



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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OPENING STATEMENT OF SEN. CHUCK GRASSLEY
CONFERENCE MEETING ON THE GROWTH PACKAGE
MAY 22, 2003

I THANK EVERYONE FOR BEING HERE. THERE'S BEEN A GREAT DEAL OF HARD WORK THAT'S TAKEN PLACE IN THE LAST FEW DAYS TO BRING THIS CONFERENCE AGREEMENT TO COMPLETION. I THANK CHAIRMAN THOMAS FOR HIS HARD WORK AND COOPERATION IN MEETING OUR GOAL OF GETTING A JOBS AND GROWTH BILL TO THE PRESIDENT BY THE MEMORIAL DAY RECESS.

WE ALL AGREE THE ECONOMY NEEDS A SHOT IN THE ARM. ALTHOUGH OUR ECONOMY IS GROWING, IT'S NOT GROWING FAST ENOUGH TO CREATE JOBS. A MAJOR CAUSE OF THIS SLUGGISH ECONOMY IS THE BURSTING OF THE STOCK MARKET BUBBLE THAT WAS CREATED IN THE 1990'S. THIS BILL WILL ADDRESS THE AILING STOCK MARKET. IT WILL HELP CREATE JOBS AND GROW THE ECONOMY. IT WILL PUT MONEY BACK INTO THE HANDS OF FAMILIES, CONSUMERS, INVESTORS AND BUSINESSES THAT WILL HELP FUEL OUR ECONOMIC ENGINES.

THIS IS AN HISTORIC AGREEMENT. IT WILL AMOUNT TO THE THIRD LARGEST TAX CUT IN HISTORY. PRESIDENT BUSH SHOULD BE HIGHLY PRAISED FOR INITIATING TWO OUT OF THESE THREE LARGEST TAX RELIEF MEASURES.

THE PACKAGE BEFORE US ABIDES BY THE BUDGET AGREEMENT ON THE SENATE SIDE LIMITING THE OVERALL NUMBER TO \$350 BILLION. IT INCLUDES THE SPEEDING UP OF ALL RATE REDUCTIONS, AS WELL AS THE HOUSE'S INNOVATIVE VERSION OF THE PRESIDENT'S DIVIDEND PROPOSAL THAT WILL NOT ONLY CUT DIVIDENDS, BUT CUT CAPITAL GAINS RATES AS WELL. CAPITAL GAINS AND DIVIDENDS WILL BE TAXED AT 15 PERCENT, AND 5 PERCENT DEPENDING ON THE LEVEL OF INCOME. THE FIVE PERCENT EVENTUALLY REACHES ZERO IN 2008. THIS IS THE LOWEST LEVEL OF CAPITAL GAINS TAX SINCE 1934. DIVIDENDS WILL ALSO BE TAXED AT HISTORIC LOWS.

WE ALSO INCLUDE THE \$20 BILLION IN AID TO THE STATES THAT WAS IN THE SENATE BILL, WHICH I KNOW MY FELLOW SENATE CONFEREES, SENATOR ROCKEFELLER, WILL APPRECIATE.

IN ADDITION, THE BILL INCLUDES FURTHER CHILD TAX CREDIT AND MARRIAGE PENALTY RELIEF. SOME MAY ARGUE WE DIDN'T DO ENOUGH REGARDING THESE TWO PROBLEMS. I WOULD ONLY SAY THAT THIS BILL WILL GREATLY IMPROVE CURRENT LAW. SO, VOTING FOR THIS MEASURE IS A VOTE TO

PUT AROUND AN EXTRA \$1000.00 INTO THE POCKETS OF A FAMILY OF FOUR WITH TWO CHILDREN FOR THE NEXT COUPLE OF YEARS, COMPARED TO CURRENT LAW. AS CHAIRMAN OF THE FINANCE COMMITTEE, I CERTAINLY INTEND TO CONTINUE AND ENHANCE THESE IMPROVEMENTS IN THE COMING YEARS.

I AM VERY DISAPPOINTED THAT MY AMENDMENT, WHICH HAD 86 VOTES IN THE SENATE, ADDRESSING MEDICARE RURAL EQUITY WAS NOT INCLUDED IN THIS AGREEMENT. THE HOUSE ARGUED THIS IS A TAX RELIEF BILL AND THAT MEDICARE ISSUES SHOULD BE ADDRESSED IN THE MEDICARE LEGISLATION COMING UP FOR CONSIDERATION IN JUST TWO WEEKS.

PRESIDENT BUSH ALSO WEIGHED IN STRONGLY SUPPORTING MY EFFORTS IN THE CONTEXT OF A MEDICARE BILL. GIVEN THE PRESIDENT'S ENDORSEMENT, STRONG SUPPORT IN THE CONGRESS, THE FACT THAT WE'LL BE CONSIDERING MEDICARE VERY SOON, AND CHAIRMAN THOMAS' WILLINGNESS TO CONSIDER THESE ISSUES, I'M ENCOURAGED THAT WE'LL SUCCEED BEFORE THE END OF THE SUMMER.

SOME WILL SAY THAT WE CAN'T AFFORD GIVING MONEY BACK TO THE PEOPLE. THEY THINK THAT WE IN GOVERNMENT ARE SMARTER AND KNOW BETTER HOW TO SPEND OTHER PEOPLE'S MONEY. THIS BILL UNDERSCORES THE PRESIDENT'S AND THE MAJORITY'S BELIEF THAT THIS IS THE PEOPLE'S MONEY FIRST – NOT THE GOVERNMENT'S. THE PEOPLE WILL SPEND AND INVEST THEIR MONEY IN MORE PRODUCTIVE WAYS THAN THE GOVERNMENT EVER WILL. THIS BILL REINFORCES THAT PHILOSOPHY. I COMMEND THE PRESIDENT FOR HIS LEADERSHIP, HIS PERSEVERANCE AND HIS ABILITY TO GET THINGS DONE. AT THIS TIME, I'LL TURN THE FLOOR OVER TO CHAIRMAN THOMAS.