excise tax on fishing equipment, is
4 that commercial fishing equipment?

5 Mr. Yin. It would apply to any rods and poles. I
6 do not think it draws a distinction between commercial or
7 personal use.

8 Senator Kerry. What is the theory, again? Why that
9 versus any other kind of equipment somebody might go by?
10 I am a fisherman. It is nice to buy a cheaper rod. I am
11 just curious what the exchange is.

12 Mr. Jones. Some members of the domestic fishing
13 equipment manufacturing industry have expressed concern
14 about the imposition of the excise tax on imported
15 equipment because it is initially sold to a wholesaler,
16 whereas some of the high-end domestic manufacturers are
17 producing rods at the location where they then sell them
18 at retail.

19 The excise tax is imposed then at the high retail
20 price of the fishing rods, so they end up paying a higher
21 tax because it is a percentage-based tax. So, capping
22 the tax at \$10 prevents that disparity from occurring.

23 The Chairman. All right.

24 Senator Schumer?

25 Senator Schumer. Yes, Mr. Chairman. I do not have

1 an amendment. I would, first, like to thank you and
2 Senator Baucus for accepting my amendment to raise the
3 qualified transit benefit from \$105 to \$155 a month. We
4 are still not equal with regular transit, but we are
5 getting there and this is a big improvement. I thank you
6 for that.

7 Second, I would like to just agree with Senator
8 Kerry's remarks about mass transit, in general. It was
9 not the work of this committee, but the work we did in
10 the Senate bill gave greater understanding to the mass
11 transit needs of States like mine where mass transit is
12 sort of our agriculture.

13 It is really our life blood. Hopefully on the floor
14 we can try to rectify that. I really think that both you
15 and Senator Baucus went out of your way on this, and I
16 thank you for it.

17 The Chairman. Thank you.

18 I now ask that the Chairman's mark, as amended --
19 Senator Wyden. Mr. Chairman? I had one additional
20 amendment.

21 The Chairman. Proceed.

22 Senator Wyden. Thank you. I will be very brief,
23 Mr. Chairman. In addition to that Senator Talent and I
24 have pursued with respect to the Build America Bonds
25 Corporation, this additional amendment would authorize

1 \$15 billion of private activity bonds to fund highway and
2 intermodal freight projects. This is along the lines of
3 what the two of you, Senator Grassley, and you, Senator
4 Baucus, accepted on the floor.

5 I think we all understand, you just cannot have big-
6 league quality of life with little league transportation
7 systems. We need more dollars for the program, and so
8 that is why I am offering this amendment. I think both
9 of you are aware of that, and I am anxious to work with
10 you.

11 The Chairman. The bill contains what we thought we
12 could do at this point. When we get to the floor, or
13 between now and the floor, we have committed ourselves to
14 work with you on that.

15 Senator Wyden. I am very appreciative. With that,
16 I will withdraw my amendment. Senator Talent and I both
17 have been grateful to the two of you working with us, and
18 look forward to pursuing it on the floor.

19 The Chairman. I now ask that the Chairman's mark,
20 as amended, be adopted. All those in favor, say aye.

21 [Chorus of Ayes]

22 The Chairman. Those opposed, say nay.

23 [No response]

24 The Chairman. The ayes obviously have it. The
25 modification is adopted.

1 I now ask that the committee favorably report the
2 Highway Reauthorization Excise Tax Simplification Act of
3 2005, as amended.

4 All those in favor, say aye.

5 [Chorus of Ayes]

6 The Chairman. Those opposed, say no.

7 [No response]

8 The Chairman. The ayes have it. The bill is
9 reported favorably.

10 I would ask that the staff have the authority to
11 draft necessary technical and conforming changes to the
12 Chairman's mark.

13 I would now like to turn to the committee's second
14 order of business for today. I would call up the
15 Chairman's mark, S. 661, entitled, "The United States Tax
16 Court Modernization Act."

17 The Senate Finance Committee members' staff are
18 familiar with this bill, so I would like to forego a
19 walk-through.

20 Are there any questions about the bill?

21 Senator Hatch. Mr. Chairman?

22 The Chairman. Senator Hatch?

23 Senator Hatch. I just want to thank you for
24 including the Tax Court Modernization Act in this
25 morning's mark-up. I, along with our former colleague,

1 Senator Breaux, have worked on this legislation for
2 several years. I am gratified once again to have your
3 support, as well as the support of Senator Baucus. I
4 just wanted to express that.

5 The Chairman. Well, thank you very much.

6 If there are no further questions or comments, I
7 would ask that the Chairman's mark be adopted.

8 Those in favor, say aye.

9 [Chorus of Ayes]

10 The Chairman. Those opposed, say no.

11 [No response]

12 The Chairman. It is obvious that the ayes have it.
13 The mark is adopted.

14 I now ask the committee to favorably report this Tax
15 Court Modernization Act of 2005, as amended.

16 All those in favor, say aye.

17 [Chorus of Ayes]

18 The Chairman. Those opposed, say nay.

19 [No response]

20 The Chairman. Obviously, the ayes have it. The bill
21 is favorably reported.

22 I ask that the staff have the authority to draft
23 necessary technical conforming changes to the Chairman's
24 mark.

25 I thank Senator Baucus for his good work in helping

1 us process these two important pieces of legislation for
2 our committee.

3 If there is no further business to come before the
4 Senate --

5 Senator Baucus. Mr. Chairman? Mr. Chairman?

6 The Chairman. Yes?

7 Senator Baucus. I would just like to note the
8 presence in the audience of two Tax Court judges who were
9 once staff members of this committee, Judge Gale and
10 Judge Colvin, over on our left. I would just compliment
11 them for being good public servants. They worked hard
12 for this committee, and now they work in the Tax Court.

13 Senator Jeffords. Would the two judges stand?

14 The Chairman. Senator Jeffords asked that the two
15 judges stand.

16 Senator Baucus. Yes. Judge Colvin and Judge Gale.
17 Thank you very much.

18 [Applause]

19 [The prepared statement of Senator Bunning appears in
20 the appendix.]

21 The Chairman. If there is no further business, the
22 committee is adjourned.

23 [Whereupon, at 10:40 a.m. the meeting was concluded.]

24

25

I N D E X

PAGESTATEMENT OF:


THE HONORABLE CHARLES E. GRASSLEY
A United States Senator
from the State of Iowa

2

THE HONORABLE MAX BAUCUS
A United States Senator
from the State of Montana

6

ilmour
9 pp.
-19-05


Opening Statement
Senator Bunning
Committee on Finance - Business Meeting
19 April 2005

MR. CHAIRMAN,

I LOOK FORWARD TO TAKING UP THE BUSINESS
BEFORE THE COMMITTEE TODAY. WE ARE
EXAMINING A NUMBER OF IMPORTANT ISSUES,
INCLUDING REAUTHORIZATION OF THE HIGHWAY
BILL, TAXPAYER PROTECTIONS, AND EXCISE TAX
REFORMS.

I ALSO WANT TO COMMEND THE CHAIRMAN AND RANKING MEMBER FOR THE IMPORTANT WORK THEY HAVE DONE TO INCREASE TAXPAYER PROTECTIONS AND TO ADDRESS MUCH NEEDED SIMPLIFICATION IN THE EXCISE TAX AREA – AN AREA THAT IS OFTEN OVERLOOKED BUT THAT CAN HAVE IMPORTANT CONSEQUENCES FOR TAXPAYERS.

I AM PLEASED TO HAVE BEEN ABLE TO WORK WITH THE COMMITTEE TO INCLUDE A NUMBER OF PROVISIONS IN THE EXCISE TAX AREA THAT I FEEL WILL HAVE AN IMPORTANT IMPACT ON TAXPAYERS AND BUSINESSES IN MY STATE.

AFTER SO MUCH DELAY, I HOPE AND EXPECT THAT THIS CONGRESS WILL FINALLY PASS A NATIONAL HIGHWAY BILL THIS YEAR. OUR TRANSPORTATION INFRASTRUCTURE HAS ALWAYS BEEN ONE OF THE BACKBONES OF OUR NATION'S ECONOMIC MIGHT AND IT IS IMPORTANT THAT WE KEEP OUR ECONOMY GROWING.

TRANSPORTATION JOBS ARE HIGH-PAYING JOBS FOR HARD-WORKING AMERICANS AND WE MUST MAKE SURE OUR TRANSPORTATION SYSTEM IS AS SAFE AND EFFICIENT AS IT CAN BE.

FEDERAL HIGHWAY PROGRAMS HAVE ALSO ALLOWED US TO TACKLE PROJECTS NO STATE COULD HANDLE ALONE, PROJECTS LIKE REPLACEMENT OF THE BRENT SPENCE BRIDGE THAT CARRIES I-71 AND I-75 FROM OHIO TO KENTUCKY ACROSS THE OHIO RIVER.

IN ADDITION, FEDERAL TRANSIT PROGRAMS HAVE ALLOWED SMALL AND RURAL COMMUNITIES TO RUN BUS AND VAN SERVICES TO HELP OUR ELDERLY, DISABLED, AND LOW INCOME FOLKS GET WHERE THEY NEED TO BE SAFELY.

I LOOK FORWARD TO A PRODUCTIVE MORNING AND I THANK THE CHAIR.