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Senate

The Senate met at 11 a.m. and was called to order by the Honorable BENJAMIN E. NELSON, a Senator from the State of Nebraska.

The PRESIDING OFFICER. Today's prayer will be offered by our guest Chaplain, RADM Barry C. Black, Chief of Chaplains, U.S. Navy.

PRAYER

The guest Chaplain, RADM Barry C. Black, offered the following prayer:

Let us pray.

Almighty and most merciful God, who commanded us to love one another, give us also Your grace to obey this mandate. Lord, shape our lives with forbearance. Direct our paths so that we may find courageous options at complex crossroads.

Lord, from dullness of conscience, from feeble sense of duty, from thoughtless disregard of others, from a low ideal of the obligations of our position, and from all half-heartedness in our work, save us we pray.

Guide us, teach us, and strengthen us for the challenges ahead. Shower us with Your wisdom and do for us more than we can ask or imagine, according to Your glorious power. Amen.

PLEDGE OF ALLEGIANCE

The Honorable BENJAMIN E. NELSON led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, October 17, 2002.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable BENJAMIN E. NELSON, a Senator from the State of Nebraska, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. NELSON of Nebraska thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Nevada is recognized.

SCHEDULE

Mr. REID. Mr. President, it is my understanding Senator GRASSLEY is on

his way to use some of the time that is designated for the minority from now until noon. From noon to 1 o'clock is under the control of Senator DASCHLE or his designee. We will have some speakers during that period of time.

During the rest of the day, we are going to see what we can do. There may be some conference reports we can approve. There may be other business that can be conducted; that is, as we wind down in anticipation of a lame-duck session, about which everybody is excited.

The majority leader asked me to announce there will be no rollcall votes today.

Senator GRASSLEY has arrived, as I announced he would. I yield the floor.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

Under the previous order, the time until 12 noon shall be under the control of the Republican leader or his designee.

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I may consume.

NOTICE

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Michael F. DiMario, *Public Printer*

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FINISHING THE PEOPLE'S
BUSINESS: COMPLETION OF
BIPARTISAN TAX RELIEF

Mr. GRASSLEY. Mr. President, I wish to brief my colleagues on Democratic gridlock in the Senate, and the only reason I feel comfortable using that word is that in 1993, I remember the headlines in the papers referred to "Republican gridlock" in the Senate when certain provisions and portions of President Clinton's program were not being acted upon, at least the way the newspapers believed they should be, in the Senate. It seems to me we have a similar situation now, but I do not see the newspapers writing about Democratic gridlock in the Senate.

I wish to address my colleagues on a few provisions on the Senate calendar that are not being enacted, and these are the ones which I feel some expertise in talking about because they come from the Senate Finance Committee and deal with the legislative tax agenda.

I am ranking Republican on the Finance Committee, and I am pleased to report that the committee has completed action on a number of bipartisan tax relief measures. The items I am going to discuss happen to have cleared the committee unanimously, which ought to say something about why they should be acted upon on the floor of the Senate, and I raise the question then: Why are they being held up?

I will refer to two of many pieces of legislation about which I could talk.

The first is a charitable tax reform bill known by the acronym CARE. By the way, this bill was introduced as a bipartisan bill. Senator LIEBERMAN on the Democratic side and Senator SANTORUM on the Republican side worked closely with the White House because it is very high on the President's agenda.

The second item I am going to refer to is one that is Enron related.

Starting about a year ago, until about 3 months ago, Enron was voiced by everybody in the Senate as reason for doing certain actions—corporate governance, pension reform, 401(k) reform, et cetera. For some reason, we do not hear anything about it now, particularly from the other side of the aisle, because there is some legislation on the agenda that is Enron related that reforms the pension statute that would help protect future Enron employees from losing their retirement nest egg.

Again, both of these items—the charitable tax reform bill and the pension reform bill—were passed out of our committee unanimously. That is quite a reputation for a bill to have, considering how difficult it is to get even a majority view sometimes on the Senate Finance Committee.

I wish to briefly describe the merits of this legislation. The charitable tax

reform act is part of the President's compassionate, conservative initiative. The CARE Act has been carried forward on a bipartisan basis under the very energetic leadership of Democratic Senator LIEBERMAN and Republican Senator SANTORUM. Others, including our own leaders of the Democratic and Republican Parties, Senator DASCHLE and Senator LOTT, have pledged their efforts to pass this bill. The House passed this bill over a year ago, and did it on a bipartisan vote. Several months ago, the Senate Finance Committee reported this bill to the full Senate.

Most of the focus on the bill has been on provisions that reduce taxes. For instance, those who take the standard deduction—and that is about 70 percent of our taxpayers—will for the first time under this legislation be encouraged to contribute more to charities, and the incentive for doing that is the deductibility of these small contributions from their income taxes regardless of the fact that they take the standard deduction.

As we know, people who tend to take the standard deduction are in the middle or lower income tax brackets. So the key provision of this bill provides a broad-based tax benefit to lower income taxpayers.

This provision and others are obviously meant to, and will, enhance resources for charities to do their good work. This empowers people who are taxpayers to help charities, to empower the private sector of our economy to do more in humanitarian ways, and to have the resources to do what these organizations are already inclined to do.

Even though this is a tax reduction measure, because obviously there is some lost revenue when these deductions are taken, we have offsets in this bill so there is not a net reduction in revenue to the Federal Treasury. The Finance Committee, on a bipartisan basis as well, decided this should be done so that it was not subject to a point of order requiring 60 votes, or that we would be fiscally irresponsible in putting this tax benefit for charities into the individual tax law.

I say to my fellow Senators, unlike a lot of spending legislation, the appropriations bills that have come before this body recently, this proposal does not add to the deficit. The Finance Committee found two important tax policy initiatives to offset this bill. All of these are related to corporate or individuals doing things to avoid taxes that may, in fact, be legal but are not necessarily moral or ethical. So we use these income-raising measures to offset the revenue loss in the Charitable Contribution Act.

The first offset shuts down what are called corporate expatriations, also known as inversions. Let me explain to my colleagues that what we are talking about is corporations that over a long period of time have paid their taxes into the Federal Treasury ex-

actly the way they were intended to be paid but there has been a recent trend of some corporations setting up a shell corporation in a place such as Bermuda for the sole purpose of avoiding taxes.

We do not have any problems with people using our tax laws the way they were intended to meet international competition, but we are very chagrined at the act of people setting up a shell corporation for the sole purpose of avoiding taxes.

On the one hand, we have corporations that have traditionally abided by the laws and not tried to finesse those laws to their own benefit. They basically stayed here and they paid. Then on the other hand, there is the whole trend of corporate tax filings to avoid paying taxes. They basically have dashed from the country, and they have stashed the cash somewhere else to avoid taxation. That is what is called an inversion.

Passing the CARE Act will use the inversions as an offset so the money that would not be paid by corporations because they dashed and stashed the cash will still come to the Federal Treasury and will, in fact, offset revenue loss through the Charitable Tax Reform Act.

I started talking about these inversions in January. I made my intention very clear then, and ever since, to shut down shell corporations being set up in Bermuda for the sole purpose of avoiding legitimate taxation. For me, it is critical that we act on inversions before we shut down this place this fall. Now is our chance on the CARE Act.

We have people holding up this bill. They have to understand that they are responsible for holding up action on inversions. There are no two ways about it. They are not willing to shut down the immoral and unethical trend of corporate accounting by setting up shell corporations, going overseas to avoid taxation.

We have another important offset in this CARE Act. It is also an important bipartisan Finance Committee initiative. It deals with tax shelters. This bipartisan proposal—and it was drafted in concert with the Treasury Department—is a result of over 3 years of work. It is a result of careful consultation with key professional organizations such as the American Bar Association, the New York State Bar Association, the American Institute of Certified Public Accountants, and the Tax Executive Institute. This proposal was developed methodically and puts a premium on enhanced disclosures of tax shelter transactions. It also imposes tough penalties on those who undertake abusive tax shelter transactions.

So as in the case of inversions, those who are right now blocking the Senate, under this Democrat gridlock, from considering the CARE Act are also blocking action to shut down tax shelters.

I am pleased my colleagues on the Republican side are ready to proceed. Unfortunately, it is being blocked from