

1 EXECUTIVE COMMITTEE MARKUP SESSION ON BUDGET DEFICIT
2 REDUCTION PROPOSALS
3 WEDNESDAY, MARCH 21, 1984
4 U.S. Senate
5 Committee on Finance
6 Washington, D.C.

7 The committee met, pursuant to recess, at 9:00 a.m. in
8 room SD-215, Dirksen Senate Office Building, Senator Robert
9 J. Dole (chairman) presiding.

10 Present: Senators Dole, Danforth, Chafee, Heinz,
11 Wallop, Durenberger, Armstrong, Symms, Grassley, Long,
12 Bentsen, Matsunaga, Moynihan, Baucus, Boren, Bradley, and
13 Mitchell.

14 Also present: Messrs. Kane and Barnhart, Department of
15 Transportation.

16 Also present: Roderick DeArment, Esquire; Michael Stern,
17 Esquire; Richard Belas, Esquire; Donald Susswein, Esquire;
18 David Hardee, Esquire; James Wetzler; David Brockway;
19 William Wilkins; and F. Gordon.

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1 The Chairman. The Committee will come to order.

2 Senator Moynihan. Mr. Chairman? I wonder if --
3 two things -- if I could ask that the bill be amended to ask
4 for a study of tax shelters, and a real study, not just a
5 stock thing that they put in envelopes and taxpayers write
6 in; and secondly, if the committee staff would be kind
7 enough to inquire of Treasury what became of Secretary
8 Regan's solemn commitment to this committee to provide
9 information on who owns the national debt. Morgan Stanley
10 Research, for example, reports that 17 percent of the
11 interest payments on the national debt now go abroad. That
12 is a large sum, Mr. Chairman.

13 The Chairman. All right. I don't see any problem
14 with that. We can do that.

15 Mr. DeArment. We will inquire about the national
16 debt question, because I do recall their making that promise
17 that they would do the study.

18 The Chairman. We will indicate to Treasury that
19 the committee reaffirmed the request.

20 Senator Moynihan. And we have language on the
21 tax shelter, which perhaps the staff could look at, if it
22 is acceptable to the staff.

23 Mr. Brockway. Yes, we're familiar with that.

24 Senator Moynihan. Thank you.

25 The Chairman. As I understand it, the agenda today

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1 says a DOT study on import of the use of tax on international
2 carriers. That was a study that Senator Mitchell requested,
3 and I think we approved of that yesterday. I don't know of
4 any objection. Is that correct? Is that the study
5 Senator Mitchell had an interest in?

6 Mr. DeArment. That is the study that
7 Senator Mitchell requested.

8 The Chairman. And, number two, Senator Matsunaga
9 raised the question of the 9 cent -- this is the
10 Moynihan/Matsunaga tax amendment. That was defeated, but
11 apparently he did not get a vote on his one-year extension
12 of current law. Is that correct?

13 Mr. DeArment. That's correct. He did not get a
14 vote on it.

15 The Chairman. I don't think there is any objection
16 to extending current law for one year.

17 Senator Moynihan. I'd appreciate it.

18 The Chairman, But then, again, Senator
19 Matsunaga will be here later. He indicated he didn't get a
20 vote on half of his proposal. So I don't have any quarrel
21 with that. If somebody wants to propose it, they can do it
22 later. So we can suggest that's been approved.

23 Senator Moynihan. We are getting along famously,
24 Mr. Chairman.

25 The Chairman. Right. I think we finished this

1 fairly quickly.

2 (Laughter)

3 The Chairman. While we are waiting for other
4 members to get into the key amendment here, Senator Childs
5 stopped me yesterday concerning a transition rule. I don't
6 know whether he talked to Mike Stern or not. Was it IDB?

7 And also Senator Wendell Ford raised something
8 about the Glenmore Distillery in Puerto Rico. Are you
9 familiar with that, Dave?

10 Mr. Brockway. I am not familiar with that.

11 The Chairman. I indicated to both Senators that
12 if they could give us a memo -- I think maybe you are aware
13 of it.

14 Mr. Wilkins. I spoke with someone on Senator
15 Childs' staff late last night. They supplied me with some
16 information about the project in Florida. It's a solid
17 waste disposal facility that has some 1982 action, with a
18 revenue ruling and an inducement resolution. I am
19 prepared to share that with the other staff members this
20 morning and add that to the bill, if that is satisfactory
21 with everyone.

22 Mr. DeArment. Mr. Chairman, we have received the
23 same information. It wasn't clear to us that the bill
24 necessarily covered the project, but I know Don Susswein
25 has worked out some language.

1 The Chairman. All right. I know of no objection
2 to taking care of that.

3 What about Senator Ford? Could you check on his
4 problem?

5 Mr. Belas. Senator Dole, Senator Ford's problem
6 was in how you calculate the amount of redistillation that
7 would be allowed to continue in Puerto Rico through the end
8 of their fiscal year. He was concerned about whether it
9 would be possible to draft it in terms of gallons rather than
10 in the actual gross amount of dollars.

11 Evidently he has a constituent who has an
12 investment in Puerto Rico. Since they are being paid back
13 their investment on a 50-cent per gallon basis, as I
14 understand it, it would be more effective for them in
15 regaining their investment.

16 The Chairman. That would be limited to one
17 distiller there?

18 Senator Moynihan. Now, Mr. Chairman, we have been
19 very hard on Puerto Rico. It was necessary, and I understand
20 why you had to, but we have given them not one thing.

21 Now, I don't know anything about this, and I would
22 like to hear a lot more about it before I vote.

23 Mr. Belas. Senator Moynihan, this would not be
24 in any manner a cutback or an increase in the amount of
25 cover-over. It would just to be to draft it in terms of the

1 amount of gallons that Puerto Rico would be allowed to use
2 for --

3 Senator Moynihan. What does the Government of
4 Puerto Rico think of this?

5 Mr. Belas. We have not had an opportunity to check
6 that out.

7 Senator Moynihan. There is an elected government
8 in Puerto Rico, elected by American citizens.

9 Mr. Belas. Senator, I was just described
10 Senator Ford's problem. He does not quarrel, I do believe,
11 with what level we do it; it is just a matter, in drafting,
12 how you get whatever are the dollar amounts that the committee
13 agreed upon. He would prefer it be drafted in per-gallons.

14 The Chairman. Maybe Senator Moynihan's staff
15 could check with Senator Ford. I know Senator Moynihan
16 has a deep interest in this.

17 I don't have any objection, but I want to make
18 certain that it's been agreed upon. Is that all right?

19 Senator Moynihan. Sure.

20 Mr. Brockway. Mr. Chairman, there is one other
21 item that I am aware of that I would like to clarify for
22 the record. It deals with the disguised sales provisions
23 dealing with contributions to partnerships, that there is a
24 transaction that Senator Armstrong was interested clear,
25 that the record reflected that this transaction was not

1 covered. It was not covered under the bill, but they just
2 wanted to make sure that it is on the record.

3 The Chairman. All right.

4 Then, in the IDB area, we don't want to add
5 anything; I want to withdraw an amendment of mine that was
6 agreed to, with reference to the Wolf Creek Project. So
7 that can be eliminated.

8 Mr. DeArment. Here is Senator Childs now.

9 Mr. Susswein. Senator, in addition to the
10 Florida crushed stone project --

11 The Chairman. Didn't we take care of Senator
12 Childs?

13 Mr. Susswein. Yes, we did, Senator.

14 In addition to that, we have a technical on the
15 IDB area which would say that the modification of the 1980
16 Mortgage Subsidy Bond Transition Rules would only apply
17 to bonds issued more than 30 days after the date of committee
18 action, would not apply to the River Place Project in
19 Minneapolis, Minnesota, and would apply only to bonds
20 issued for new mortgages.

21 The Chairman. All right.

22 But you will take care of the Wolf Creek, and
23 eliminate that? Don Susswein?

24 Mr. Susswein. I'm sorry.

25 The Chairman. I didn't get any response on Wolf

1 Creek. Will that be taken care of?

2 Mr. Susswein. Yes. That will be removed from the
3 package, Senator.

4 The Chairman. Stricken from the package.

5 Senator Grassley. Mr. Chairman?

6 The Chairman. Senator Grassley?

7 Senator Grassley. I would like to get the
8 committee's approval on an amendment not costing any money
9 that calls for a study. The amendment would be exactly
10 the same as I got adopted on the floor of the Senate in
11 1981, or maybe it was 1982, and then taken out in conference,
12 calling for a study of alternate tax proposals.

13 We were told in 1981 that we didn't need it in
14 conference because the Department of Treasury was going to
15 come forth with the studies and issue some reports. And all
16 we got was a preliminary report in our hearings in the Fall
17 of 1982, when we had hearings on alternate tax study.

18 The House did include in their Ways and Means
19 bill this year Kent Hance's amendment for an alternate
20 study to include the gross income tax.

21 I don't want to limit mine to just that extent,
22 but I would like to have it on the various alternates that
23 have been talked about, plus the gross income tax, and I
24 understand that some of the study is going on right now by
25 Treasury; but the purpose of my amendment would be to see

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1 this time that those studies are actually brought out and
2 made public and completed.

3 Mr. Pearlman. Mr. Chairman, as the Senator points
4 out, we are undergoing a very comprehensive study. We did/
5 have some concerns about the Hance proposal, only that we
6 want to make sure that we are not doing duplicative work.

7 And so we asked Congressman Hance to work with
8 us in making sure that the language of his recommendation
9 didn't invent work for us that we all mutually agreed was
10 unnecessary.

11 I would hope that, if the committee does adopt
12 Senator Grassley's recommendation, that at least we can have
13 some discussion about precisely what the wording of the
14 proposal is.

15 You know, we have a major commitment of resources
16 this year to do work on comprehensive tax reform. And
17 frankly, we are strained in our ability to do that. And I
18 would hope that we could obtain some consensus on what we
19 do during the year, because we just can't do everything.

20 So, if we can just work with you, Senator, in
21 making sure that the language of your proposal is consistent
22 with what we think we can do during the year, we will be
23 happy to support that.

24 Senator Grassley. All right. I'm willing to do
25 that on the gross income tax portion of it, because as far as

1 my proposal here, I would not want to pretend that it's that
2 refined that we wouldn't need discussions anyway.

3 But there are two points I want to make in addition
4 to the gross income tax:

5 One is that I want my proposal to include everything
6 I included in the year it was adopted on the floor of the
7 Senate. And, secondly, this year I hope it doesn't get taken
8 out in conference, because I do want these reports to be
9 finalized and presented, because I think in the next two
10 years we have got to give a great deal of consideration to
11 massive changes in the Tax Code.

12 The Chairman. Well, I can't predict what would
13 happen in conference. I mean, the House doesn't like to
14 spend millions of dollars for studies.

15 But I think you will take care of most if it; is
16 that right?

17 Mr. Pearlman. Yes. And we are happy to work with
18 you in trying to do something.

19 The Chairman. Senator Armstrong is here. As
20 I understand, I handed you a memo yesterday, and you
21 indicated that could be taken care of.

22 Mr. Pearlman. Yes. I think that's the one that
23 Mr. Brockway just referred to. He indicated that we did not
24 intend by the committee action to effect the transaction he
25 talked about.

1 As long as we are all clear that what we are
2 talking about there is the application of the partnership
3 constructive-sale rule, then we are in total agreement.
4 There was some suggestion that there was relief being
5 requested from the Partnership Allocation Rules in the bill.
6 We are told now that that is not the case. But I think
7 the record should show that we would not be supportive of
8 that kind of provision.

9 The Chairman. I think, Dave, that you indicated
10 on the record before that Senator Armstrong is here.

11 Mr. Brockway. That's correct. This is a
12 disguised-sale provision. It would not have been covered
13 by the bill, but it makes it clear more how that reflected
14 in the press release.

15 Senator Armstrong. Thank you, Mr. Chairman.

16 Senator Moynihan. Mr. Chairman, Mr. Pearlman's
17 being here, could I just note before he arrived the
18 committee agreed to put in this final bill the proposals for
19 a study of tax shelters, which was part of the tax shelter
20 legislation that I introduced earlier this year. I will
21 give you the language.

22 The Chairman. We are just waiting for a couple of
23 additional members.

24 Mr. Arment. Ron, they also noted that this
25 committee had been promised a study of who owns the national

1 debt, and we have not received that study from the Treasury
2 Department. We would like to.

3 The Chairman. We would like to find out.

4 (Pause)

5 The Chairman. Are there any other minor details?
6 David? Mike? Do you have any transition rules that you
7 are aware of? And would you check with Senator Ford with
8 me?

9 I might say that Senator Metzenbaum indicated to
10 me that we have added too many loopholes to this bill, so
11 that it is going to increase his workload when we get to the
12 floor. It's nice to have an assistant commissioner around
13 to help you with your work.

14 Mr. Brockway. Mr. Chairman, there are two items
15 that weren't clearly reflected, I guess, in our discussions
16 the other day on the Treasury simplification package. They
17 were not in the House bill, but they are technical changes
18 that had been cleared with the staff.

19 Just to reflect, for the record: One dealt with
20 the statute of limitations on contributions to native
21 construction. The other dealt with financial reporting of
22 the investment credit, the requirement that you have to get
23 the Secretary's permission to change your accounting method,
24 which would be deleted.

25 These two provisions that Treasury suggested, then,

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1 would be considered in the package.

2 The Chairman. Is that correct?

3 Mr. Pearlman. That is correct.

4 The Chairman. All right.

5 Maybe we will just visit here for a while. Is
6 there anything to the rumor that the House may go back and
7 raise more revenue in the Ways and Means Committee?

8 Mr. Brockway. Evidently, Mr. Chairman, the
9 Democratic caucus there has agreed in the Budget Committee
10 to \$49 billion. That was reported in the paper today. If
11 that's true, then their bill as reported by Ways and Means
12 meets that goal. But I have no further information than
13 that.

14 The Chairman. They would be a billion short?

15 Mr. Brockway. Well, I think their bill is
16 \$50 billion.

17 The Chairman. Oh, they are a billion-long.

18 Mr. Wetzler. Mr. Chairman, I think what may be
19 happening is the budget committee may be looking at 1985
20 through 1987, and the Ways and Means bill raises a billion
21 in 1984; so if they don't want to give us credit for the
22 1984 revenue, we could always slop that into 1985 somehow
23 and get credit for it that way. I'm not sure we have to
24 actually go back and raise another billion.

25 The Chairman. Could we use the word "slip" instead

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1 of "slop"?

2 (Laughter)

3 Mr. Wetzler. If the enactment of the bill is
4 delayed, it would "slop" over, anyway.

5 The Chairman. It has a better ring to it, I
6 think. Of course, you are talking about the other side, so
7 maybe -- you know.

8 (Laughter)

9 The Chairman. Let's see: One, two, three, four,
10 five, six, seven. All right.

11 We are down to the one major amendment here, which
12 will probably take some time, because I think DOT would like
13 to make their case, and others would like to make their
14 case.

15 I think first of all we will hear from the DOT on
16 their proposal, which is 6 cents and 650. And let's get
17 some charts out and show who is going to pay the difference
18 here. I mean, I think once the members understand that we
19 are going to shift the burden to smaller trucks, there might
20 be some flexibility on the committee.

21 As I understand, Harry, if we adopt the -- well, I
22 have a compromise which I would offer. But if we adopt the
23 compromise, which I'll discuss in greater detail later, we
24 will reduce the use tax for all those trucks between -- what?
25 Fifty-five thousand and 75,000 pounds?

1 Mr. Graham. Yes, sir, Senator. That's correct.

2 The Chairman. And what percent of the trucks in
3 the country does that represent?

4 Mr. Graham. Sixty-six percent of all trucks.
5 Over 695,000 trucks are registered at less than 75,000
6 pounds.

7 The Chairman. So the question is whether we take
8 care of the big trucks at the expense of everyone else. So
9 we will get into that later. All right.

10 Mr. Barnhart. Mr. Chairman, we have looked very
11 intently at the truck situation, but I think one thing we
12 have got to do is to remember we are starting from a given
13 of the \$1900 level on the use tax that was adopted a year
14 ago. We recognize that that is a severe fiscal burden on
15 the trucking industry, and so we have explored every option
16 possible to minimize that economic hardship without doing
17 damage to our cost allocation study.

18 We have come up with our 6 cents and 650 max on
19 the use tax, and we feel it meets all of the requirements
20 to raise the revenue and to retain the equity, and to retain
21 also the ease of collection.

22 I would point out that because of earlier actions
23 on additional exemptions that the committee has added, it
24 becomes more imperative than ever that we stay in line with
25 the DOT-4 recommendation; for, by prior actions this

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1 committee has dropped some \$500 million from our total
2 revenue that was estimated. DOT-4 will in fact raise some
3 \$330 million toward that deficit of the \$500 million that
4 has been created.

5 We believe it is more equitable, that some of the
6 options that have been discussed are frankly rather illogical.
7 When the Congress just a year ago established a uniform
8 80,000 pound load limit around the country, to then, under
9 other options, cut off that use fee at 72,000 pounds --
10 8000 pounds below the limit that you all established as the
11 recognized limit.-- seems to me totally inconsistent,
12 illogical, and, further, it does some damage within the
13 class of vehicle on the equity issue.

14 The greatest underpayers of their fair share of
15 the cost is in the vehicle between 70- and 80,000 pounds.
16 And by cutting off your use tax at 72,000 pounds, you
17 necessarily, then, thrust a larger burden on those vehicles
18 in the 55,000-and-up category.

19 To us, while it may seem a small point, it is one
20 of equity that we think is terribly important, and therefore
21 we have been very firm in our advocacy of the 6 and the 650
22 level.

23 Beyond that, there are other options that have a
24 cliff of \$150, for instance, at the 55,000 pound level. We
25 think that that is, again, unfair, unfair treatment, for

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1 that particular group of trucking vehicles. And that
2 constitutes a tremendous number of vehicles; that's in the
3 area of the house movers, the retail deliverers in
4 urbanized areas; that's the grocery stores that move their
5 material, their produce, from centralized places in urban
6 areas out to the outlying stores. It's the furniture stores.
7 We are hitting literally thousands and thousands of vehicles
8 here at the expense of 10 percent or so of the longest of
9 haul vehicles who would pay no more on the use tax than those
10 at the 72,000 pound level. We think it is terribly unfair.

11 It is the long-haul vehicle that I think should
12 pay more. I have been in many trucking meetings, and
13 overwhelmingly the vast majority of truckers benefit from
14 DOT-4 over our present law of that \$1900 max.

15 I have been in one group up in Detroit. Unknown
16 to them, I was early, and sat in the back of the room while
17 they conducted the rest of their business before I spoke.
18 And in their survey of eight different companies, on the
19 average mile per vehicle, it was 175,000 miles a year up to
20 a top of 232,000 miles per year. And yet, those vehicles
21 would have their use tax cut off at 72,000 pounds at \$500
22 under the House proposal. We think that's terribly
23 inequitable.

24 Senator Moynihan. Would it be the case that the
25 very large trucks are the ones most likely to be using the

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1 interstate system?

2 Mr. Barnhart. Yes, on the interstate. And I
3 would point out something else, too. We have worked with
4 the State very well to get a usable system for these trucks.
5 And I think we have done a darn good job, when you stop to
6 realize we've got 50 States plus the District and Puerto
7 Rico; we have had only five court actions challenging our
8 route designations. And that's pretty miraculous. And we
9 are working out our other problems, too, to make sure that
10 all trucks have adequate commercial access and safe routes
11 at that. So we are not slighting the trucking industry,
12 because it isn't the trucking industry we are trying to
13 serve -- at the bottom line, we are trying to serve the
14 consumer who has to pay the additional cost. But we are
15 still concerned about the balance of payments.

16 The Chairman. Could I ask a question? I think what
17 is important to most of us is who is going to pay the tax.
18 Everybody knows there is a very drastic reduction. In fact,
19 I think this committee was on record -- we asked for the GAO
20 study; we felt that the use tax was far too high, in any
21 event, when this bill was passed.

22 I think now we need to know, and I think we have
23 tried to do that in furnishing this information, but maybe
24 it would be helpful if somebody could point out what we are
25 talking about here. It is trying to reduce the tax with the

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1 compromise that I will offer -- not the DOT proposal -- but
2 reduce the tax for about 66 percent of the trucks. We are
3 either going to do that, or we are going to shift the tax
4 to that 66 percent, to benefit the very large trucks in this
5 country. Am I correct, or not?

6 Mr. Barnhart. That is correct, sir.

7 I have talked to two of the major independent
8 operator-owner organizations. The average mileage on one
9 association's is 102,000. The average on the other is
10 108,000. The break-even point, that is, the amount of
11 revenue that would be derived under DOT-4 or extracted from
12 the individual trucker, as opposed to the present law, the
13 \$1900 max, the break-even point is about 120,000 miles.

14 So, unless you drive over 120,000 miles, you
15 actually are getting ease of payment or an actual cash
16 advantage on your outlay. But the folks who drive over
17 120,000 -- they obviously are going to pay more. But I don't
18 think that's unfair.

19 Senator Wallop. Mr. Chairman, that figure is
20 contrary to the one -- Ray, I'm sorry, but the one you have
21 given us, the DOT-4, is 104,000 miles and 79,000 miles.
22 DOT-4 is 6 cents, 650; 79,000 and 166 miles is break-even;
23 104,000 and 167 is break-even at 1900.

24 Mr. Barnhart. Senator, I think you will find some
25 variation in there because of the efficiency of the various

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1 types of vehicles.

2 Senator Wallop. Well, if you are going to talk
3 efficiency, Ray, then talk the rest of the efficiency, and
4 that is the heavy trucks use more fuel and pay more tax on
5 the diesel differential.

6 Mr. Barnhart. That is correct. But we have
7 balanced that out, and we still stand by our figures.

8 Now, there are some trucks in the older fleet and
9 in mountainous terrain -- and you have that out in your
10 State, sure -- where you have some truckers who are getting
11 4 miles to the gallon as opposed to some of the other
12 long-haul truckers out in the Plains States that are getting
13 5.5 and 6. But the efficiency of the trucks themselves is
14 increasing dramatically, and has in recent years.

15 The Chairman. Dr. Kane?

16 Dr. Kane. The difference between the light trucks
17 and the heavy trucks is very small in terms of miles per
18 gallon. You are talking about a couple of tenths per mile
19 per gallon in terms of 55-60,000 pound trucks, versus
20 80,000 pound trucks. So you really do not get the kind of
21 spread between the light and the heavy trucks, in terms of
22 payments under a diesel differential.

23 Senator Wallop. Well those are new figures from
24 DOT, then. I'm sorry. But that is not what you gave us
25 when we started these negotiations.

1 I have only to go on what you tell us in the first
2 place, and if what you tell us in the first place is
3 different than what you tell us in the second place, we are
4 not able to compute it.

5 Dr. Kane. What we have said is 120,000 miles on
6 DOT-4 is the break-even on the heavy trucks.

7 Senator Wallop. Earlier you said less.

8 Mr. Barnhart. I don't recall it, Senator. If we
9 have given you some inconsistent figures, I apologize. But
10 to my knowledge, we have not provided inconsistent
11 information. It is certainly possible. It was certainly
12 not deliberate.

13 Nor have we provided figures simply to prove a
14 point. We have analyzed this thing and come up with our
15 best judgment. And obviously there is speculation,
16 depending upon the efficiency of the vehicle and the
17 terrain you traverse.

18 Senator Chafee. Mr. Chairman? Do I understand
19 that what we are debating here this morning is the difference
20 between these various proposals as set forth? In other words,
21 the two factors being the diesel differential and the 600
22 minimum tax and so forth, with the DOT having 6 cents and
23 650? Is that what is before us?

24 The Chairman. Right. What we are talking about
25 right now is the 6 and 650. I intend to offer a compromise

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1 to make it 6 and 600. Senator Wallop would like to go to
2 5.5 and 500; and then, Senator Grassley would like to go to
3 6.5 and 240.

4 I think it will be just a question of -- my own
5 view is, and I say it respectfully to the DOT, I don't think
6 you have the votes for your proposal.

7 Mr. Barnhart. Respectfully, I would like to
8 suggest we don't, too.

9 Senator Chafee. Well, respectfully, I think whether
10 you have the votes or not, I think you are right. And
11 here's one vote for you.

12 The Chairman. I am going to vote for it, but I
13 think there may be the votes for the compromise. And I
14 know Senator Wallop may have the votes for his. We can't
15 have votes for everything. But I think we understand the
16 issue.

17 Senator Chafee. Mr. Chairman, one other question.

18 The Chairman. Yes?

19 Senator Chafee. As I understand it -- what is the
20 current maximum tax? I appreciate there is no diesel
21 differential now, and the maximum tax is what? 1900?

22 Mr. Graham. Senator Chafee, on July 1, 1984, the
23 Heavy Vehicle Use tax will increase to a maximum of \$1600.
24 Thereafter it will increase in increments of generally \$100,
25 until it reaches \$1900 on July 1, 1988.

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1 Senator Chafee. And this would freeze it? There
2 wouldn't be incremental leaps upward, is that right?

3 Mr. Graham. No, sir. For both proposals: The
4 compromise proposal would freeze it at a flat \$600 as the
5 maximum Heavy Vehicle Use Tax, or the other proposal would
6 freeze it at a flat \$500 as the maximum Heavy Vehicle Use
7 Tax.

8 Mr. Barnhart. I would point out, Senator, that
9 the lag time for the owners of five or fewer vehicles would
10 remain under our proposal. We would not alter that. There
11 was another year of implementation on that.

12 Mr. Brockway. But under the alternative proposal
13 there would not be the lag time.

14 Senator Wallop. Mr. Chairman, I think there is
15 one point that must be impressed upon the committee, and I
16 think as well the press, who seems not capable of receiving
17 some of this information, that all of these are revenue
18 neutral; except that, as I understand Mr. Barnhart, he just
19 said that his would raise \$300 million towards the
20 \$500 million that we have taken off.

21 Mr. Barnhart. Yes.

22 Senator Wallop. So that is a change from the
23 circumstances in which the Secretary's letter indicates to
24 us that the proposal should be revenue neutral. Yours is
25 a revenue increase.

1 Mr. Barnhart. Senator, it depends on how you
2 calculate that, and we have explained that before. Because
3 the guideline is between OMB and the Joint Committee.

4 Mr. Brockway. Well, Senator, if you look at
5 budget receipts over the 1984 to 1987 period, which we have
6 been counting for the bill, that includes the effect of the
7 deduction of the highway taxes netting against the increase,
8 then DOT-4 would pick up \$64 million over that period. The
9 6 cents, 600, would be a net \$1 million pickup over that
10 period; and the Ways and Means bill would be a loss of
11 \$203 million.

12 If you look at the trust fund receipts over the
13 longer period of 1984 to 1988 that the trust fund is in
14 effect, the DOT would pick up 325. The 6 and 6 would pick
15 up 225; and the Ways and Means bill would pick up 6.

16 So you are looking at different items. These are
17 exclusive of the changes you have already adopted.

18 Senator Wallop. Mr. Brockway, it is extremely
19 difficult, and to Mr. Barnhart I would say the same thing.
20 It is extremely difficult to argue anything logically on a
21 piece of terrain that shifts every time you step on it.

22 Now, we went in good faith to a meeting with the
23 White House staff, the Secretary's staff, and Finance
24 Committee members who were interested in this, and selected
25 one set of data. And that data is the one under which we have

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1 all been operating.

2 Now, this morning it has changed again -- twice.
3 I would like to know what it is that we are able to count
4 upon.

5 Mr. Brockway. Senator Wallop, I don't believe
6 these numbers have changed. These are the same numbers, for
7 example, on the Ways and Means bill that are in the Ways and
8 Means Committee report.

9 The Ways and Means Bill is neutral, plus 6 million,
10 looking at the trust fund receipts over the trust fund
11 period. It has a \$200 million loss, budget receipt loss,
12 in the one-year shorter period.

13 Senator Wallop. Well, what is the period that
14 we have suggested? The Secretary's letter said to me
15 "revenue neutral" over the period that we have been talking
16 about.

17 Mr. Brockway. I don't know what the Secretary is
18 using.

19 Dr. Kane. We used the period '84 to '88. The
20 difference comes in whether you assume the taxes continue
21 beyond where they are right now, where they will end
22 currently in 1988; or whether you assume, as in the current
23 law, that they end in 1988.

24 The Heavy Vehicle Use Tax has a calendar year
25 starting July 1. It is paid much more heavily in the first

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1 first quarter. People are allowed to pay it on a quarterly
2 basis, but it is more heavily paid in the first quarter,
3 between July 1 and September 30th.

4 When you assume taxes continue past 1988, in
5 effect those old \$1600 or \$1900 levels are going to bring
6 in a lot of money in that first quarter, because you are
7 assuming continuity of the trust fund. When you don't, they
8 bring in a lot less.

9 Senator Wallop. It is our assumption that all
10 three of them are going to -- I mean, that's what we are
11 doing, is taking care of use tax and substituting the
12 diesel differential. All three proposals do that.

13 Dr. Kane. If you assume taxes continue and the
14 trust fund continues past 1988, you get about \$300 million
15 more under the STAA taxes during fiscal year 1988 than if
16 you assume that taxes end.

17 The way the Administration did it, and the way the
18 budget proposal from the Administration is submitted to
19 Congress, it assumes taxes continue. It is a continuing
20 spending concept.

21 When you do the tax estimating as the Joint Tax
22 Committee does, you assume just current law. When you do
23 that, you would receive -- under the STAA taxes -- less
24 receipts in fiscal year 1988, about \$300 million less.

25 The reason, again, is that the Heavy Vehicle Use

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1 Tax has a calendar year basis of July 1. In that first
2 quarter, July 1 through September 30th, when you assume
3 taxes continue, you will get a lot more money.

4 The Chairman. Could I just suggest that I think
5 everybody is pretty much aware of the issue. I wonder if
6 we might first vote on the DOT proposal. Is that all right
7 with you, Mel?

8 Senator Wallop. Yes. But I would want an
9 opportunity to have my proposal voted on.

10 The Chairman. Yes. Right. I understand that.

11 Senator Wallop. I think I agree with you about
12 DOT's proposal.

13 The Chairman. I hope you agree with me about my
14 proposal.

15 Senator Wallop. No, I don't agree with you.

16 (Laughter)

17 Senator Symms. Mr. Chairman, before we start
18 voting -- I don't want to confuse the issue, but I would
19 just like to--

20 The Chairman. Why not?

21 Senator Symms. -- through out one point.

22 The Chairman. I mean, why don't you want to
23 confuse the issue?

24 (Laughter)

25 Senator Symms. Well, if I understand it correctly,

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1 we think that the STAA, the whole package, should raise
2 how much money per year? Four and a half billion to
3 25 billion a year? Is that what we are talking about?

4 Mr. Barnhart. It would be 64.8 total.

5 Senator Symms. So every two years it would raise
6 about \$25 billion?

7 Mr. Barnhart. It is 64.8 over the life of the
8 bill.

9 Senator Symms. You see, the point I am getting
10 at, Mr. Chairman, I don't agree with all of the numbers that
11 the experts are chomping out here, for two reasons:

12 One is, the independent truckers that I have talked
13 to since we had the hearing that day and asked the
14 question, and I think you and I were both somewhat surprised
15 that the independent truckers' own witness said that 25 to
16 30 percent of their membership were not paying their \$240
17 use fee because they had never even known about it over the
18 years -- well, I went home and talked to a lot of truckers,
19 truckers coming around to me saying they didn't know there
20 was a \$240 use fee, so they had gone in and paid it back for
21 the last two or three years and hoped that they wouldn't be
22 in any trouble.

23 I think this is a fact. Now, once STAA becomes
24 part of the books, the States are going to enforce this.
25 So that \$500 use fee that Senator Wallop is suggesting is

1 going to raise much more than twice as much money as the
2 \$240 use fee now that people aren't paying.

3 So what I would suggest we do -- if in two years
4 we haven't generated between 24.5 and 25 billion, that we
5 take the Wallop proposal and then just leave it alone. If
6 it raises over 25 billion, we drop the fuel tax of 1 cent,
7 and if it goes below 24 billion we raise it a cent for the
8 last two years. And we won't have the problem.

9 As the Chairman of the committee that spends this
10 money, all this talk about it being exact, that's a lot of
11 nonsense anyway. We are going to spend it as we get it in
12 the trust fund, and whether we have 100 million more or
13 200 million more, I don't think we can estimate it that
14 close.

15 I would have to say, Mr. Chairman, your proposal
16 looks like a pretty good compromise; although, I happen to
17 support what Senator Wallop is trying to do, yours looks like
18 a pretty good one.

19 The Chairman. I would just say one word, because
20 I think we agree we have to vote or not vote. I would like
21 to say a word about what I intend to offer as a substitute
22 for the DOT proposal. Again, we can argue all day about
23 whether it's -- I guess if you include the 1-cent gasohol,
24 6 and 6 would still be a little short on revenue. Is that
25 correct?

1 Mr. Barnhart. That's correct.

2 The Chairman. But that 1-cent gasohol is in the
3 other package. Is that correct?

4 Mr. Brockway. Yes, sir. You will still be short
5 in the trust fund, though, in the aggregate, on the bill.

6 The Chairman. What I have tried to do, and I have
7 discussed this with the Secretary of Transportation, is
8 figure out some way to try to preserve the trust fund as
9 much as we can and still make certain that there is some
10 equity in the proposal.

11 Under the House proposal, the truck that registered
12 55,000 pounds would have to pay a Heavy Vehicle Use Tax of
13 \$150. Under the compromise, it's only \$75. And again I
14 would point out that we are talking about 66 percent of the
15 trucks.

16 Now, the House proposal forces the trucks
17 registering between 55,000 and 72,000 pounds to pay more
18 Heavy Vehicle Use Tax, even though they generally drive less
19 than half the number of miles that trucks weighing over
20 72,000 pounds drive.

21 Under my proposal, trucks registering between
22 55,000 and 75,000 pounds would pay less than under the House
23 proposal. At 60,000 pounds, a truck would pay \$180 in
24 Heavy Use Tax under my proposal; under the House proposal it
25 would have to pay \$250. This trend continues up to 75,000

1 pounds, which means that 695,000 trucks will pay less
2 Heavy Vehicle Use Taxes under the compromise than under the
3 House proposal.

4 It is only the trucks registering at more than
5 75,000 pounds -- 378,000 trucks -- that would pay more
6 Heavy Tax under the House proposal. And these are also the
7 trucks that generally drive the greatest number of miles.

8 But, I think even more importantly, I have asked
9 DOT to identify who are these trucks, who are these 66
10 percent? And I am told they are moving vans, service
11 industry trucks, rental trucks, city delivery trucks.
12 Generally these are small business companies, and these
13 trucks represent 64 percent of all trucks registering in
14 the 55,000 to 80,000 pound category. So we are not quarreling
15 about much, but I think we are talking about trying to have
16 revenue neutrality and preserving the trust fund, because
17 I understand there are great demands on the trust fund.
18 Many of us would still like to figure out some way to
19 increase the gasohol exemption, but in the spirit of trying
20 to work it out, I would offer the 6 and 600 as a substitute
21 for the DOT proposal and hope we might have a vote on it.

22 Senator Wallop. Mr. Chairman, if that is your
23 will, obviously you have it. But I thought that what you had
24 agreed to was that we would vote on DOT-4.

25 The Chairman. You could substitute it for mine, if

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1 you want to.

2 Senator Wallop. But parliamentarily I can't.

3 The Chairman. Well, we could vote on DOT-4, a
4 voice vote.

5 All right, DOT-4. All in favor, say Aye.

6 (Chorus of Ayes)

7 The Chairman. Opposed, No.

8 (Chorus of Noes)

9 The Chairman. The Noes have it.

10 Now we are on the compromise at 6 cents and 600.

11 Senator Wallop. I would like to offer mine as a
12 substitute and have a minute to explain why I think there is
13 a difference.

14 First of all, in the equity figures of which they
15 speak, on the single unit trucks mine and DOT-4 are the same,
16 and they are both higher than STAA. I think that is
17 sometimes lost in this argument. On the heavy trucks, we
18 are talking about two/one-hundredths percent difference
19 between us and DOT-4 and the compromise.

20 Now, let me just suggest that we have not
21 considered the issue of the diesel differential, which is the
22 whole point of this exercise. What we are trying to do is
23 make the people who use the highways pay the taxes, and that
24 is done by the consumption of fuel more than the dollar
25 figure on a use tax. A use tax goes whether or not a truck

1 operates at all. You pay it if the thing is parked in the
2 garage, unless you don't license it at all.

3 The whole concept of the diesel differential was
4 to shift the burden of taxation to the people who are on the
5 roads. And it strikes me as passing odd that when the
6 industry has agreed to pay the same dollar volume in
7 taxation, and it chooses a level of equity, which they have
8 in the proposal that I am offering, who in the hell are we
9 to tell them that there is a better equity? I mean, I just
10 do not understand this idea of substituting judgment for the
11 people who have agreed to pay the tax in its toto that was
12 levied on them last year -- it's a question of how we
13 redistribute it.

14 Mr. Chairman, I think I would make one other
15 point: Under the \$500 proposal there is a 115 percent
16 increase in pre-STAA taxes. Under my version, a 3-axle
17 rig at 40,000 pounds will see a 67.8 percent increase; a
18 50,000 dump truck, a 50 percent increase; a 4-axle 60,000
19 pound rig, 100.3 percent increase. And the 78,000 pound
20 5-axle rig is 115 percent increase.

21 It does not strike me that the heavy trucks under
22 those figures are getting off easy. I do not understand this.
23 It seems to me that we're wrapped around the question of
24 faith, and I don't know why faith has anything to do with
25 it when we are seeking equity in the industry generally.

1 And I have not had contact from anybody opposing where the
2 industry has come down on this issue. It just strikes me if
3 they say that they are willing to pay the same amount of
4 taxes, and this is the way they would like it distributed,
5 and the heaviest trucks get the heaviest increase under
6 the proposal, and the equity figures which were sent to us
7 have been provided by both DOT and by the industry show that
8 that increase falls heaviest on the heaviest trucks, we
9 match exactly what the Secretary asked us to do: One, that
10 it be revenue neutral, and, two, that we stay within the
11 bracket of the equity figures.

12 I just have to tell you that we do.

13 The Chairman. Are you going to offer yours as
14 a substitute?

15 Senator Wallop. I am offering mine as a
16 substitute, yes, Mr. Chairman.

17 The Chairman. I would just hope that my colleagues
18 would defeat the substitute and then accept the compromise
19 on the basis of primarily this little sheet on who is going
20 to be helped by the compromise. We are still going to be in
21 conference. I don't see much reason to debate it further,
22 so maybe the Clerk can call the roll.

23 Senator Baucus. Mr. Chairman, I would like to make
24 one brief statement here in support of what Senator Wallop
25 is doing here.

1 The fact of the matter is that the present
2 proposals do very largely discriminate against Western
3 States. I don't want to get into a sectional or regional
4 issue here, but I don't care how you slice it, whether it
5 is on a 10-mile basis, on a mile basis, on a Highway
6 User Fee basis, the Western States pay on the average more
7 than twice the payment found on your indices, your
8 criteria, than other States. And the proposal from the
9 Senator from Wyoming begins to redress that.

10 Frankly, it is from that point of view that you
11 redress an imbalance in transportation costs as they apply
12 to Westerners as compared to other parts of the country
13 that I approach this, and it is for that reason that I very
14 strongly support the proposal.

15 Senator Wallop. Mr. Chairman, could I just make
16 one more point in that? One of the things I don't like
17 about the compromise proposal is that it falls heavily on the
18 very heavy special-use trucks which travel very few miles. It
19 it those trucks like Slumberge units or things like that
20 which are very, very heavy and have probably done 20-30,000
21 miles in a year, at the outside, if they are really busy.
22 They will pay an inordinate amount of the increase.

23 The Chairman. Well, I tried to point out -- and,
24 again, I don't want to delay it -- that we are talking about
25 moving van, service industry trucks, rental trucks, and city

1 delivery trucks who are going to benefit from the
2 compromise. But I think we just have to vote and see what
3 happens.

4 Senator Wallop. I'm for that.

5 The Chairman. The Clerk will call the roll. This
6 is on the Wallop substitute to the compromise. Right?

7 Mr. DeArment. That is correct, the Wallop
8 substitute, five and a half, 500.

9 Mr. DeArment. Mr. Packwood?

10 Senator Packwood. No.

11 Mr. DeArment. Mr. Roth?

12 Senator Wallop. Aye, by proxy.

13 Mr. DeArment. Mr. Danforth?

14 Senator Danforth. Aye.

15 Mr. DeArment. Mr. Chafee?

16 Senator Chafee. No.

17 Mr. DeArment. Mr. Heinz?

18 Senator Heinz. No.

19 Mr. DeArment. MR. Wallop?

20 Senator Wallop. Aye.

21 Mr. DeArment. Mr. Durenberger?

22 Senator Durenberger. Aye.

23 Mr. DeArment. Mr. Armstrong?

24 The Chairman. No.

25 Mr. DeArment. Mr. Symms?

1 Senator Symms. Aye.

2 Mr. DeArment. Mr. Grassley?

3 Senator Wallop. Aye, by proxy.

4 Mr. DeArment. Mr. Long?

5 (No response)

6 Mr. DeArment. Mr. Bentsen?

7 Senator Bentsen. No.

8 Mr. DeArment. Mr. Matsunaga?

9 Senator Matsunaga. No.

10 Mr. DeArment. Mr. Moynihan?

11 Senator Moynihan. No.

12 Mr. DeArment. Mr. Baucus?

13 Senator Bentsen. Aye.

14 Mr. DeArment. Mr. Boren?

15 Senator Bentsen. Aye.

16 Mr. DeArment. Mr. Bradley?

17 Senator Packwood. No.

18 Mr. DeArment. Mr. Mitchell?

19 Senator Mitchell. No.

20 Mr. DeArment. Mr. Pryor?

21 Senator Bentsen. Aye.

22 Mr. DeArment. Mr. Chairman?

23 The Chairman. No.

24 (Pause)

25 The Chairman. The Ayes are 9, the Nays are 10.

1 The amendment is not agreed to.

2 The vote recurs on the compromise at 6 and 600.

3 Mr. DeArment. Mr. Packwood?

4 The Chairman. Aye.

5 Mr. DeArment. Mr. Roth?

6 (No response)

7 Mr. DeArment. Mr. Danforth?

8 Senator Danforth. No.

9 Mr. DeArment. Mr. Chafee?

10 Senator Chafee. Aye.

11 Mr. DeArment. Mr. Heinz?

12 Senator Heinz. Aye.

13 Mr. DeArment. Mr. Wallop?

14 Senator Wallop. No.

15 Mr. DeArment. Mr. Durenberger?

16 Senator Durenberger. No.

17 Mr. DeArment. Mr. Armstrong?

18 The Chairman. Aye.

19 Mr. DeArment. Mr. Symms?

20 (No response)

21 Mr. DeArment. Mr. Grassley?

22 (No response)

23 Mr. DeArment. Mr. Long?

24 (No response)

25 Mr. DeArment. Mr. Bentsen?

1 Senator Bentsen. Aye.
2 Mr. DeArment. Mr. Matsunaga?
3 Senator Matsunaga. Aye.
4 Mr. DeArment. Mr. Moynihan?
5 Senator Moynihan. Aye.
6 Mr. DeArment. Mr. Baucus?
7 Senator Baucus. No.
8 Mr. DeArment. Mr. Boren?
9 (No response)
10 Mr. DeArment. Mr. Bradley?
11 Senator Bradley. Aye.
12 Mr. DeArment. Mr. Mitchell?
13 Senator Mitchell. Aye.
14 Mr. DeArment. Mr. Pryor?
15 Senator Bentsen. No.
16 Mr. DeArment. Mr. Chairman?
17 The Chairman. Aye.
18 Senator Wallop. Mr. Roth votes No by proxy.
19 The Chairman. Mr. Symms votes Aye.
20 The Ayes are 11, the Nays are 6. The compromise
21 is agreed to.
22 Now, if we can vote on Senator Grassley's
23 substitute. His is six and a half cents and \$240 maximum
24 Highway Use Tax. Maybe we can do that by voice vote.
25 All in favor, say Aye.

1 (No response)

2 The Chairman. Opposed?

3 (Chorus of Noes)

4 The Chairman. It is defeated. So that takes
5 care of it.

6 Is there anything else, Ray?

7 Mr. Pearlman. Mr. Chairman, we need some guidance
8 from the committee on how to handle credits for the light
9 users of the automobiles and vans.

10 As you know, the Ways and Means Committee provided
11 a one-time credit. Our preference would be to do an annual
12 credit on as simple a basis as we can, but we need some
13 direction from the committee on that point.

14 The Chairman. What do you recommend?

15 Mr. Pearlman. Our recommendation is an annual
16 credit. We can either do it on a standard credit basis --
17 that is, a prescribed dollar amount each year, based on
18 data on average miles traveled -- or we can do it on the
19 basis of a table which gives a certain number of cents per
20 mile and let the taxpayer multiply it times the number of
21 actual miles, or a presumed amount of miles. And we really
22 have no preference as to those two approaches.

23 Senator Moynihan. I would move a table,
24 Mr. Chairman.

25 The Chairman. All right. Well, let's do it that

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1 way.

2 And let me ratify what we did earlier, because we
3 only had four members. Senator Mitchell had a study request,
4 and that has been agreed to. Senator Matsunaga did not
5 get a chance to vote on the second half of his amendment
6 yesterday; we agreed to that. And Senator Moynihan was
7 here.

8 Now, I understand Senator Bentsen and Senator Heinz
9 have something.

10 Senator Bentsen. Yes, I have one.

11 Senator Heinz. Mr. Chairman, I just have a quick
12 clarification on something.

13 Senator Bentsen. Well, mine is a clarification.

14 Senator Heinz. Go ahead, Lloyd. Sure.

15 Senator Bentsen. What I wanted the committee to
16 do is to clarify for the drafters how we handle the
17 prepayment on farm expenses.

18 As I understand it, there is a serious danger
19 that this 50-percent cap, that if they spill over that cap
20 that they lose the entire deduction, or that they might be
21 thrown into the category of a syndication, and then be
22 precluded from perpayment in the future.

23 Now, there are a lot of reasons why a farmer
24 prepays expenses. You get a situation where he can buy seed
25 in the Fall at a substantial discount, and he goes ahead and

1 does that.

2 You can have another situation where some
3 fertilizer distributor gives him a heavy discount if he will
4 buy and pay cash ahead of time, and he does that.

5 You get a situation where a farmer is estimating
6 his expenses, then you have something like the PIC program
7 that comes in, and he appreciably cuts down overall on his
8 costs of farming.

9 So you get some very substantial variances.

10 Now, what we had agreed to do, because you already
11 have these kinds of limitations put in on syndications on
12 prepayment, we agreed to tighten up on it. But I don't want
13 to see us tighten up on it to the point where we have the
14 ordinary farmer and cattleman who gets himself in a position
15 where you throw him into a syndication status, or you are
16 going to require him to do a substantial amount of accounting
17 and keeping track of all of his supplies at year-end.

18 Now, this idea that a farmer sits there with a
19 computer or a console and keeps track of all of that may
20 look awfully good in some story in Fortune, but there are
21 just not many of them who do that type of thing.

22 So I think it is an unreasonable burden that is
23 being put on farming if it is constructed that way.

24 Obviously, if you get in a situation where these
25 farm groups and these cattle groups have agreed to a

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1 50-percent cap on prepayment of expenses, but it must not
2 be looked on as a clip, if they spill over then they ought
3 to have a carry-forward on the extent they spill over into
4 the next year. They should not be thrown under syndication
5 rules, and they certainly shouldn't have the entire expense
6 account wiped out. And I would like to have that clarified,
7 Mr. Chairman.

8 The Chairman. I share that view. I wonder, Ron,
9 if you might give the Treasury's response.

10 Mr. Pearlman. All right.

11 Senator, on the last point first: Clearly, any
12 amount that would not be deductible as prepayment would
13 carry over. And we assume that would be the rule under the
14 current committee's proposal.

15 But we completely agree with you on that point.

16 On the more fundamental point, your suggestion
17 that there be an absolute right to a deduction for 50 percent
18 of the prepayments -- and I think I am construing it right --
19 I think our concern remains the concern that has been
20 expressed previously, and that is for the so-called "mud on
21 the boot" farmer, we are not really worried about him. We
22 are prepared to permit him to deduct his prepaid feed, and
23 we are not concerned about abuse in that area.

24 Senator Bentsen. Or a cattleman.

25 Mr. Pearlman. Or, if --

1 Senator Bentsen. And he has something else on
2 his boots.

3 Mr. Pearlman. Cattlemen have mud on their boots,
4 or dust, whatever, certainly.

5 Senator Bentsen. You never walked through one
6 of those lots with me, I can see that. But go ahead.

7 (Laughter)

8 Mr. Pearlman. We are concerned, frankly, of the
9 investor who, because of traditional definitions in the
10 farming area, might not really be that kind of active person
11 engaged in farming but an investor who, because of terminology
12 and tradition, might be defined as a "farmer." And we
13 think that an absolute deduction rule is simply going to give
14 that person the ability to continue to use leverage on a
15 borrowed basis to deduct instead of 8-for-1 prepaid feed,
16 deduct 4-for-1 prepaid feed. And frankly, we are concerned
17 about that, Senator.

18 Senator Bentsen. Well, let me say to the
19 Treasury: You know, I am sure not trying to protect that
20 kind of an abuse; but I do want to see the farmer himself
21 and the cattleman who gets into these kinds of conditions
22 where he has to prepay or should be prepay, be foolish not
23 to prepay, to penalize him or to force him to do an
24 extraordinary amount of accounting that a farmer just
25 traditionally does not do, and that you would develop it as

1 a cliff instead of letting it carry forward, or that you
2 throw him under syndication when he shouldn't be there.

3 Mr. Pearlman. We had suggested previously that,
4 if the committee wanted to relax the rules substantially for
5 people whose principal occupation was farming, we had
6 absolutely no problem with that, because we are not trying
7 to cause that person any inconvenience. You know, if you
8 would like for us to pursue that kind of approach so that
9 you can give relief to him, because I gather that is the
10 kind of person you are talking about, we would certainly
11 be happy to work with your staff in doing that.

12 Senator Grassley. On that point, that doesn't
13 detract, then, from our overall goal, what we tried to
14 accomplish in the limitation?

15 Mr. Pearlman. No.

16 Senator Bentsen. I just want to be sure we get
17 to your goal, and that we don't find this thing structured.

18 The Chairman. Let's try to do that, Ron.

19 Mr. Pearlman. All right. We will be happy to
20 try to work to do that.

21 The Chairman. All right. Let's work on that.

22 Senator Heinz?

23 Senator Heinz. Mr. Chairman, a clarification. I
24 just want to ask the staff: In view of our discussion of
25 the Dickman Case, the interest-free loans between related

1 parties, is there anything in our package at this time which
2 deals with the treatment of interest-free loans?

3 Mr. Brockway. There is on a prospective basis.
4 There is the Treasury proposal.

5 Senator Heinz. Mr. Chairman, I think it would be
6 a good idea if we just treated all of that in our hearings
7 and took that out of the package. I don't think we should
8 divide it. And as I understand, it does have to do with
9 the Dickman Case.

10 Senator Moynihan. Mr. Chairman, may I ask what the
11 Treasury proposal is, and what the Treasury thinks?

12 ~~think~~ (Continued on next page)

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1 The Chairman. What do you have there now?

2 Senator Moynihan. Mr. Pearlman?

3 Mr. Pearlman. I am sorry, Senator.

4 The Chairman. I am not sure we want to do that, but
5 I want to hear from Treasury.

6 Mr. Pearlman. I apologize. Excuse me.

7 Senator Heinz. Mr. Chairman, I thought our
8 understanding the other day was that we were going to take
9 all the matters having to do with interest-free loans,
10 including the Dickman case, have hearings on it, because
11 you made the point that no hearings had been held.

12 And we were going to treat that as a committee
13 amendment.

14 I wanted just to be clear on whether that was what
15 the staff understood or whether everybody understood it
16 as I did.

17 The Chairman. What I had thought I said was that
18 before we start granting retroactive relief, we ought to
19 have full and complete hearings.

20 I think what you suggested would take out a substantial
21 portion of some of the --

22 Senator Heinz. As I understand it, the so-called
23 Treasury proposal does grant retroactive relief.

24 The Chairman. No, we didn't. We did not.

25 Maybe Ron can tell us what you have there.

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1 Mr. Pearlman. I understood the suggestion, I think,
2 just as you described it. The current Treasury proposal,
3 which I think was adopted by the committee, does not grant
4 retroactive relief for taxpayers who might be affected by
5 the Dickman case.

6 It applies the new rules prospectively and then it
7 doesn't go back and affect ~~the~~ The new rules don't go back
8 and affect prior loans so that, for example, if the law
9 currently is that interest-free loans are not taxable for
10 income tax purposes, the new rules would not affect those
11 loans retroactively, but to the extent that the Dickman
12 case reaches a conclusion with respect to gift tax liability,
13 the Treasury proposal does not affect that.

14 In the discussion of retroactive relief, Assistant
15 Secretary Chapoton suggested that Treasury would be prepared
16 to have the committee adopt a proposal that would give
17 taxpayers an election to come under rules. And what that
18 would do -- it would basically do two things.

19 Number one -- it would give relief for the so-called
20 de minimus cases, and secondly, it would make available
21 the interest assumptions that will be in the new law so that
22 taxpayers could apply those rules.

23 Senator Heinz. If Mr. Brockway will just confirm this,
24 there is no de minimus relief -- relief for de minimus
25 cases -- in the Senate Finance Committee bill.

1 Mr. Brockway. There is no retroactive relief. On
2 a prospective basis, the Treasury proposal would provide
3 relief -- de minimus relief.

4 They indicated in the discussion -- Mr. Chapoton did --
5 that he thought that it --

6 Senator Heinz. The one thing that I think we ought
7 to be careful of is that, if we are going to have a hearing
8 on relief, which is what I understand Senator Dole wants to
9 have, that it should genuinely include relief, whether it
10 is prospective or retroactive.

11 And we are carving out, as I understand it, a special
12 exception in the Dickman case prospectively without having
13 studied what we are doing.

14 Is that not the case?

15 Mr. Brockway. That proposal was part Treasury's budget
16 proposal and other proposals that were discussed last summer
17 in the hearings that I believe Senator Grassley had. This
18 was an item up that Dave has been making this proposal for
19 six to eight months, just a prospective basis.

20 We estimated in the package that that has a \$500
21 million revenue impact, and that was before the Dickman
22 decision came down, but that applies both to income tax
23 and to the gift tax, and it provides rules that provide
24 relief for nontax avoidance loans -- small loans -- on a
25 prospective basis.

1 It does not deal with back years. I gather that Senator
2 Dole was interested in having hearings on the question of
3 whether those rules or some other proposal should apply
4 retroactively, whether there should be relief for all
5 preexisting loans.

6 Senator Heinz. Did the hearings cover the question
7 of the revenue loss associated with Treasury's de minimus
8 rules?

9 The Chairman. We didn't adopt any de minimus rules.

10 Senator Heinz. Prospectively.

11 The Chairman. Yes.

12 Mr. Pearlman. In the revenue estimate that was made
13 with respect to our proposal, we had de minimus rules in
14 our proposal from the beginning.

15 There were certain transactions we simply did not want
16 to have covered by these rules. So, the revenue estimate
17 that Mr. Brockway gave you includes the de minimus rules.

18 Senator Heinz. My question is do we have any idea
19 what that costs?

20 Mr. Pearlman. I think we can give you that information.
21 We will be happy to provide that information. I don't have
22 it at my fingertips, but we can give you that information.

23 My assumption was that, Mr. Chairman, we would provide
24 data on a variety of relief provisions in terms of Dickman,
25 not just the de minimus exception but --

1 Senator Heinz. I understand that. My point was that
2 -- and Mr. Brockway said that hearings were apparently held
3 on this -- and I wanted to find out whether the hearings
4 were substantive or not, and apparently what I think would
5 be a significant question --

6 Mr. Brockway. Excuse me. The hearings were just on
7 the general question of the various tax shelter proposals,
8 and this is one item.

9 De minimus rules we can have separately and look at the
10 question of what the revenue impact is. But I think in the
11 retroactive cases, that what one is talking about in terms
12 of revenue would not really be affected by the de minimus
13 rules.

14 Senator Heinz. My concern is that the pattern we set
15 with the prospective de minimus rules is going to have an
16 effect on what we do retroactively.

17 The Chairman. I don't think so.

18 Senator Heinz. Mr. Chairman, I don't know, but I think
19 it is logical to assume that there is a relationship.
20 Whether it will prove decisive in the outcome, that is for
21 the committee to decide, but it seems to me logical that
22 by agreeing to the Treasury proposal -- and I have no
23 problem with it based on my current level of knowledge of
24 the Treasury proposal, with it substantively -- it just seems
25 to me that if we do one thing prospectively, we are setting

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1 a pattern which may be a very good pattern, but a pattern
2 nonetheless for what we are going to do retroactively.

3 And I just think they should be considered together.

4 Mr. Brockway. Senator Heinz, you might very well on
5 a retroactive basis decide you want to have different
6 de minimus rules because you might come to the conclusion
7 if you were to provide any retroactive relief that you might
8 say --

9 Senator Heinz. That is certainly possible, and you
10 are right we may decide that, we may decide any number of
11 things. I just think that they should be considered
12 together.

13 Senator Moynihan. Mr. Chairman?

14 The Chairman. Senator Moynihan?

15 Senator Moynihan. Mr. Chairman, I don't wish to imply
16 anything more than a concern for this committee's reputation.
17 We are dealing here with the question of an arrangement of
18 tax avoidance for the very wealthy that they have provided
19 for themselves, and I hope that when we talk about relief,
20 we are not establishing in this committee -- and I don't
21 suggest that anybody on this committee does do -- we don't
22 like the press table to hear us saying we are arranging
23 for the relief of all the multimillion dollar loans made
24 between generations of wealthy families here.

25 We have no such intentions at all that I am aware of,

1 and I think that that should be made clear. And I don't
2 know if anybody agrees. I feel very strongly about it.

3 Senator Bradley. Let me say, Senator, that I agree
4 and I also think that what we are doing here is essentially
5 putting into law what the court decision said prospectively.

6 And it seems to me that that is reasonable, and we
7 should go ahead and act on it.

8 Deal with the retroactive question separately. Let
9 those who think there should be retroactive relief have the
10 opportunity to make that case in a hearing, and let us
11 question why and see if there is a public policy reason
12 to do that.

13 Senator Heinz. Mr. Chairman, I wouldn't want the record
14 to reflect my agreement with Senator Bradley's statement.
15 I would be perfectly happy to have it agree with Senator
16 Moynihan's statement.

17 But I think the Senator from New Jersey may have
18 misstated what we are doing here inadvertently because, as
19 I understand it, we are putting into law something different
20 from what the court decided.

21 The court decision said that all such transactions
22 between related parties would be subject to penalty. Our
23 decision is only some of them will be subject to penalty
24 in the future, and that substantively is a good place to
25 arrive at ultimately, but it is just not accurate to say

1 that we are statutizing the Supreme Court decision.

2 Senator Bradley. Statutizing?

3 (Laughter)

4 The Chairman. I think we understand that well enough
5 to move onto something else. Unless somebody wants to vote
6 on it.

7 Senator Moynihan. Could I make one remark, Mr.
8 Chairman?

9 The Chairman. I think Senator Chafee wanted the floor.

10 Senator Chafee. Mr. Chairman, we have been very active
11 in this committee in trying to promote international trade
12 and remove disincentives from our exporters.

13 One problem we have run into that hasn't been solved
14 deals with those countries -- usually lesser developed
15 countries -- where our engineering firms have contracts.
16 Those countries will reach out and tax engineering services
17 performed in the U.S. and subject those services to taxes
18 in that lesser developed country, and the problem with our
19 engineering companies is that they cannot get a foreign
20 tax credit for that tax because the tax was levied on
21 services in the U.S. rather than something performed
22 abroad. This is the so-called poor problem.

23 The Treasury has indicated -- I had legislation on
24 this -- 1550 -- to remove this double taxation to permit
25 the deduction by the domestic company.

9

1 Treasury felt that we hadn't proven the case
2 adequately, and I think they had some points on their side
3 although I was disappointed we weren't able to achieve some
4 result.

5 I would ask, Mr. Chairman, that we ask Treasury to
6 take another look at this situation and report back to us
7 on the number of foreign countries that are taxing services
8 performed here and what progress is being made under the
9 treaty negotiations with those countries to remedy the
10 situation.

11 And what possible remedies there might be outside of
12 treaties. Treasury -- Mr. Chapoton -- indicated that the
13 route to solve this problem was through treaties.

14 Mr. Chairman, I would like to ask, if possible, if
15 they could report back by the end of the summer.

16 The Chairman. Could you do that, Ron?

17 Mr. Pearlman. Yes. I think we can do that.

18 The Chairman. Senator Bentsen?

19 Senator Bentsen. Mr. Chairman, I would like to ask
20 Mr. Pearlman for a clarification of the transitional rules
21 -- or Mr. Brockway -- for the postponement of finance
22 leasing.

23 Now, as I understand it, in the House bill, if they
24 have entered into a binding contract before March 2, 1984,
25 then that takes care of them, and they can use the finance

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1 leasing rules. I am asking specifically for Texas industries
2 where they are talking about doing some work on a steel
3 plant and we know what kind of trouble they are in.

4 And this is one where they filed an expensive application
5 application with FERC for approval of the project. They
6 have gone to a cogeneration plant that they are working on
7 and have asked for permits for the construction and the
8 regulatory permits for the plant, and they were applied
9 for before March 2, 1984.

10 Now, I assume that that would fall within the scope of
11 what the House provisions are.

12 Mr. Brockway. Senator Bentsen, I have looked at that,
13 and I am not certain on that, but my guess--suspicion is
14 that it would not fall within those rules and so, if you
15 wanted -- if the committee wanted -- to cover that case,
16 you would have to have it provide a --

17 Senator Bentsen. I would urge, Mr. Chairman, that it
18 does cover that kind of a situation, where they have gone
19 to the effort to apply for the permits for construction and
20 the regulatory permits for the plant before March 2, 1984.

21 Mr. Brockway. If you were to do that, then we would
22 like permission to draft that as narrowly as possible to
23 minimize potential revenue effects beyond this one point.

24 Senator Bentsen. I have no objections to that.

25 The Chairman. Then without objection --

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1 Senator Matsunaga. Mr. Chairman, a point of
2 clarification?

3 The Chairman. Sure.

4 Senator Matsunaga. Last November, Mr. Chairman, and
5 staff will recall, I proposed and the committee adopted
6 an amendment which would give the United States territories
7 of the Virgin Islands and American Samoa the authority to
8 issue industrial revenue bonds.

9 Has any language been included in the package?

10 Mr. Susswein. Yes, Senator, that was included in
11 the package we approved on Thursday.

12 Senator Matsunaga. Fine. Thank you very much.

13 Senator Moynihan. Mr. Chairman?

14 The Chairman. Senator Moynihan had a point he wanted
15 to clarify, and we have a quorum -- that the study that
16 he requested would be authorized by the committee.

17 Senator Moynihan. Before we had the quorum, I
18 requested that a study on tax shelters be done by the
19 Treasury in synch with the general study of taxation the
20 President proposed and be ready by December.

21 And Mr. Pearlman very generously agreed, and if the
22 full committee agrees, then it will be done.

23 The Chairman. Senator Baucus?

24 Senator Baucus. Mr. Chairman, several years ago this
25 committee and the Congress adopted the biomass tax credit.

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1 A couple of weeks ago, we extended it. Apparently,
2 though, that extension excludes the timber industry and
3 its availability to make use of the biomass credit.

4 I don't know, but I suspect that that was an inadvertent
5 exclusion, that is the committee's action was inadvertent.

6 I wonder if there is some way we could keep that
7 question open.

8 The Chairman. We might. Let's have the staff look
9 at that, and if we can agree on it, we can offer it as a
10 committee amendment.

11 Senator Baucus. That is my suggestion. Yes.

12 The Chairman. And there are a couple of other items
13 that have been called to my attention. I am not going to
14 try to open up this, but the parsonage allowance under
15 current law -- ministers who have owned or occupied their
16 homes since January 1983 can continue to take a deductio
17 for mortgage interest and real estate taxes and receive
18 tax exempt parsonage allowances until January 1, 1985.

19 And I understand that, of course, they would like to
20 -- as they indicate, they have been relying on IRS and
21 Treasury for the last 30 years -- and that this sudden
22 change is going to cause particular hardship on a number of
23 ministers, and it has been suggested that we might just
24 extend that to January 1, 1986, and see if we couldn't have
25 some time in this committee to take a look at it and see if,

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1 in fact, they do have a legitimate complaint.

2 Is there any objection to that?

3 (No response)

4 The Chairman. Then, I don't know if there is any
5 further business to come before this committee.

6 Senator Durenberger. Mr. Chairman?

7 The Chairman. Yes.

8 Senator Durenberger. Just very briefly, and this is
9 not an amendment. I just want to compliment you and the
10 staff for the way you have handled both the IDB and the MRB
11 issues.

12 First, for your sensitivity to the fact that there is
13 a whole lot of inefficiency in the way we manage the public
14 dollars that go into this area, for your advancement of
15 the mortgage credit certificate, for example.

16 But then, your sensitivity to the fact that there are
17 folks in that so-called inefficient public line already
18 who made substantial investments and rely on some old law
19 so that they can be protected for the time being, but I
20 want to be here next year, hopefully, to help you in your
21 efforts to get that inefficiency out of the system.

22 Senator Heinz. Mr. Chairman?

23 The Chairman. Senator Heinz?

24 Senator Heinz. Mr. Chairman, just a point of
25 clarification. When I was not here yesterday, Senator

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1 Bentsen brought up Senator Danforth's amendment. I just
2 was unclear as to how we intended to handle that tax credit
3 -- that foreign tax credit -- problem.

4 The Chairman. What I have done is to instruct the
5 Treasury to see if they can bring to us by the time we
6 get to the floor a package that would be "revenue neutral."
7 Is that correct, Mr. Pearlman?

8 Mr. Pearlman. That is correct.

9 The Chairman. In other words, we are still working on
10 it. It is still open. Senator Bradley?

11 Senator Bradley. Mr. Chairman, as I understand, what
12 you suggested to the committee last Thursday, it is that
13 before this package comes to the floor, the committee will
14 again meet and vote to report it to the floor. Is that
15 correct? And that we will be waiting until other
16 committees act, and then we will act to report it to the
17 floor?

18 The Chairman. I am not certain. I have been wrapped
19 up in here the last three weeks, so I don't know what is
20 happening in any other committee, or what is happening
21 even -- whether they are just going to try to place a cap
22 on defense spending -- I intend to visit with Senator Baker
23 when we finish here. But obviously, we would have to -- we
24 have approved the package.

25 I don't think anybody needs a roll call vote for that.

1 We have not reported out the bill.

2 Senator Moynihan. But there will be a roll call on
3 reporting out?

4 The Chairman. Right.

5 Senator Bradley. My point is --

6 The Chairman. We don't want to meet and have people
7 open it up again.

8 Senator Bradley. Oh, no, no. I don't mean open it
9 up for any amendment. I mean a vote on this package which
10 we really haven't had -- a vote on the full package. We
11 have had a vote on the parts.

12 And the vote to report it out is the vote on the full
13 package, which I think, frankly, makes a lot of sense.

14 And so, what we need to do is see what other committees do.

15 I want to be reassured that we are not going to end
16 up with something happening on the floor before we have
17 had a chance to vote on this as a committee.

18 Is it your sense that we will have a chance to vote
19 on this before anything happens on the floor?

20 The Chairman. Yes, we want to move also obviously,
21 and what I would like to do today is to vote on final
22 approval. Then, okay, we can say we have taken final
23 action.

24 And then, if necessary, we will meet again to report the
25 bill out. Obviously, if people have amendments, they are

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1 not going to be precluded to offer amendments on the floor.

2 Senator Bradley. We are going to vote on final
3 approval of the package today?

4 The Chairman. Yes.

5 Senator Long. Mr. Chairman, I am going to vote to
6 report this bill. There has been some discussion among
7 Democrats -- it has been mentioned in the news -- that
8 we would like to reduce the deficit even more than this.

9 And I wanted to say that some of us feel that we
10 want to offer an amendment to save more money and make
11 even greater reductions in spending.

12 The Chairman. I see where there may be a number of
13 those.

14 Senator Baucus. Mr. Chairman, just a further
15 clarification. It is my understanding that we will vote
16 on the bill today, but at a future date, we will then
17 probably vote to put out the bill.

18 The Chairman. Right. That is correct, and I hope it
19 wouldn't be too long. You know, if we are going to take
20 any action on the deficit, we have got to move, and I
21 think this committee has already -- right now, we have
22 half of one package and probably half of any package --
23 and we are finished.

24 So, I would just like to say this is final action, and
25 that means no more amendments. The lobbyists can all go

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1 home, and save them for another day.

2 Senator Baucus. Mr. Chairman, I would hope that during
3 the interim between today's action and the future date on
4 which we vote to report out the bill that we also receive
5 word from the President as to the degree to which he
6 supports what we are doing.

7 The Chairman. Are you going to be up at 11:00?

8 Senator Baucus. I think it is important to this
9 committee that the President publicly states that he is
10 behind what this committee is doing. Obviously, we don't
11 want to be in the position --

12 The Chairman. I don't want him that far behind, either,
13 you know -- we want him right up front.

14 (Laughter)

15 Senator Baucus. That is right. I think it is important
16 that you get that message to him before the date on which
17 we report this out.

18 The Chairman. Now, as I understand, there are-- I want
19 to vote on the final package. If we can take care of Senator
20 Ford -- if he can satisfy Senator Moynihan -- can we
21 authorize that transition rule? Otherwise, we will not do
22 it.

23 And the same with Senator Stevens on a technical pension
24 matter that I don't -- do you know what that is?

25 Mr. DeArment. It deals with the partial plan

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1 termination of a pension plan in Alaska.

2 The Chairman. One pension plan. Is that right? If
3 there is any problem with it, we are just going to hold it.

4 Has Treasury looked at it?

5 Mr. Pearlman. I am not aware of it.

6 The Chairman. All right. Let's forget it. Let's
7 vote on the final action.

8 Mr. Pearlman. Mr. Chairman, I am told that we agreed
9 to Senator Stephens' amendment last fall, and if that is
10 correct, I certainly don't want to leave an impression.
11 I am simply not personally aware of it, but I don't want
12 to mislead the committee, if indeed Treasury has said
13 something previously.

14 Senator Bradley. Mr. Chairman, before we go to the
15 vote, again we will have a chance to vote on whether it
16 shall be reported out as a roll call vote and dependent
17 upon what happens in other committees?

18 Mr. DeArment. I have this as a final approval vote.

19 The Chairman. I am just trying to make it easier
20 for a lot of people who won't have to worry about changing
21 their votes.

22 (Laughter)

23 Senator Boren. Mr. Chairman, let me ask one quick
24 question, just before we vote. What will a transition rule
25 be in terms of the change in the depreciation on new

1 construction?

2 Mr. Brockway. The same rules as the committee used
3 for construction period interest and taxes.

4 Senator Boren. So, it would include CITE preparation?

5 Mr. Brockway. Where there is CITE preparation, that
6 would be considered commencement of construction.

7 Senator Boren. Right. Thank you.

8 The Chairman. Okay. So, as I understand it, Treasury
9 has no objection to that. It only covers one plan. Is
10 that correct?

11 Mr. DeArment. It may be four related plans.

12 The Chairman. Let's continue the vote.

13 Mr. DeArment. Mr. Packwood?

14 Senator Packwood. Aye.

15 Mr. DeArment. Mr. Roth?

16 Senator Roth. No.

17 Mr. DeArment. Mr. Danforth?

18 Senator Danforth. Aye.

19 Mr. DeArment. Mr. Chafee?

20 Senator Chafee. Aye.

21 Mr. DeArment. Mr. Heinz?

22 Senator Heinz. Aye.

23 Mr. DeArment. Mr. Wallop?

24 Senator Wallop. (No response)

25 Mr. DeArment. Mr. Durenberger?

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1 Senator Durenberger. Aye.
2 Mr. DeArment. Mr. Armstrong?
3 Senator Armstrong. (No response)
4 Mr. DeArment. Mr. Symms?
5 Senator Symms. (No response)
6 Mr. DeArment. Mr. Grassley?
7 Senator Grassley. Aye.
8 Mr. DeArment. Mr. Long?
9 Senator Long. Aye.
10 Mr. DeArment. Mr. Bentsen?
11 Senator Bentsen. Aye.
12 Mr. DeArment. Mr. Matsunaga?
13 Senator Matsunaga. Aye.
14 Mr. DeArment. Mr. Moynihan?
15 Senator Moynihan. Aye.
16 Mr. DeArment. Mr. Baucus?
17 Senator Baucus. Aye.
18 Mr. DeArment. Mr. Boren?
19 Senator Boren. Aye.
20 Mr. DeArment. Mr. Bradley?
21 Senator Bradley. Aye.
22 Mr. DeArment. Mr. Mitchell?
23 Senator Mitchell. Aye.
24 Mr. DeArment. Mr. Pryor?
25 Senator Pryor. (No response)

1 Mr. DeArment. Mr. Chairman?

2 The Chairman. Aye.

3 Senator Moynihan. Mr. Chairman, can the vote be left
4 open? There were some surprising vacancies over on the
5 other side.

6 The Chairman. That thing is so loaded up anyway, I
7 think I will vote for it.

8 (Laughter)

9 The Chairman. But yes, we will leave it open until
10 noon. What is the vote right now?

11 Mr. DeArment. The votes are 15 ayes, no nays.

12 The Chairman. And I vote aye. So, I think there are
13 only some on each side who haven't been recorded, but let's
14 try and find out. I think Senator Roth indicated he would
15 record later, and I am not sure about others.

16 Senator Bentsen. I have an exit poll working on that
17 thing.

18 (Laughter)

19 The Chairman. I think it is going to be unanimous.
20 I would be surprised if the vote were not unanimous. I would
21 be disappointed.

22 We will take up child support enforcement tomorrow
23 morning at 10:00.

24 (Whereupon, at 10:25, the hearing was recessed
25 to reconvene tomorrow, Thursday, March 22, at 10:00 a.m.)

C E R T I F I C A T E

This is to certify that the foregoing proceedings of an Executive Committee Markup Session on Budget Deficit Reduction Proposals, of the U.S. Senate Finance Committee, held on March 21, 1984, were transcribed as herein appears and that this is the original transcript thereof.



WILLIAM J. MOFFITT
Official Reporter

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