



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 115th CONGRESS, FIRST SESSION

Vol. 163

WASHINGTON, FRIDAY, DECEMBER 1, 2017

No. 196

Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore (Mr. HATCH).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal God, You have truly been good to us. Even when we stumble and fall, Your mercy continues to sustain us.

Lead our lawmakers to realize that the abilities You have given them are maximized only when they are used for Your purposes. Show them the best way to use their talents and opportunities to honor and serve You and humanity.

May our Senators this day speak words that are constructive and helpful, bringing encouragement as well as vision to their labors. Give them the wisdom to know Your will and the courage to do it. Let Your presence be felt in this Chamber and everywhere on Earth.

We pray in Your Holy Name. Amen.

PLEDGE OF ALLEGIANCE

The President pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mrs. CAPITO). Under the previous order, the leadership time is reserved.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

TAX CUTS AND JOBS ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 1, which the clerk will report.

The senior assistant legislative clerk read as follows:

A bill (H.R. 1) to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

Pending:

McConnell (for Hatch/Murkowski) amendment No. 1618, of a perfecting nature.

Baldwin motion to commit the bill to the Committee on Finance, with instructions.

Wyden (for Nelson) motion to commit the bill to the Committee on Finance, with instructions.

The PRESIDING OFFICER. The Senator from Colorado.

ORDER FOR RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. GARDNER. Madam President, I ask unanimous consent that following the remarks of the Senator from Wisconsin, the Senate stand in recess subject to the call of the chair.

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

RECOGNITION OF THE MINORITY LEADER

The Democratic leader is recognized.

GOVERNMENT FUNDING

Mr. SCHUMER. Madam President, before I address the issue of taxes, let me address the matter of the government funding bill.

We are now only a week away from a government shutdown, which, to remind my colleagues, could cost our economy thousands of jobs and billions of dollars, as it did in 2013. I think a government shutdown is something we all desperately want to avoid, Democrats and Republicans—I talked to some of my colleagues this morning—with the exception, it seems, of the President.

This morning's Washington Post reports that President Trump has told his confidantes that a government shutdown could be good for him politically and that he has asked friends

about how a shutdown would affect him politically. It is disappointing but maybe not surprising that President Trump appears to be putting politics before the well-being of the American people. As President, the welfare of the American people should always come first—always.

We have a lot of things to accomplish by the end of the year, and a government spending deal is particularly important for our men and women in uniform, as well as a host of programs that create jobs and boost the economy.

The President talks about defending the troops and then threatens a shutdown. It is a contradiction—a contradiction—and I am sure our generals would tell him that even playing around with the possibility of sequester and shutting down the government is no good for our armed services, as well as for the rest of the country.

We should all be focused on avoiding a government shutdown. Certainly Democrats will be working with our Republican colleagues in Congress to that end. I think our Republican colleagues agree. I hope they won't succumb to President Trump's whim based on a political decision and not on what is good for America. President Trump must change his tune—and soon—if he wants to be a constructive partner in those discussions rather than the focal point of blame.

Madam President, on taxes, my Republican friends have stretched into day 2 of their debate on the bill, which still lacks resolution on some critical issues.

After promising over the past few months that their tax bill would pay for itself through economic growth, the Joint Committee on Taxation came out with a report yesterday that showed that these promises were unfounded, way off the mark. Even considering economic growth, the Republican tax bill will add roughly \$1 trillion to the deficit. And many economists have said

• This “bullet” symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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that this dynamic scoring doesn't work at all. Here, the JCT gave credence to the theory of dynamic scoring but then came out with a number that was not the kind of wild exaggerations we are hearing from the Secretary of the Treasury, from the President, and from some of our Republican colleagues, particularly those of the Club for Growth bent.

Earlier in this debate, Republicans claimed that this would be a tax cut for everybody and that nobody in the middle class is going to get a tax increase. Independent analyses show that these claims were not valid, and to their credit, some Republicans corrected the record.

Now Republicans have gotten the "dynamic scoring" they have demanded for years. They are in charge. They put dynamic scoring in place. It is still not good enough. As recently as this week, the Republican leader and others claimed that this bill would not add to the deficit. We know now that even under the dynamic scoring method the Republican Party asked for and received, this bill would add \$1 trillion to the deficit. All of the claims that tax cuts for the wealthy and corporations will pay for themselves were not correct. It is time for my Republican friends to admit the error and come clean with the American people.

The fact that we received the dynamic score only a day before a final vote on the bill shows just how foolhardy it is to rush a bill like this through.

From press reports, we know that the Republicans are making the pass-through provisions more generous, widening what was already a gargantuan tax loophole for wealthy business owners. Why should wealthy business owners pay a significantly lower rate on their personal income, because they are paying no corporate tax if they use the passthrough, than the average American? That is what this bill does. Hedge funds, big fancy law firms, and lobbyist firms would all get a lower rate than the average American because of the passthrough. The average American who makes \$100,000, \$200,000 is already paying in the 30-percent range.

From press reports—you would think that maybe Republicans would be concerned by the many reports that their bill increases taxes on 60 percent of middle-class families by the end of the day. No. Instead, the holdout Republicans are concerned that this bill isn't generous enough to corporations and wealthy business owners. So now the Republican leadership is working to fix that. In the waning hours, this bill is tilting even further toward business, even further away from families. Every time the choice is between big corporations and families, the Republicans choose the big corporations.

And still no one knows what the final bill will look like. Why on Earth wouldn't you want to spend more than a few hours looking at a bill of this

magnitude? What might have been snuck in? What might have been changed by mistake—an innocent mistake? There are so many reasons to not rush this bill through, but we know why it is being done. We know why Republican Members will only have a few hours at most to read the draft legislation before voting on it.

Notching a political win, I would say to my colleagues, isn't a good enough reason to throw common sense and legislative responsibility out the window. Notching a political win isn't a good enough reason to raise taxes and premiums on millions of middle-class families when there is a much better bill to be had by working in a bipartisan way. Democrats and Republicans, across the aisle, together. My Republican friends must know that "we needed to notch a political win" isn't a good enough excuse for a constituent who asks why you voted to raise their taxes but slash them for big corporations.

Today may be the first day of the new Republican Party—one that raises taxes on the middle class. The one thing Republicans always promised the middle class is, we are not going to raise your taxes. A good number of my colleagues from the other side of the aisle—the junior Senator from Texas—I heard him talk about it—said he doesn't want to raise taxes on any middle-class person, but this bill does it.

The Republican Party is abandoning its long-held principles to please its political pay masters. It is a bad move for the Republicans, as well as a bad move for America.

Again, "we needed to notch a political win" is going to be no excuse when your constituents complain that they are getting the short end of the stick in this tax bill and wealthy corporations, the richest people, are not.

Democrats remain united against any middle-class tax increase, and we will fight to reverse that. The stakes are too high. Our economy is already stacked against working men and women. Corporate profits and stocks have reached alltime highs. The top 1 percent capture 20 percent of the national income—higher than at any time in our history since the roaring twenties.

Meanwhile, for too many Americans, the American dream is slipping away. Hard-working Americans who get up every morning worried about paying the bills, making the mortgage payment, the tuition payment, the healthcare bill, are not getting the help they need in this bill. Instead, it is going to the wealthiest, biggest corporations on a theory of trickle-down, which almost everyone accepts and rightwing economists agree has never made sense.

Any moral tax bill would focus on giving a leg up to middle-class Americans, to working class Americans. Instead, this bill directs the lion's share of its benefits to those at the very top—the already wealthy, the already

powerful. It makes healthcare less affordable and less accessible. It will deprive the government of the resources needed to support the military, scientific research, education, and infrastructure.

The hole it blows in the deficit will—make no mistake—endanger Social Security, Medicare, and Medicaid. Republicans, including President Trump, have openly admitted that they will seek changes in this program after the tax bill. Senator SANDERS has outlined eloquently how dangerous this bill is to the future of Social Security and Medicare. I know our Republican colleagues who came down to argue against him were all on the defensive.

All the things our President and Republicans say they wanted to do are not happening. And this bill moves in the opposite direction—not only on helping the wealthy and not helping the middle class in the way it needs to but also in endangering Social Security and Medicare. Most insidious of all, the bill hides a ticking time bomb of middle-class tax hikes at the center of our Tax Code. Who would want to vote for that?

Many of my Republican friends feel that the hard right—big, wealthy corporate interests—will put these ads on TV saying that this bill helps the middle class. It is not going to work. When the middle class gets a tax increase, they are going to know why, and they are going to know whom to blame, and these ads will have faded into the air.

Today, my Republican friends can choose to cement their party as the party that raises taxes on the middle class. It will be a dramatic turning point in a downward spiral for the Republicans and something they have never believed in before. But Republicans have an alternative. They can step back from the brink and work with Democrats on a bipartisan tax reform bill to deliver across-the-board tax relief to the middle class, a bill that makes our businesses more competitive while closing egregious corporate loopholes and that grows our economy without adding a penny to the deficit.

Bipartisan tax reform—not this cynical bill, not this partisan exercise, not this bill that seems to please the 1 percent but not the rest of America—is possible but only if my friends and colleagues will abandon this bill and reach out for a better kind of politics.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin.

MOTION TO COMMIT

Ms. BALDWIN. Madam President, I rise to offer motion to do something that this tax plan fails to do: make good on President Trump's promise to close the carried interest tax loophole. This motion has the support of Senators WHITEHOUSE, DONNELLY, and VAN HOLLEN.

I think we need to make our tax system simpler and fairer for hard-working families, businesses—particularly

small businesses—and manufacturers, and that is what I have been working for. Unfortunately, this is not the plan being presented today by Senate Republicans.

Let's be honest with the American people. This bill is largely a tax giveaway to the wealthiest few and big corporations, while millions of middle-class families will get a tax hike. With this partisan bill from across the aisle, big corporations get permanent tax breaks—permanent—while middle-class families will see tax increases. In fact, most Americans earning less than \$75,000 a year will see tax increases. That is simply not fair.

It is also not fair that the top 1 percent will end up with over 60 percent of the benefits, and in exchange, 13 million more will lose health insurance. Healthcare premiums will increase by 10 percent, and Medicare and Medicaid have been put on the chopping block to pay for it.

In addition, with the Senate Republican plan, powerful corporations can still deduct their State and local taxes, but they completely eliminate the State and local tax deduction for individual taxpayers. This deduction ensures households aren't taxed twice by the Federal Government on money they have already paid in State and local taxes, including property taxes. But with the current Senate plan, nearly one in three Wisconsinites will lose their personal income, sales, and property tax deductions. A recent study shows that it could decrease the value of home ownership. The average deduction in Wisconsin is \$11,653, and nearly \$10 billion of Wisconsinites' paychecks would be subject to a double tax—all to pay for a plan that favors those at the top. What is more, by the latest estimation from our own congressional scorekeeper, this plan will add \$1 trillion—\$1 trillion—to our deficit, breaking our promise to the next generation and sticking them with the bill.

Our Tax Code ought to reward hard work more than it rewards wealth. It doesn't do that today, and it will not do that tomorrow if this bill passes. In fact, this Republican plan's primary purpose is to reward Fortune 500 corporations who will simply reward the wealth of shareholders, not the hard work that drives productivity and growth across our economy.

The primary promise of this legislation makes the same promise that has not been kept to workers for decades. Trickle-down economics has not worked in the past, and it is not going to work now. American workers know that. But my colleagues, rushing to pass this legislation, don't seem to care, because the only thing that matters is delivering for donors, who have too much power and influence in Washington.

I want to see loopholes closed, like the one that favors Wall Street hedge funds and allows them to pay a lower tax rate than many Wisconsin workers

pay. Earlier this year, I introduced the Carried Interest Fairness Act to close the carried interest tax loophole for millionaires and billionaires on Wall Street.

The carried interest loophole allows certain investment managers to take advantage of the preferential 20 percent long-term capital gains tax rates on the income they get for managing other people's money, rather than the ordinary income tax rates of up to 39.6 percent that American workers pay. My legislation closes the carried interest tax loophole by ensuring that income earned by managing other people's money is taxed at the same ordinary income tax rates as the vast majority of working Americans pay.

As a candidate, President Trump included closing the carried interest tax loophole in his tax reform plan. While campaigning in Detroit last year, he said: "We will eliminate the carried interest deduction and other special interest loopholes that have been so good for Wall Street investors, and for people like me, but unfair to American workers."

Then this May, after being asked why his tax reform outline didn't mention carried interest after campaigning on its closure, the President responded by saying:

It's out. Done . . . carried interest was great for me, but carried interest was unfair and it's gone.

I agree that it is unfair and it should be eliminated. However, it is not gone with this legislation. This loophole for Wall Street is still in the bill. Why? Is it because my Republican colleagues on the other side of the aisle simply do not believe a word this President says? Is it because Wall Street lobbyists, big banks, and hedge funds have such a grip on Washington? Is it because these are the very donors that this legislation is meant to serve with a win?

Today I am offering a motion to close the carried interest tax loophole once and for all. It is simply unfair for Wisconsin workers to pay higher income tax rates than a billionaire hedge fund on Wall Street.

If you agree, you will support this motion. If you want to help President Trump keep his promises to the American people, you will support this motion. Let's do right by the American people and close this tax loophole for the wealthy on Wall Street. Let's make sure that our Tax Code rewards hard work as much as it currently rewards wealth. If that isn't simple and fair, I don't know what is.

I yield the floor.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess subject to the call of the Chair.

Thereupon, the Senate, at 10:36 a.m., recessed subject to the call of the Chair and reassembled at 11:34 a.m. when

called to order by the Presiding Officer (Mrs. CAPITO).

TAX CUTS AND JOBS ACT—CONTINUED

The PRESIDING OFFICER. The Senator from Florida.

MOTION TO COMMIT

Mr. NELSON. Madam President, the matter that is before the Senate is the motion I have offered. It simply is, in this tax bill, the corporate rate is reduced from 35 percent down to 20 percent, and that is permanent, but the modest, middle-class tax breaks are not permanent, and in 7 or 8 years they cease to exist. They sunset. So, in this tax bill, you want to give permanent, huge corporate cuts, from 35 down to 20. By the way, if the American corporation is doing business overseas, it is basically a zero tax rate, which is an incentive to go overseas, send jobs overseas. American jobs are lost while giving those huge corporate breaks at the same time it is giving modest breaks to the very people who need the tax cuts; that is, hard-working American families, the middle class. Then, oh, by the way, in 7 or 8 years, vamoose, it is gone, no tax break. It goes back up. It is a tax increase. That is simply not fair.

So this little motion simply says go back to the Finance Committee and correct this inequity. Go back to the Finance Committee, make the middle-class tax cuts permanent, and then get the Finance Committee to offset those with revenue from someplace. Do you know where that someplace should be? It ought to be the huge corporate tax cuts. That is where the revenue ought to be taken back from to give that revenue or tax cuts to the middle class. It is a simple issue of fairness.

I am delighted to be joined by my colleague from Minnesota.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Ms. KLOBUCHAR. Madam President, I thank Senator NELSON for his leadership on this motion. It is a very simple motion for a very simple proposition; that is, that the Tax Code should be simpler. That is true. We should make it more streamlined. That is true, but our focus should be helping the people of America.

Our problem with the bill that is on the floor right now is that it is weighted much too heavily in terms of helping the wealthiest among us and not the middle class. Senator NELSON's amendment, which I am a proud cosponsor of, gets right to the meat of this, to the bread and butter, to helping the middle class with their groceries—since I used meat and bread and butter—but also with their mortgages, with paying for college, with everything they need to do. Our problem with the bill right now is that too much of it goes to the top.

In fact, when you look at the numbers, it is quite startling. The first