

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARDIN. Mr. President, I see my distinguished colleague from Utah is on the floor, so I yield the floor and look forward to listening to his comments.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. I thank my good colleague, and I enjoyed listening to his comments.

PROPOSED SMALL BUSINESS TAX HIKES

Mr. HATCH. Mr. President, one thing people admire about firefighters is that when others are running away from a burning building, they run toward it. Conversely, while most people prudently avoid cliffs, President Obama and the congressional Democratic leadership are racing to go over the fiscal cliff "Thelma and Louise" style.

Absent action by Congress and leadership by the President, at the end of the year almost every Federal income tax payer in America will see an increase in their rates. Some will see a rate increase of 9 percent, while others will see a rate increase of 87 percent.

Although not often discussed—and although the President likes to avoid discussing it—the impact of these rate hikes will have a uniquely damaging impact on small businesses and the jobs they provide. Small businesses are the engine of job creation in our economy, and the rate hikes the President insists on will hit them hard, undermining economic growth and hampering innovation and job creation. Whether we go over the fiscal cliff or whether the President gets his way on raising rates, taxes will go up significantly on small businesses.

The President would like us to think that raising these taxes is no big deal; it will just hit people who already have a lot of money and who can "afford to give a little more." As President Obama put it in using his own finances as an example, absent tax increases, "I'm able to keep hundreds of thousands of dollars in additional income that I don't need. . . ."

With due respect, this is an amazingly naive understanding of tax rates and their impact on economic growth. It assumes that all the people hit by these higher tax rates are wealthy wage earners, CEOs, and financiers. It completely negates the impact on small business income that will be subject to these individual rate hikes.

Here we are at Christmastime and the Democrats want Santa to put coal in the socks of all the small businesspeople. Even President Obama acknowledges that two-thirds of the new jobs in our economy are created by small businesses. The vast majority of small businesses are organized as what we call flowthrough business entities, such as partnerships, S corporations, limited liability companies, and sole proprietorships. In other words, these

small businesses pay the individual income tax rates.

Because the vast majority of small businesses are flowthrough business entities, the income from these businesses flows through the business directly onto the small business owners' individual tax returns. Therefore, any increase in individuals' tax rates means those small businesses get hit with a tax increase. This tax increase lands on those small business owners even if they do not take one penny out of their business's profits and they put it all back in to be able to hire more people or to get more inventory or whatever that helps their business along. Even if a small business reinvests all its income to hire more workers, pay the workers they already have, or purchase equipment, they will still get hit with this looming tax hike.

The President and those in his party who support these rate hikes owe it to the American people to explain why their proposal will not adversely impact small businesses and those who depend on them for their livelihoods because the data suggests the impact will be severe. There is no question about that. Why can't we get the real facts here?

First, according to the Congressional Budget Office, 80 percent of the revenue loss from extending the 2001 and 2003 tax relief provisions is found among those making less than \$200,000 per year if single and \$250,000 if married—the President's threshold.

Second, the nonpartisan official scorekeeper for Congress on tax issues, the Joint Committee on Taxation, tells us that 53 percent of all flowthrough business income would be subject to the President's proposed tax hikes. This is our Joint Committee on Taxation, which is a nonpartisan committee: 53 percent of all flowthrough business income is subject to tax hikes on the top two rates.

Given the agreed-upon importance of small businesses to our economic recovery, it is a mystery to me why the President and his Democratic allies would pursue tax increases on these job creators. We simply cannot afford to raise taxes on over half of all this small business income.

President Obama and congressional Democrats defend their plan by claiming that only 3 percent of small businesses would get hit with this tax increase, so we should not fear raising taxes on them. However, they are misreading the Joint Committee on Taxation's letter on this issue. That letter only talks about the percentage of taxpayers affected, not the percentage of businesses affected.

For instance, if 10 people own one business, President Obama and congressional Democrats count that one business as 10 businesses when they make their statement about a small percentage of businesses affected. Obviously, that is not the right way to look at this. The truth is, they don't know what percentage of businesses they are

proposing to raise taxes on and, what is worse, they don't seem to care.

The IRS publishes its Statistics of Income Data on its Web site providing the most recent available tax data, which is currently tax year 2010. According to that official IRS data, when looking at the entire United States, 21 percent of owners of S corporations and partnerships, including limited liability companies, make \$200,000 or more.

Since President Obama's proposed rate hikes occur on singles making \$200,000 or more and married couples making \$250,000 or more, the vast majority of this 21 percent would get hit with a tax increase. The only portion of this 21 percent of S corporation and partnership owners who would not be hit with a tax hike are those who are married and make between \$200,000 and \$250,000.

According to a 2011 Ernst & Young study entitled "The Flow-Through Business Sector and Tax Reform," citing 2007 data from the U.S. Census Bureau, over 44 million workers employed by S corporations and partnerships, including limited liability companies—over 60 percent of the 69 million employees who work for flowthrough businesses—are going to get hurt. So almost 21 percent of S corporations and partnership owners will be subject to the tax hikes on the top two rates, and over 64 percent of the workers in flowthrough businesses are found in these types of businesses. This is before we even consider the impact on owners of sole proprietorships, which employ the remaining 36 percent of employees in the flowthrough sector.

When the Federal Government takes an additional 5 percent of the money that these small businesses earn, the effects are clear. Far from this being—as the President suggests—money business owners don't need, it will, in fact, lead to lost jobs, stagnant or reduced wages, and a decrease in investment.

The President campaigned on raising the top rates, and he seems bent on doing so. But he owes it to the American families to come clean about the impact these hikes will have on the economy and on jobs. He should come clean and admit his desire for redistribution trumps all other considerations.

The debate over the fiscal cliff has been quite discouraging for me. The President knows why it is that Republicans support full extension of current tax policy, and it is not because we are trying to defend the so-called rich. It is because we have a genuine and empirically grounded concern about the impact of marginal rate hikes on small businesses, the jobs they create, and the men, women, and families who depend on them. I couldn't care less about the truly rich.

Instead of acknowledging that marginal rate hikes would have an outsized impact on small businesses, the President has decided instead to demagog this issue, paint Republicans as out of touch, and put political points ahead of

jobs. It is well past time for a grownup conversation about tax policy. Our door remains open, and we look forward to having the President walk through it.

TAJIKISTAN WTO ACCESSION

Mr. HATCH. Mr. President, I would like to take a few minutes to discuss a matter of great importance in the trade arena.

Last week, the Senate approved legislation granting permanent normal trade relations to Russia and Moldova by a vote of 92 to 4. Such a strong vote would not have been possible without bipartisan cooperation from my Senate colleagues. I would once again like to express my appreciation to all the Republican members of the Finance Committee who worked with me and my staff in good faith to develop a strong enforcement package which addresses many of the concerns we all have with our bilateral trade relations with Russia.

I also want to again express my appreciation for the hard work and cooperation of Senator BAUCUS, the chairman of the Finance Committee. The process we undertook in the Finance Committee is emblematic of how the Finance Committee should work. It is my sincere hope this will be a model for future legislation.

Unfortunately, things don't always work so smoothly. In fact, I was quite disturbed to receive a letter earlier this week from Ambassador Kirk, our trade ambassador, informing me that the Obama administration intends to support approval of the proposed terms for Tajikistan's accession and the invitation for Tajikistan to become a member of the WTO at the upcoming WTO General Council meeting.

Let me be clear. I support efforts to help advance the rule of law by bringing countries such as Tajikistan into the World Trade Organization. What disturbs me is that the administration had been negotiating the WTO accession package for over 1 year and failed to even mention it to anyone on the Senate Finance Committee.

Even more troubling is the fact that the final WTO working party meeting took place on October 26, 2012, at which Tajikistan's proposed protocol of accession was completed. Yet no one in the Senate received any information about the accession until last week. Why the Obama administration waited 5 additional weeks after completing Tajikistan's WTO accession negotiations before notifying the committee is a mystery for me.

For an administration that touts its commitment to transparency and unprecedented consultations with Congress, their failure to consult with the Finance Committee and the Senate on the terms of Tajikistan's proposed accession protocol reveals that the administration's bold pronouncements about their excellent consultations are nothing more than empty rhetoric.

Moreover, section 122 of the Uruguay Round Agreements Act requires the administration to consult with the Senate Committee on Finance before any vote is taken by the WTO relating to the accession of a new member. While sending a letter to the committee 1 mere week before a vote is taken in the WTO and after the terms of the accession are already completed might technically comply with the letter of the law, it in no way complies with the spirit of the law.

Had Congress been notified of Tajikistan's pending invitation to join the WTO earlier, it might have been possible to include provisions granting Tajikistan permanent normal trade relations along with the Russia and Moldova bills. But that was not possible. Instead, the Obama administration's lack of transparency and failure to meaningfully consult with Congress rendered that impossible.

As we continue to try to work with the Obama administration to develop policies and advance legislation which create economic growth and open new markets for U.S. workers and job creators, the administration must engage in meaningful consultations. Accordingly, I would expect the way the Tajikistan accession has been handled by the Obama administration will be an exception and not the norm regarding future consultations.

To help ensure that is the case, I will soon be sending a letter to the Office of the U.S. Trade Representative with some detailed questions regarding their consultations with Congress and the private sector trade advisory committees. It is vitally important that we bring more transparency to this process, so I sincerely hope we receive a detailed and substantive response soon.

I also hope we can soon begin to have a meaningful discussion with the administration about their plans for renewing trade promotion authority.

As most of my colleagues know, trade promotion authority is an important tool which helps us pry open foreign markets to U.S. exports. Every President since FDR has sought trade promotion authority from Congress. Despite its critical importance, the administration keeps putting off any meaningful discussion of renewal. In fact, when Ambassador Kirk testified before the Finance Committee last March, I offered to sit down with him that day to start talking about TPA renewal. He declined my offer. Instead, he simply said he would be happy to sit down and talk with me and members of the Finance Committee about TPA renewal "at the appropriate time."

Since that time, there has been no administration dialog with me or with the Finance Committee about TPA, even though the Obama administration intends to conclude the trans-Pacific partnership negotiations by October of next year and is considering launching negotiations for a free-trade agreement with the European Union as early as next month.

Frankly, both of these initiatives are going to require TPA in order to be successful. While TPA should have been renewed long ago, we currently cannot wait any longer. If these trade initiatives are going to succeed we cannot continue to keep putting them off.

The time for the administration to start meaningful consultation with Congress on TPA renewal is now and I would like to see more cooperation. In this Congress we have seen the Korean Free Trade Agreement, we have seen the Colombian Free Trade Agreement, and we have seen the Panamanian Free Trade Agreement. We have seen the PNTR with Russia. Those would not have happened if we had not been pushing on the Finance Committee to get them done.

In my opinion, the administration has been slow-walking all of those. Those mean balance of trade positives for our companies here in America and I hate to see us playing around in deleterious ways with these types of agreements. I have suggested some other agreements here that need to be entered into. We need to get real on international trade. We need to be able to compete with anybody in this world, and we are able to if we are given the chance.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

REDUCING REGULATORY BURDENS ACT OF 2011

Mr. ROBERTS. Mr. President, I have come to the floor to discuss legislation we could actually pass. I am not talking about the fiscal cliff or sequester or anything quite so heavy, but nevertheless very important. It has bipartisan support, sort of, been passed out of the Senate Agriculture Committee, passed out of the House of Representatives by over 300 votes, but it has yet to be brought to the Senate floor for debate. That debate could be over within a half hour.

The majority leader talks about bipartisan support for legislation and hurdles to bring the bipartisan legislation to the floor. Obviously we have them. But I want to remind the Senate that this bill has already passed the House, as I have said, with broad bipartisan support and, again, with over 300 votes. That does not happen often in the House of Representatives these days. It passed out of the Senate Agriculture Committee with bipartisan support. It did not even have to have a hearing. Yet the majority leader has not allowed this bill to come to the floor for a vote. I urge him to do that.

I am talking about H.R. 872. What is that? That is the Reducing Regulatory Burdens Act of 2011. How could anybody be opposed to that? It has been pending before the Senate for 17 months. That is long enough. That is certainly long overdue. This bill was placed on the Senate Calendar on June 21 in 2011. We need to pass this bill. We