



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Praises Advancement of Corporate Governance Reforms

WASHINGTON -- Today's Senate passage of legislation from Sen. Chuck Grassley, chairman of the Committee on Finance, to rein in abusive corporate tax shelters is the latest in a series of corporate governance reforms Grassley has advanced through his committee.

"The bad actors have ruined corporate America's reputation," Grassley said. "Some of the responsibility for rebuilding corporate accountability lies with corporations themselves. And some of the responsibility rests with Congress. If we ignore what goes on in America's board rooms, we'll pay the price when bad actors cook the books, hurt innocent workers, and damage our economy."

Today, the full Senate passed the *Charity Aid, Recovery, and Empowerment (CARE) Act* -- the broad bill that gives a series of tax incentives to encourage charitable giving. The bill includes Grassley's legislation to establish new disclosure requirements to rein in abusive tax shelters. "I want to flush out tax shelters through mandatory disclosure regimes so the IRS can identify them and shut down illegal operations," Grassley said.

The CARE Act also includes unprecedented new "sunshine" requirements for charities stemming from Grassley's investigation of various charities' accountability to their donors. "If we're setting up incentives for charitable giving, it's only fair to make sure charities are transparent about their financial dealings," Grassley said.

Grassley's other corporate accountability measures advancing include:

- Last week, the Finance Committee passed a broad-based energy tax incentives package that included Grassley's legislation to rein in corporate inversions, where companies nominally relocate their corporate headquarters to an overseas post-office box just to avoid paying U.S. taxes.
- Yesterday, Grassley held the second hearing of the Finance Committee on Enron. This week's hearing examined abusive aspects of executive compensation at the corporation, especially the way the company hid compensation from creditors including the IRS. The hearing set the groundwork for action this year on Grassley's comprehensive legislation to protect workers' pensions in the wake of Enron's collapse.

- Today, Grassley said he will reintroduce his bill that goes after big bonuses and other executive compensation of corporate officers and directors when a company goes bankrupt. "Corporate bigwigs and wrongdoers shouldn't be allowed to benefit and enrich themselves when their actions contribute to the downfall of a company," Grassley said.

- This week, the Senate also may give final approval to Grassley's tax bill to make sure U.S. service men and women are treated fairly under the tax code. This bill includes legislation aimed at individual taxpayers who expatriate just to avoid U.S. taxes.

"I'm committed to all of these initiatives to help ensure corporate citizens come clean and close loopholes that either shift a greater share of the tax burden to ordinary citizens or leave workers exposed to a double standard," Grassley said. "It's important to fix abusive tax practices for corporations and individuals alike. That's a matter of fairness, and it's also a matter of helping to rejuvenate our economy by restoring trust in corporate America."