

than 10 percent of the previous three Presidents' executive branch nominees, under President Trump, it is nearly 90 percent.

I admit the Democrats are bitter about the Trump win. I understand that. Everybody on their side expected Hillary Clinton to win. Many on our side expected her to win as well. But she didn't. President Trump is now President, and he did win, and he is doing a good job of delivering people up here to the Senate for confirmation.

This is not how the confirmation process is supposed to work.

The Constitution makes Senate confirmation a condition for Presidential appointments. This campaign of obstruction is exactly what the Senate Democrats once condemned. Further poisoning and politicizing the confirmation process only damages the Senate, distorts the separation of powers, and undermines the ability of the President to do what he was elected to do.

I hope our colleagues on the other side will wise up and realize that what they are doing is destructive to the Senate, harmful to the Senate, and it is a prelude to what can happen when they get the Presidency. I don't want to see that happen on the Republican side.

TAX REFORM

Mr. President, to change the subject, I would like to speak about the effort to reform our Nation's Tax Code. Last week, I came to the floor to give what I promised would be the first in an ongoing series of statements about tax reform. Today, I would like to give the second speech on that subject in this series.

As I have said before, while there are tax reform discussions ongoing between congressional leaders and the administration, I expect there to be a robust and substantive tax reform process here in the Senate, one that will give interested Members—hopefully from both parties—an opportunity to contribute to the final product. I anticipate that, at the very least, the members of the Finance Committee will want to engage fully in this effort.

I have been working to make the case for tax reform for the last 6 years, ever since I became the lead Republican on the Senate Finance Committee. This current round of floor statements is a continuation of that effort.

Last week, I spoke on the need to reduce the U.S. corporate tax rate in order to grow our economy, create jobs, and make American businesses more competitive. Today's topic is closely related to that one. Today, I want to talk about the need to reform our international tax system.

Over the last couple of decades, we have enjoyed a rapid advancement in technology and communication, which has been a great benefit to everyone and has improved the quality of life for people all over the world. Unfortunately, our tax system has failed to evolve along with everything else.

For example, in the modern world, business assets have become increasingly more mobile. Assets like capital, intellectual property, and even labor can now be moved from one country to another with relative ease and simplicity. Assets that are relatively immobile—those that cannot be easily moved—are becoming increasingly rare. The Tax Code needs to change to reflect that fact.

Our current corporate tax system imposes a heavy burden on businesses' assets, which creates an overwhelming incentive for companies to move their more mobile assets offshore, where income derived from the use of the assets is taxed at lower rates.

As I noted last week, there is no shortage of lower tax alternatives in the world for companies incorporated in the United States. It does not take a rocket scientist to understand this concept. All other things being equal, if there are two countries that tax businesses at substantially different rates, companies in the country with higher tax rates will have a major incentive to move taxable assets to the country with lower rates. That dynamic only moves in one direction, as there are not many companies that are looking to move to higher tax countries, like the United States, from lower tax jurisdictions. This is not just a theory; this has been happening for years.

An inversion, if you will recall, is a transaction in which two companies merge, and the resulting combined entity is incorporated offshore. Let me repeat some numbers that I cited last week. In the 20 years between 1983 and 2003, there were just 29 corporate inversions out of the United States. In the 11 years between 2003 and 2014, there were 47 inversions—nearly double the number in half the amount of time. That number includes companies that are household names in the United States. This is happening in large part because of the perverse incentives embedded in our corporate tax system and the stupidity of us in the Congress to not solve this problem.

Keep in mind that I am only talking about inversions. There are also foreign takeovers of U.S. companies, not to mention arrangements that include earnings stripping and profit shifting. The collective result has been a massive erosion of the U.S. tax base and, perhaps more importantly, decreased economic activity here at home.

Make no mistake—our foreign competitors are fully aware of these incentives. They have recognized that lowering corporate tax rates can help them lure economic activity into their locations. Yet, in the face of this competition, the U.S. tax system has remained virtually frozen.

As I noted last week, reducing the corporate tax rate would help alleviate these problems, but more will be required, including reforms to our international tax system.

Currently, the United States uses what is generally referred to as a

worldwide tax system for international tax, which means that U.S. multinationals pay the U.S. corporate tax on domestic earnings as well as on earnings acquired abroad. Taxes on those offshore earnings are generally deferred so long as the earnings are kept offshore and are only taxed upon repatriation to the United States after accounting for foreign tax credits and the like.

Put simply, this type of system is antiquated. The vast majority of our foreign counterparts have already done away with worldwide taxation and have converted to a territorial system. Generally speaking, a territorial system is one in which multinational companies pay tax only on earnings derived from domestic sources.

By clinging to its worldwide tax system and a punitively high corporate tax rate, the United States has severely diminished the ability of its multinational companies to compete in the world marketplace. Because U.S.-based companies are subject to worldwide taxation while their global competitors are subject to territorial taxation systems, U.S. companies all too often end up having to pay more taxes than their foreign competitors, putting them at a distinct competitive disadvantage.

Generally speaking, foreign-based companies pay taxes only once at the tax rate of the country from which they have derived the specific income. A U.S. multinational, on the other hand, generally pays taxes on offshore income at the rate set by the source country but then gets hit again—and at a punitively high rate—when it repatriates its earnings back to America.

This is stupidity in its highest sense. This needs to change. It is not only Republicans who are saying that; many Democrats have recognized this issue as well. For example, I will cite the Finance Committee's bipartisan working group on international tax, which is cochaired by Senators PORTMAN and SCHUMER, our ranking minority leader, which examined these issues thoroughly and produced a report in 2015. In that report, after noting that most industrialized countries have lower corporate rates and territorial systems, this bipartisan group of Senators said: "This means that no matter what jurisdiction a U.S. multinational is competing in, it is at a competitive disadvantage."

The report by Senators PORTMAN and SCHUMER and the members of their working group also referred to something called the lock-out effect. Simply put, the lock-out effect refers to the incentives U.S. companies have to hold foreign earnings and make investments offshore in order to avoid the punitive U.S. corporate tax. This is not a dodge or a tax hustle on the part of these companies; they are simply doing what the Tax Code tells them to do. The Tax Code essentially tells U.S. companies: You can have \$100 in Ireland, say, or you can have \$65 in the United States.

Well, no surprise here—companies generally opt to have \$100 in Ireland.

Currently, a huge amount of capital—as much as \$2.5 trillion or maybe even more—that is held by U.S. multinational companies is effectively locked out of the United States and is unavailable for investment here at home. However, as Senators SCHUMER and PORTMAN and their colleagues on the international tax working group noted, those funds can easily be used to grow the economies of those foreign countries that have kept their tax codes up to date.

These are massive problems, and if we are going to put together an effective tax reform package and be competitive, we will have to find a way to tackle these issues. The most obvious way, of course, would be with a combination of reducing our corporate tax rates, transitioning to a territorial tax system, and ensuring protection of the U.S. tax base from things like earnings stripping and profit shifting. That approach, as it turns out, has bipartisan support.

These matters represent a significant portion of our tax reform efforts, and we already know it is one on which Republicans and Democrats can agree, at least in concept. In other words, there is ample reason for our Democratic colleagues to join Republicans and for Republicans to join Democrats in the tax reform discussions.

These issues are not just important for faceless corporations or tax planners; they are important for American workers who are up and down the income scale. Anyone who is hoping to have a job and opportunities here in the United States and not somewhere else has an interest in reforming our international tax system. If we pass up this current opportunity to address these issues, people should expect to see more and more economic activity and the headquarters and supporting staff of more household-name companies moved outside the United States.

With bipartisan recognition of the need for reform and agreement on international concepts already having been displayed, we owe it to the American people to work together and fix this problem.

As I have said multiple times, I hope my friends on the other side of the aisle will be willing to work with us on tax reform, but if they decline—and, sadly, we have seen some indication that they will—Republicans will need to be ready to take steps to fix these problems. I think we will be ready. Indeed, I think we are more than up to the challenge. I hope we do something about these important issues.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

HEALTHCARE

Mr. MURPHY. Mr. President, I thank the Senator from Georgia for the recognition.

Colleagues, the new CBO score is out on, I guess, version 4.5 or 5.5—it is hard

to keep track of the bill to repeal the Affordable Care Act—and nothing has changed. This proposal, which is a moral and intellectual dumpster fire, is still a disaster.

Here is what the CBO says about the bill that is currently being reworked behind closed doors by my Republican colleagues. The CBO says that, immediately, 15 million people would lose coverage by next year. That is a humanitarian catastrophe. It is something this country has never witnessed before—that number of people losing coverage in that short a period of time. Our emergency rooms would be overwhelmed as they would be unable to deal with the scope of that kind of humanitarian need. Ultimately, the number would rise to 22 million at the end of the 10-year window. We know it will be far bigger than that in the second 10 years because that is when the worst of the Medicaid cuts will happen, but 22 million is a lot of folks. It is no different than in the previous version, which was 23 million, or in the House's bill, which somehow got a majority vote in that place despite 24 million people losing health insurance, according to the CBO.

Today, 90 percent of Americans are covered by health insurance. The CBO says that number will go all the way down to 82 percent. I have heard my friend Senator CORNYN complain on this floor year after year that the ACA still leaves millions of Americans uncovered. This would make it even worse.

When you get down to look at what happens to individual Americans, it gets even more frightening. Let me give an example of how this bill would dramatically increase premiums on individuals who are currently insured through the private market.

A lot of the coverage losses happen because of this assault on Medicaid, but lots of folks who have private coverage would not be able to afford it any longer. If you are a 64-year-old who is making, let's say, \$55,000, that is over three times the Federal poverty level. In a lot of places, you can live on \$56,000. Today, that individual is paying about a \$6,700 premium. Under the Republican healthcare bill, that individual would be paying \$18,000 in premiums. That is an increase of 170 percent. That is just one individual.

The bottom line is that, if you are older and you are less wealthy, you are going to be paying a whole lot more under this proposal.

Despite all of the guarantees made by Republicans and this President that under their plan, costs would go down, that deductibles would go down and premiums would go down, the CBO says the exact opposite. It says that, especially if you are sort of middle-income and are 50 or older, your premiums will go up dramatically.

This is a terrible bill. It does not solve a single problem that the Republicans said they were trying to fix. More people lose insurance, costs go

up, and quality does not get better. This is a terrible piece of legislation.

We are at this very frightening time in the negotiations when changes are being made to this bill not to improve policy but to try to win individual votes. That is what is happening as we speak. Behind closed doors, small changes are being made to this bill to try to win the votes of individual Senators, giving them specific amounts of money for their State, and their State alone, in order to win their vote. That is shameful, and it is no way to reorder one-fifth of the American economy. We are talking about 20 percent of the U.S. economy. And changes are being made to this bill right now that have nothing to do with good healthcare, that have only to do with winning individual votes to try to get to 50, because Republicans refuse to work with Democrats—refuse to work with us. So instead of building a product that could get big bipartisan support, Republicans are now down to a handful of their Members and are trying to find ways to deliver amounts of money to those Members' States in order to win their vote.

There is a special fund in the latest version of the bill for insurance companies in Alaska that was not in the previous version of the bill. Now, all of these provisions get written in a way that if you are an average, ordinary American who decides to take a couple of hours of your time to read the bill, you would never know that it was a specific fund for Alaska because it doesn't say "Alaska." It sets up a whole bunch of requirements that a State has to meet to get this special fund for insurance companies, and only one State fits that description, and it is Alaska.

There is a change in this bill from previous law that addresses States that were late Medicaid expanders, States that expanded into the new Medicaid population allowed for under the Affordable Care Act but did it late in the process. The previous version didn't give those States credit when establishing the baseline for the new Medicaid reductions, but miraculously this new bill has a specific provision to allow for two States that were late Medicaid expanders to be able to get billions of additional dollars sent to their State. Those States are Alaska and Louisiana—two States.

There is a new provision in the latest version of the bill that makes a very curious change to the way in which DISH payments are sent to States—that is the Disproportionate Share Hospital Program that helps hospitals pay for the costs for people without insurance. Not coincidentally, it is a change that was advocated by one Senator from one State: Florida. The change will disproportionately benefit the State of Florida, and it is now in the new version.

These are not changes that help the American healthcare system. They are not changes that benefit my State or