

## TAX EXTENDERS

Mr. GRASSLEY. Mr. President, I hope my colleagues had a chance to listen to the distinguished Democratic leader talk about the tax bill vote coming up and about Republican filibusters. I wish to tell the other side of the story.

As there are 76, according to their count, filibusters, presumably Republican, what defines a filibuster around here is when you file a cloture motion. If people have a desire to talk a few hours on a bill, maybe even a few minutes on a bill, and immediately a cloture motion is slapped in, then that defines a filibuster.

That doesn't define a filibuster. If it does, then the Democrats, by not letting the Senate work its will, have in a sense shut off the purpose of the Senate, which is, of course, to thoroughly debate what passed the other body.

Tax bills can only start in the other body, and they go through there in 2 or 3 hours. If they are going to be thoroughly debated, they have to be debated here. I think it is a little disingenuous to talk about a filibuster on a tax bill when the definition of a filibuster is when a cloture motion is filed. It is filed by the majority party, not by the minority party.

Over the past few years, anyone who has observed the workings of Congress has probably discovered that we spend a lot of time every year wrestling over what are called tax extenders—probably tax policy that for the most part has been on the books for decades, one or two decades, and then sunsets, and then if you are going to keep that policy in place—in other words, keep the existing tax policy—they must be extended. We call them tax extenders. Popular provisions in the Internal Revenue Code, then, are set to expire every year or two unless Congress acts. Of course, if Congress doesn't act, then taxes go up.

In the past, I have compared this constant repetition to a film called "Groundhog Day," starring Bill Murray, where Bill Murray's character relives the same day over and over again. I have a chart showing a scene from that classic and very enlightening film. It almost seems ironic that it would be appropriate on so many occasions for me to talk about a movie that itself is about repetition, but the repetitive actions of the Democratic majority and its leadership make it too hard to resist bringing Bill and Phil down here again to show you and remind you what this body, the Senate, goes through periodically.

Less than a week ago, the Senate, by a vote of 50 to 44, rejected a motion to invoke cloture on a motion to proceed to the House bill, H.R. 6049, the Renewable Energy and Job Creation Act. In just a few moments we are going to repeat that exact same vote. Why? There does not seem to be a discernible reason.

Getting back to Bill and Phil driving the truck, I bet the thinking on the

other side is that it is the Senate Republicans who are represented by Bill on this chart, in that the Democrats want people like me to be put through the same actions on the same issues until we do what the other side thinks is the right thing. However, that thinking is mistaken. I am not sure how much resemblance there is, but Bill represents the Democratic leadership. Why? Because the majority sets the schedule for the Senate. When Republicans are in the majority, we set the schedule. Despite having slogged through this very same issue several times over the past few years, the Democratic leadership still insists on beating the same dead horse—or maybe in this case the same dead groundhog.

As anyone familiar with this fine film knows—the film called "Groundhog Day"—this chart depicts Bill and Phil driving a truck moments before it goes over the cliff. In a few moments, the Democratic leadership is going to drive this Chamber over the same cliff we went over last Tuesday. The vote, again, is one I predict will fail, and we will be exactly where we were before.

Going back to the "Groundhog Day" example, the Democratic leadership is stuck in the part of the film where Bill Murray relives the same day because he is doing the wrong things and refuses to change behavior.

I would rather not see this body go over the cliff. But what really concerns me is that the Democratic leadership is not alone. In the back of his truck are roughly 140 million families and individuals who file tax returns. The extenders affect millions of taxpayers. Congress should have learned from the experience we had less than 6 months ago, in December. Waiting until the end of the year to solve these problems creates problems instead for agencies like the IRS. It is a problem for taxpayers who are not getting back their refunds soon enough. If the Democratic leadership cares about those millions of taxpayers, they will slow this truck down. They will not drive over the cliff. They will stop the truck, they will work with the Senate—in the bipartisan way that is the only way to get things done in the Senate—to finally get this bill passed, a bill that will be signed into law.

Included in those roughly 140 million families and individuals in the back of the truck are around 24 million taxpayers who are now subject to the crushing alternative minimum tax. We need to extend the AMT exemption for middle-income taxpayers. Right now, around 24 million of those middle-income families are liable for the AMT because Congress has not acted to protect them for the year we are in, 2008.

The House bill that is the subject of the upcoming cloture vote does nothing to protect those taxpayers, nothing on the AMT.

Many of those families who make estimated payments are hopefully familiar with the form 1040-ES for the second quarter of 2008. That was due yes-

terday. Many taxpayers who were not subject to the AMT last year but are now caught this year should have filed this form but do not know they are supposed to. It is a tax that these 23 million, or maybe a part of that 23 million, do not pay because they never had to pay it before. Under current law those individuals are subject to penalty.

I made this point on several occasions last year when a quarterly estimated tax return was due. I hope I do not get the same reaction now as I did every time I talked about the estimated tax payments last year, because that response was silence.

I know many will say that Congress will act, but that is not good enough. The American people should no more accept an IOU from Congress than the IRS would accept an IOU from the taxpayer. The right thing to do now is to vote "no" on this cloture motion. The sooner we can get the Democratic leadership to stop driving the Bill-and-Phil truck over the cliff, the sooner we can get to work on this extenders bill.

That bill, unlike the bill before us now, will pass both Houses of Congress and will be signed by the President. This law change will protect additional families from being captured by the AMT. Right now the Democratic leadership is in the driver's seat. You see, we have the Democratic leadership in the driver's seat. As I have said of Bill and Phil in the past, I hope eventually they decide to drive responsibly. Do not do what Bill and Phil do, go over the cliff all of the time. Vote "no" on the motion to proceed, put the Senate back on a path to a real AMT fix and also pass the extenders bill so it becomes law.

We have been having a lot of discussion over whether these extensions of the expiring tax relief provisions might be offset with tax increases. We heard the distinguished Democratic leader say they should, because it might make the deficit go up otherwise.

My position is if you extend policy that has been in place for a couple decades continuing existing tax policy, you are not making the deficit bigger. You would only do that if you increased or came up with some new tax policy.

I am not going to rehash all the elements of that debate again. The difference between Republicans and Democrats on this point is important. The Democrats have their view, the Republicans have our view. That is the way democracy works. But here is why this is a different point of view. It is important because the hurdle to a bipartisan bill signed by the President on the AMT patch and extenders will not happen unless we get the differences worked out.

There is a group of so-called conservative Democrats in the House of Representatives who are called Blue Dogs. I want to say that I respect the Blue Dogs' call for fiscal discipline. It is critically important in this era of deficit spending.

Revenues are not the problem. One would think from the Democratic leadership that we do not tax people enough so we tax people more. In fact, we are on a revenue path that is above the historic average in terms of Federal revenue as a share of gross national product.

So when the Blue Dogs in the House of Representatives bark about deficit reduction, we on this side will howl with them. We have Huckleberry Hound here to illustrate what I am talking about. The Blue Dogs continue to bite only on the tax side.

When it comes to spending cuts, we do not hear much more than a whimper out of the Blue Dogs. They do not want spending cuts, they want higher taxes. We agree with them on fiscal responsibility, but higher taxes do not bring fiscal responsibility. Higher taxes bring an excuse for Congress to spend more money.

Spending cuts are the way to get taxes down. In fact, when I hear from my constituents, they do not think the American people are undertaxed, they think the American people or the Congress overspend.

On our side, that tax-hike hungry dog won't hunt. We have seen the story of this Huckleberry Hound chart play out in recent legislation. On the additional GI education benefits, the Blue Dogs held out for a tax increase to offset the new spending. But when the pressure from their political leadership got too hot, that objection is now history.

We have another popular new spending proposal, extension of unemployment benefits. The Blue Dogs said no offset was required because it is "temporary spending."

Now we have an AMT fix and we have the extenders bill before us. Because it is current law tax relief, the Blue Dogs are insisting on tax increases on other taxpayers. Such inconsistency I do not understand. As with GI benefit packages, we will meet the Blue Dogs' challenge. We will put our money where our mouth is.

The budget resolution, written by the Democratic majority and supported by the Blue Dogs, contains \$300 billion in nondiscretionary appropriations. This is brand new extra spending not subject to pay-go. The AMT patch in the extender bill is a \$110 billion package. After being challenged by the Blue Dog Democrats to stand up for spending cuts, I suggested we take one-fifth of what they are going to increase spending by, and it will pay for these new spending programs.

I would put them to a challenge of not increasing taxes every time to reduce the deficit, but reduce expenditures to be consistent. Instead of raising taxes, I said let's look at the new non-defense discretionary spending built into the budget. We could let that new undefined future spending expire by an amount necessary to make that AMT patch and extenders bill deficit neutral. Many on the other side say it is harmless to let defined current law

tax relief expire. If that is true, then it ought to be easier to let undefined future spending expire.

After meeting the dollar amount in the spending cut challenge, some in the Blue Dog coalition still complained. They said we had to define the spending to be cut. That's a bit curious because the spending is future non-defense discretionary spending. Over the next 10 years, appropriators will spend this new extra money in future appropriations laws. Those bills have not been written yet. So, I don't know how I respond with any more specificity. I've provided the amount and the source of the funds.

The last time I checked, a dollar of spending cuts is the same as a dollar of forgone revenue. If we apply that basic math to taxes and spending, then we will achieve fiscal discipline.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Rhode Island is recognized.

#### EXTENDING UNEMPLOYMENT BENEFITS

Mr. REED. Mr. President, I rise today to talk about the importance of extending unemployment insurance benefits to workers whose regular benefits ran out before they could get a new job.

As we know, the labor market is weak. The unemployment rate has jumped to 5.5 percent in April from 5 percent in March. That is an extraordinary jump. This is the largest single month spike in 22 years and the highest level in 3.5 years.

In addition, the Labor Department's alternative unemployment rate, a measure that includes people who want to work but who are discouraged from actively seeking employment because they cannot find full-time jobs, reached 9.7 percent in May. This latter statistic might be more accurate with what has actually happened in neighborhoods across America.

For Rhode Islanders, the situation is among the worst in the Nation. The number of unemployed Rhode Islanders has risen to approximately 35,000, which has been trending upward and is the highest since June 1994. Indeed, 6.1 percent are jobless right now, a figure which has remained unchanged over the past 2 months.

This is the fourth highest unemployment rate in the United States, and the highest rate in Rhode Island since August 1995, more than 12 years ago. It is also critical to point out that almost half, 41 percent of Rhode Islanders unemployed in January, February and March, exhausted their benefits, which is more than any other State in New England. Unfortunately, other economic indicators are equally discouraging. Economists think inflation is here to stay, and it is likely to get worse. We have received a very poor inflation number this morning which suggests that the forecasts of economists are sadly becoming true.

Food prices are high. Consumers are able to afford fewer groceries at the supermarket and restaurants are being squeezed by food costs. Food prices across the country spiked by more than 4 percent in 2007, the biggest jump in 17 years, and they are expected to escalate another 6 percent this year, though some items, including eggs and milk, have gone up much more. So we are not talking about luxury items, we are talking about the basics to survive. They are getting more and more expensive as more and more people are not able to find adequate work.

The price of gasoline has risen 35 percent from a year ago, when it averaged approximately \$3. In Rhode Island, it now costs \$4.11, on average, for a gallon of regular unleaded, making it very difficult for working families simply to get to school, to get to their job, and to get around the State.

The gross domestic product, the Nation's total output of goods and services, the measure of the overall economic activity of the country, increased at a mere .9 percent in the first quarter of 2008, which is nearly the same as the fourth quarter of last year. This stagnant growth obviously is highly correlated with the rising unemployment.

In April, consumer credit borrowing rose \$8.9 billion for the month to \$2.56 trillion. This is significantly higher than economists forecast. This means increasingly that Americans are going to their credit cards to get by, and this is a timebomb ready to explode in our economy.

More American families are being overwhelmed by debt. More and more families are forced, because they do not have adequate jobs, adequate wages to face the rising cost of gasoline and food, to take out the plastic. That can only last a certain amount of time. This is a looming problem that we have to recognize.

Similarly, there is speculation that the impact of the foreclosure crisis will continue to spread. In my home State of Rhode Island, we have the highest foreclosure rate in New England. And the outlook is just as bleak. A recent Credit Suisse report noted that foreclosures could impact about 6.5 million loans by 2012, meaning that nearly 13 percent of residential borrowers could be put out of their homes; 13 percent of homeowners in America are facing the prospect within the next few years of losing their homes. That is a startling and unacceptable projection.

Given that the economic situation is significantly harsher now than the start of the last recession, the need to extend unemployment benefits is clear. In doing so, we can start to stimulate the economy. We have virtually no growth, we have a foreclosure crisis with escalating gasoline and food prices. If we want to get this country moving again, we have got to stimulate the economy. We tried with the rebates a few months ago; that has not proved effective. Unemployment insurance