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Floor Speech of Senator Chuck Grassley  
Who is Really Responsible for the Sunset of Tax Relief?  
Delivered Thursday, April 12, 2007

As the Budget Resolution slowly works its way through Congress, one especially important issue wrapped up in the budget resolution is the longevity of the bipartisan tax relief that was enacted in 2001 and 2003. Some people may not give the contents of the Budget Resolution much consideration since it does not get signed into law by the president, but it is very important in that it sets guidelines for tax and spending decisions that, later on, will be signed into law.

For this reason, Republicans, along with anyone who supports tax relief, are very concerned about the budget resolutions passed by Democratic majorities in the House and Senate that are going to a conference committee.

This concern is derived from the fact that the two budget resolutions do not provide for the extension of tax relief beyond 2010. For the first time in more than six years, Congress is sending a message that there is no guarantee of tax relief. In fact, the Democratic budget resolutions say the opposite. The budget resolution passed by the Senate only provides 44% of the revenue room necessary to extend popular and bipartisan tax relief. Forty-four -- 44% is not enough but it is 44% percent more than is provided for in the House passed budget resolution.

The House-passed budget resolution provides no revenue room for the extension of tax relief. That means no tuition deduction and no teacher's deduction, along with many others items. I like to think I'm an optimist, but in conferencing two resolutions that cover 44% and zero percent of the revenue necessary for extension, I'm doubtful of reaching a number greater than the already inadequate 44% provided by the Senate.

This stands in stark contrast to the budget the President submitted this February, and to the budgets he has submitted over the past six years. All of those budgets provided the revenue room to make bipartisan tax relief permanent. The Democratic budget resolutions can be best represented by this chart, in that in terms of guaranteed tax relief proposals, they amount to a big goose egg for the American taxpayer. If they are lucky, I suppose college-bound taxpayers could sell this goose egg back to the Democratic leaders in the House and Senate, because they will need the money if they are not able to deduct the cost of tuition.

What is even more inexplicable than the Democrats' failure to extend popular and bipartisan tax relief enacted in 2001 and 2003 are some of the reasons given. The Chairman of the Budget Committee basically said that since Republicans wrote the law, it is our, meaning Republicans, problem. The left wing of the blog-o-sphere has echoed the Democratic leadership.

In regard to the left side of the blog-o-sphere, I would briefly like to describe two posts my staff found on the internet. The first comes from a scholar of government who posts to Daily Kos under the name "piec". I may be mispronouncing that and if so it is completely unintentional.

According to "piec's" analysis, the Tax Increase Prevention and Reconciliation Act of 2005, which was signed last May by President Bush, was a "poison pill" designed to sabotage the economy to increase the prospects of Republican candidates in 2012. The argument seems to be that having popular and bipartisan tax relief from 2001 and 2003 all sunset at the end of 2010 would cause such an economic mess that the Democrats, assumed by piec to be in power at the time, will take the blame and suffer at the polls.

Another observer of government posted comments under the name of Blue Bunting to the "Care2 News Network." In a posting titled "The Monster Republican Tax Hike," Blue Bunting says that "Republican Congresses chose not to make their tax cuts...permanent." Her argument seems to be that Republicans put sunset clauses in the bill solely to improve long-term budget projections and that responsibility for the expiration of tax relief rests completely with Republicans. The implication is that by lowering taxes, Republicans are responsible for a tax increase that would occur when the Democratic majorities control both houses of Congress.

The commentaries I just referred to are already available to everyone online, but to make it easier for people to find them I ask unanimous consent that they be printed in the Congressional Record.

To begin with, it is completely ridiculous to suggest that President Bush and Republicans in general did not intend or desire the permanence of tax relief. President Bush and Republicans in general have favored tax relief permanence.

Mr. President, you need look no further than the budgets I've referred to. The Administration and Republican Congress have budgeted for an extension of the bipartisan tax relief provisions. That action has affected the bottom lines of those budgets. And, as we heard, over and over and over and over again, the Democratic Leadership, liberal think tanks, and sympathetic East Coast media have criticized the bottom lines of those budgets. So, the Democratic Leadership, liberal think tanks, and sympathetic East Coast media can't have it both ways. They can't shut off the bipartisan tax relief, take credit for the supposed deficit reduction, and also claim the tax relief is included in the budget.

One of the Daily Kos bloggers, posting as "Orcutt," agrees with this point. Orcutt, however, incorrectly identifies the purveyor of the phony logic. The blogger puts it on President Bush and Congressional Republicans. As the hard, cold numbers in the Democratic budget resolutions and floor debate in the Congressional Record show, Democrats claim expired tax relief is not a tax hike. The Democratic Leadership are the folks trying to claim that their budgets, which don't provide the revenue room for expired tax relief, don't contain tax hikes. I ask unanimous consent to insert the "Orcutt" comment in the record.

Responding to another criticism, it is completely off the mark to say that the tax relief bills were written by Republicans. It's almost as if the Democratic leadership is saying that tax relief was passed by a National Republican Congress and not the United States Congress. The 2001 bill was written by a bipartisan majority and was opposed by a partisan minority led by the Democratic Leadership. The conference report to accompany the "Economic Growth and Tax Relief and Reconciliation Act of 2001" passed the Senate on May 26, 2001. I ask unanimous consent that the information pertaining to that roll call vote be printed in the Congressional Record.

The 2001 tax relief bill passed the Senate with 58 Yeas. At the time, the Senate was evenly divided between 50 Republicans and 50 Democrats with the Republicans technically having control because of the Vice President's vote. However, not every single Republican voted for the conference report. Those 58 yeas included 12 Democrats; nearly one quarter of their whole caucus. If all of those Democrats had voted against the conference report it would have failed. Clearly, it is ridiculous to say that this was a purely Republican bill.

Given the experience the Democratic Leadership has had with cloture votes in the past few months, I would expect them to appreciate the necessity of working on a bipartisan basis to get anything done.

The reason tax relief is not permanent is the same now as it has been for the past six years. Tax relief was not made permanent because the Democratic leadership and the liberal core of the Democratic Caucus have refused to support permanence, and that is apparent now more than ever.

Mr. President, it takes 60 votes to get permanent tax relief. Bottom line is we didn't have the 60 votes in 2001 or 2003 for making those bipartisan tax relief plans permanent. And, with a couple of exceptions I'll discuss shortly, over the last six years, we haven't had the 60 votes for permanent tax relief.

Of course, last November the Democrats won control of both houses of Congress. I wonder if the House Democratic leadership will be sending over any bills to make tax relief permanent? I really doubt it. Even if the House Democratic leadership did send over such a bill, I would not expect the Senate Democratic leadership to take it up.

When in Republican hands, the House regularly sent over bills to provide permanence for various components of the bipartisan tax relief.

Senate Democrats are clearly capable of working with Republicans to make tax relief provisions permanent, and they have done it in the past. The "Holocaust Restitution Tax Fairness Act of 2002" repealed the sunset of a provision originally contained in the 2001 tax relief bill that allowed holocaust survivors and their heirs or estates to receive restitution payments tax free. Making this provision permanent was absolutely the right thing to do and the fact that it passed the Senate by unanimous consent, during a period when Democrats controlled the chamber, indicates the level of cooperation that occurred between Senate Republicans and Democrats.

As I go through these examples, everyone needs to remember that holding the majority in the Senate is not a ticket for either party to force its agenda on the other party. Senate rules encourage

cooperation by giving the minority many opportunities to check the majority, and this becomes more evident when majorities are very slim, as they have been for the past several congresses. I say this to point out that the "Holocaust Restitution Act" became permanent because Republicans and Democrats worked together to make it permanent, and it would not have been sent to the President if one side had wanted to block it.

A second example occurred last summer regarding the pension reform bill. The "Pension Protection Act of 2006," a bill that passed the Senate with 93 yeas votes, made permanent the retirement security provisions of the 2001 tax relief bill. Even if every Republican had supported the bill, a united Democratic Caucus could have held back the five additional votes needed for final passage if it so chose. Clearly, Democrats have a record of working with Republicans to make tax relief provisions permanent when they choose to.

Returning to the present day, the House and Senate have passed budget resolutions that currently would subject Americans to the largest tax increase in history, and the Democrats have responded by basically declaring that it isn't their responsibility. The Democratic leadership and the liberal core have the power to make these provisions permanent. I think they should, but I realize they may not agree with me. However, if they do let tax relief expire they need to take responsibility for their decision. Several times since November I have heard that elections have consequences, and one of those consequences for the winner is increased responsibility.

Senate Democrats have made tax relief provisions permanent in the past and they can do it again. One of the bloggers I cited earlier pointed out the economic calamity that would befall our country if all tax relief was allowed to expire at the end of 2010. On this specific point he is correct, and I gave a speech to this effect right here on March 1 where I cited a study done by Goldman Sachs.

If something is not done to extend or make permanent tax relief before the end of 2010, American families will be hit with a wall of tax increases that is currently built into the Democratic budget resolutions. As this chart shows, according to the U.S. Treasury, a family of 4 with \$40,000 in income will be subjected to an average tax increase of \$2,052 all at once. The Democrats now in the driver's seat need to decide whether they are going to let that wall go up, or if they are going to cooperate with Republicans and President Bush to prevent that tax increase.

I'll conclude with a reference to a story about a man that cared a great deal about the typical taxpayer, President Ronald Reagan. During the Cold War, while in West Berlin, President Reagan challenged Soviet President Gorbachev to tear down the Berlin Wall. I challenge the Democratic Leadership to tear down the wall of tax increase they've built into their budget. My liberal friends in the core of the Democratic Caucus urge your Democratic Leaders to tear down the wall of tax increase you've built. You have the power. Join with us in the Republican Conference and tear down the wall of tax increase you've built.