

1 OPEN EXECUTIVE SESSION TO CONSIDER AN ORIGINAL BILL
2 ENTITLED THE "TAX CUTS AND JOBS ACT" (CONTINUATION)
3 WEDNESDAY, NOVEMBER 15, 2017
4 U.S. Senate,
5 Committee on Finance,
6 Washington, DC.

7 The hearing was reconvened, pursuant to notice, at
8 10:04 a.m., in Room 216, Hart Senate Office Building,
9 Hon. Orrin G. Hatch (chairman of the committee)
10 presiding.

11 Present: Senators Grassley, Crapo, Roberts, Enzi,
12 Cornyn, Thune, Burr, Isakson, Portman, Toomey, Heller,
13 Scott, Cassidy, Wyden, Stabenow, Cantwell, Nelson,
14 Carper, Cardin, Brown, Bennet, Casey, Warner, and
15 McCaskill.

16 Also present: Republican Staff: Jennifer Acuna,
17 Senior Tax Counsel and Policy Advisor; Chris Armstrong,
18 Chief Oversight Counsel; Tony Coughlan, Senior Tax
19 Counsel; Bryan Hickman, Senior Counsel; Matt Hoffman,
20 Policy Director; Jay Khosla, Staff Director; Jennifer
21 Kuskowski, Health Policy Director; Alex Monie,
22 Professional Staff; Eric Oman, Senior Policy Advisor for
23 Tax and Accounting; Martin Pippins, Detailee; Mark
24 Prater, Deputy Staff Director and Senior Tax Counsel;
25 Preston Rutledge, Senior Tax and Benefits Counsel; Jeff

26

LISA DENNIS COURT REPORTING

1 Wrase, Chief Economist; Nicholas Wyatt, Tax and
2 Nominations Professional Staff Member.

3 Democratic Staff: Ryan Abraham, Senior Tax and
4 Energy Counsel; Robert Andres, Tax Policy Analyst;
5 Christopher Arneson, Tax Policy Advisor; Adam Carasso,
6 Senior Tax and Economic Advisor; Ryan Carey, Press
7 Secretary and Speech Writer; Michael Evans, General
8 Counsel; Elizabeth Jurinka, Chief Health Advisor; Sarah
9 Schaefer, Tax Policy Advisor, Small Business and Pass-
10 Throughs; Joshua Sheinkman, Staff Director; Tiffany
11 Smith, Chief Tax Counsel; Arielle Woronoff, Senior Health
12 Counsel; and Drew Crouch, Senior Tax and ERISA Counsel.

13 Non-Designated Staff: Jewel Harper, Senior Deputy
14 Clerk; Joshua LeVasseur, Chief Clerk and Historian;
15 Susanna Segal, Deputy Clerk; and Athena Schritz, Hearing
16 Clerk.

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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH, CHAIRMAN OF THE COMMITTEE

3

4 The Chairman. The committee will come to order.

5 Today we will continue our consideration of the
6 Chairman's mark for The Tax Cuts and Jobs Act.

7 Last night, as promised, we delivered to members a
8 modification that we will incorporate into the mark this
9 morning. After that, we will walk through the
10 modification and members will get an opportunity to
11 discuss and ask questions about the modification.

12 Once that process is complete, the mark, as
13 modified, will be open for amendment. Before we take
14 these next steps, I would like to make a few initial
15 comments, however.

16 I want to thank my fellow committee members. We
17 were able to include a number of their amendments in the
18 modification and the mark, and I think the mark will be
19 better for it.

20 From the outset of this process, producing this
21 legislation has been a group effort, as I have been
22 joined and more than ably assisted by the Majority
23 members of the committee. I want to thank them and their
24 staffs for the hours, days and weeks of hard work that
25 have gone into this process.

1 By producing this modification, we have taken
2 another big step forward for tax reform. So, once again,
3 thank all of you for your hard work.

4 Now, let us talk about some of the highlights in the
5 modification. I will note that while we made some
6 important alterations to the mark with this modification,
7 these are not sea changes. The core of the mark remains
8 the same, meaning that the complaints that yesterday's
9 walkthrough was a waste of time were misplaced.

10 One significant modification of the initial mark
11 which will benefit American families is a greater
12 expansion of the child tax credit, bringing it to \$2,000
13 per child, and raising the income caps on the credit to
14 allow more middle-class families to claim it.

15 In addition, we will lower individual tax rates
16 even further than in the original mark. The 22.5 percent
17 rate will drop to 22 percent. The 25 percent bracket
18 will drop to 24 percent. And the 32.5 percent bracket
19 will drop to 32 percent.

20 While they may seem like small changes, these modest
21 rate reductions, along with the additional expansion of
22 the child tax credit, will let us channel even more tax
23 relief to the middle class.

24 The modification also streamlines pass-through
25 provisions, ensuring more small businesses, the engines

1 of job creation for our economy, have greater access to
2 these benefits.

3 We also raise the cap on the exemption for the W-2
4 wage limitation up to \$500,000 for a married couple,
5 \$250,000 for all others. And the modification expands
6 the availability of the 17.4 percent deduction to service
7 pass-through businesses for taxpayers with taxable
8 incomes up to the new exemption level for the W-2 wage
9 limitation.

10 On top of that, the modification improves the new
11 international tax system we set out in the original mark
12 and it ensures that the new 20 percent corporate tax rate
13 will be permanent, even under the restrictions of the
14 Byrd rule.

15 We will talk more specifically about these measures
16 as we walk through the modification.

17 Finally, the modification reduces the penalty under
18 the so-called individual mandate tax down to zero.
19 Yesterday, this was the source of some consternation
20 among our Democratic colleagues. They were apparently
21 shocked to learn that Republicans opposed the individual
22 mandate. I expect we will hear a lot about this today.

23 We will hear claims that the inclusion of the
24 individual mandate tax relief is some kind of process
25 style and that we have somehow expanded the scope of the

1 markup by including it in the modification. But as was
2 reiterated several times yesterday, the individual
3 mandate is a tax. The relevant statute is the Internal
4 Revenue Code. The mandate is enforced by the Internal
5 Revenue Service.

6 We are all familiar with the old saying if it looks
7 like a duck, swims like a duck and quacks like a duck, it
8 is probably a duck. I think we can all agree that the
9 individual mandate is a tax. After all, the Supreme
10 Court would have nullified the mandate had they not
11 reached that very conclusion.

12 So the mandate really only exist today because it is
13 a tax. In other words, we have not expanded anything by
14 including individual mandate relief in the modification.

15 And by no objective or reasonable estimation does the
16 inclusion of mandate relief require the inclusion of
17 every federal health program under the committee's
18 jurisdiction, as some of my friends argued yesterday, nor
19 does it necessitate the presence of a Congressional
20 Budget Office Representative at the table, another demand
21 we have heard in the last 18 hours.

22 These demands are absurd. The inclusion of a tax in
23 a tax markup is not a sufficient justification for
24 dramatically altering the way this committee operates.
25 We will stick to the tax code for this markup. That

1 means the Joint Committee on Taxation will assist with
2 the scorekeeping and will be at the table.

3 It means that if my colleagues want to raise
4 healthcare matters from the Internal Revenue Code, their
5 amendments will be germane. Any amendments that go
6 beyond the tax code will not be germane.

7 And let me say this. If my colleagues believe we
8 need to discuss our broader healthcare system and come up
9 with solutions, I agree with them. We absolutely should
10 get to work on fixing what ails our federal health
11 programs, but we are not going to do so in the context of
12 a tax markup.

13 By the way, the individual mandate is not just any
14 tax. It is a terribly regressive tax that imposes harsh
15 burdens on low- and middle-income taxpayers. According
16 to the IRS, roughly 80 percent of Americans who paid the
17 individual mandate tax in 2015 made less than \$50,000 a
18 year.

19 Zeroing out the mandate will raise \$318 billion over
20 10 years, money we use in our mark to actually lower
21 taxes for the middle class.

22 Some colleagues have spent a great deal of time over
23 the past couple of days lamenting the possibility of tax
24 hikes on the middle class. Yet, today, I expect that we
25 will hear these same colleagues argue that this tax,

1 which, once again, overwhelmingly burdens low- to middle-
2 income taxpayers, is an absolute necessity. And without
3 it, our healthcare system will descend into oblivion.

4 Just to maintain some perspective, nothing in our
5 bill would keep eligible individuals from receiving
6 premium tax credits to pay for coverage. Nothing would
7 require those who are eligible for Medicaid to opt out of
8 receiving free health care. Of course, it would not tell
9 those who offered insurance from their employers to
10 refuse it.

11 Also, let us keep in mind that the mandate has been
12 a pretty ineffective tool. It has not prevented premiums
13 from skyrocketing, nor has it kept insurers from leaving
14 markets.

15 So in the end, keeping the individual mandate tax in
16 place means retaining the status quo, which is not
17 working too well. Zeroing it out means we have a chance
18 to provide greater tax relief to middle-class families
19 through both reduced penalties and lower overall rates.

20 Ultimately, I am more than willing to defend the
21 decision to end the individual mandate tax, as well as a
22 decision to include it in the modification. It is the
23 right thing to do. Far more people would be better off
24 as a result.

25 I think the original Chairman's mark provided an

1 exceptional path forward on tax reform both in terms of
2 middle class tax relief and economic growth. But today I
3 have to say that the modification is a significant
4 improvement. It addresses problems noted by members on
5 both sides, and it will give Americans bigger paychecks,
6 more opportunities, and a more prosperous economy, at
7 least in my view.

8 I look forward to another lively discussion here
9 today. Of course, it will be lively.

10 Before I turn to Senator Wyden for his opening
11 remarks, I want to make clear that I plan to keep things
12 orderly today. I will make sure that members are
13 recognized so we can get a chance to speak and ask
14 questions. But I will not abide the disorder and
15 hostility we witnessed yesterday -- yesterday, afternoon,
16 I should mention.

17 I do not begrudge anyone who expresses a passionate
18 viewpoint. I just ask that members of the committee be
19 respectful of one another.

20 So let us turn to Senator Wyden for his comments at
21 this time.

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1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON

3

4 Senator Wyden. Thank you very much, Mr. Chairman.

5 Mr. Chairman and colleagues, it is now day 3 of this
6 tax debate, and this bill seems to get worse by the hour.
7 It started off as a tax hike on nearly 14 million
8 Americans to pay for multi-trillion dollar handouts to
9 multinational corporations and new loopholes for tax
10 scammers and cheats.

11 Then the news broke that the corporate handouts are
12 going to force billions of dollars in cuts to Medicare,
13 and Republican leaders said that entitlements are next
14 after the Congress works on taxes, which means further
15 cuts to Medicare, cuts to Medicaid, and cuts to Social
16 Security.

17 Now, let us cut to early yesterday afternoon. The
18 Republicans apparently could not get through lunch
19 without hatching another plot to go after American
20 healthcare. Apparently, sometime between the salad
21 course and the entrée, it was decided that permanent
22 corporate tax cuts should be paid for, in part, by
23 kicking 13 million Americans off their healthcare and
24 raising premiums for millions more.

25 Let us not kid around. This is not just another

1 garden variety attack on the Affordable Care Act. This
2 is repeal of that law. And one of the first things that
3 is going to go will be airtight, loophole-free protection
4 for the millions of Americans who now have protection
5 when they have a preexisting condition.

6 So that brings us to today, when the American people
7 are going to learn that last night there was another
8 change, so that individuals are only getting temporary
9 tax cuts now in the Republican bill, but the
10 multinational corporations are getting permanent cuts.

11 What a double standard that is. We saw it
12 yesterday. It has gotten worse. For the multinational
13 corporations, their handouts are set in stone, written in
14 ink, locked in place, with the key thrown away. But not
15 for the middle class.

16 The Treasury Secretary even said that the
17 Administration was going to draw a line in the sand. A
18 line in the sand. We would sure like to see it, as our
19 colleagues have said here, to protect the middle class.
20 What they are going to do is protect the multinationals
21 with permanent breaks. No lines in the sand when it
22 comes to permanently protecting middle-class families.

23 In fact, for middle-class families, the deal looks
24 worse and worse. It used to be a promise of a tax cut,
25 putting real cash back into the pockets of the middle

1 class. Now, it is a roll of the dice. Families are
2 going to have to hope they are not going to be among the
3 millions whose taxes go up.

4 So bottom line, my colleagues on the other side have
5 now shown their hand. The corporate handouts are
6 permanent. The family breaks are not. In fact, they do
7 not even make it a full decade.

8 To pay for the handouts to multinational
9 corporations, millions of Americans are going to lose
10 their healthcare. Million will see their premiums
11 skyrocket, and millions are going to get hit with a tax
12 hike. That is what is on offer as of now.

13 Mr. Chairman, I want to close with a request, if I
14 might. At the 11th hour last night, the Chairman
15 released a new mark that includes repeal of the critical
16 provision of the Affordable Care Act.

17 To understand the impact of that provision, it would
18 have been appropriate and customary to have the
19 Congressional Budget Office here to answer questions.
20 Despite a request from the Minority to invite the
21 Congressional Budget Office, apparently you have refused.

22 As a result, during the course of this critically
23 important issue, the committee will not have the experts
24 here who can explain what the bill means for the health
25 coverage for millions of Americans and premiums for

1 millions more.

2 It appears, on the basis of our analysis, that
3 healthcare is going to be cut more than \$300 billion, and
4 we ought to have the Congressional Budget Office here to
5 tell us what harm this would do to various Americans who
6 would be so directly affected.

7 Mr. Chairman, before actually formally start, I
8 would like to ask once more than you invite the
9 Congressional Budget Office here to tell us, when \$300
10 billion is being cut in healthcare, who actually is being
11 harmed.

12 So on behalf of the Minority, Mr. Chairman, I make
13 that request at this time.

14 The Chairman. Well, this is, as you know, a tax
15 markup. JCT is here. I already said that in my opening
16 remarks. So let us move on. I want to move on.

17 Senator Wyden. Mr. Chairman, parliamentary
18 inquiry.

19 The Chairman. Yes, sir.

20 Senator Wyden. I would like to ask Mr. Barthold,
21 because he is with the Joint Committee on Taxation. Do
22 you have the ability, Mr. Barthold, to do what the
23 Congressional Budget Office does and talk about who would
24 actually be harmed by those \$300 billion in cuts in
25 healthcare? Do you have that ability?

1 Mr. Barthold. Senator Wyden, a lot of the -- most
2 of the analysis of the Affordable Care Act was done
3 jointly with the Congressional Budget Office and my
4 colleagues on staff. So we do not have expertise in all
5 areas, but I do have some information related to it.

6 And as you and some other members had asked
7 yesterday, we are working on providing an updated
8 distributional analysis of the Chairman's mark, as
9 modified. I do not know if that is sufficient
10 information to satisfy.

11 Senator Wyden. Do you have --

12 The Chairman. Let me take back --

13 Senator Wyden. Mr. Chairman?

14 The Chairman. Wait a minute. Let me be in control
15 of this committee, not you. Now, I am getting a little
16 tired of being interrupted all the time and you calling
17 on people and so forth. I love you, personally, but we
18 are going to run this thing like it should be run.

19 JCT can certainly talk about the tax implications,
20 which is what is being done here. And they have every
21 right to talk about them, they have every bit of
22 knowledge to talk about them, and that is what we are
23 going to do.

24 So let us not try and change that decision by the
25 Chair.

1 Senator Wyden. Mr. Chairman, continuing my
2 parliamentary inquiry. We will wrap it up with this.

3 The Chairman. Okay.

4 Senator Wyden. Mr. Barthold, do you have the
5 expertise the Congressional Budget Office has to tell us
6 who would be harmed in terms of premiums and coverage?

7 Mr. Barthold. It is the Congressional Budget --

8 The Chairman. Let me interrupt again. This is a
9 tax.

10 Senator Wyden. It is a \$300 billion spending cut.

11 The Chairman. Excuse me, Senator, let me -- I try
12 not to interrupt you. I hope you do not interrupt me all
13 day.

14 This is a tax that affects 58 percent of Americans
15 under \$50,000. So like I said, I want to move on. We
16 have got Mr. Barthold here as an expert and I want to get
17 the best we can out of this.

18 Senator Wyden. Could he answer the question, Mr.
19 Chairman? Could he answer the question, Mr. Chairman?

20 The Chairman. When you have an opportunity to ask
21 questions, yes, he can answer them. But let me move on.
22 I do not want to get into some big hassle here this
23 morning.

24 Senator Nelson. Mr. Chairman, this is not like
25 you. The Ranking --

1 The Chairman. No, it is not. But it is not like
2 you either.

3 Senator Nelson. The Ranking Member has asked a
4 simple question. He ought to be able to have an answer.
5 That is not your nature.

6 The Chairman. He will have plenty of time to ask
7 that question and have plenty of time to have an answer.
8 There is nothing stopping him from doing that at the
9 appropriate time. I just want to move ahead.

10 Senator Nelson. It is not your nature to cut off
11 the discussion.

12 The Chairman. And I do not think that is
13 abnormal.

14 Senator Nelson. You are a gentleman and it is not
15 your nature to cut off a legitimate question.

16 The Chairman. Well, I would like to proceed. And
17 as soon as I am through, the Ranking Member can ask any
18 questions he wants to.

19 But I will relent. Go ahead and ask your question.

20 Senator Wyden. Again, the question is for Mr.
21 Barthold. Do you have the expertise the Congressional
22 Budget Office has to describe -- given our projection,
23 this is a \$300 billion cut in healthcare spending -- to
24 tell us who is going to be harmed in terms of premium
25 hikes and loss of insurance?

1 That is the question. Do you have the expertise the
2 Congressional Budget Office has?

3 Mr. Barthold. Senator Wyden, in JCX-57, we
4 provided the estimate of the tax effects of the change
5 being discussed and, as you reported, it is approximately
6 a \$300 billion change over the budget period.

7 As I noted, my colleagues and I are working to
8 provide an updated distributional analysis to the entire
9 Chairman's mark, which will include, to the best of our
10 ability, those effects.

11 As to your more general question about our -- the
12 Joint Committee's level of expertise in terms of national
13 coverage and insurance premiums, no, that is more
14 generally the work of the Congressional Budget Office.

15 Senator Wyden. Thank you.

16 The Chairman. Now, let me proceed now. Once
17 again, the committee has before it the Chairman's mark of
18 The Tax Cuts and Jobs Act, which, under the rules, is
19 subject to a Chairman's modification, which every one of
20 you have received.

21 The modification is hereby incorporated into the
22 mark.

23 The next order of business is to walk through the
24 modification and to, once again, answer any member's
25 questions, as is our usual practice with tax legislation.

1

2 The Chief of Staff of the Joint Committee on
3 Taxation, Tom Barthold, is joining us here today.

4 Now, Mr. Barthold, could you describe the
5 modification? And we will have you do that right off the
6 bat.

7 Mr. Barthold. Thank you, Chairman Hatch and
8 members of the committee.

9 You have before you two Joint Committee documents,
10 JCX-56 and JCX-57. They provide a description of
11 modifications that the Chairman has made to his original
12 mark, and JCX-57 is an updated revenue analysis of the
13 mark, as modified.

14 I will try and just give a high level overview of
15 what I think the members will find are significant or
16 notable changes provided by the modification, a couple of
17 which were touched on by the Chairman in his opening
18 remarks.

19 With respect to individual income taxes, the
20 modification would increase the child tax credit from
21 \$1,650 in the original mark to \$2,000.

22 It would modify the rate brackets that were in the
23 original mark of 22.5, 25 and 32.5 to be 22, 24 and 32
24 percent. It would also change the breakpoints.

25 It makes a modification with respect to the special

1 deduction for income earned by pass-through entities.
2 There is a general rule that the amount of the -- the
3 17.4 percent deduction is limited to 50 percent of W-2
4 wages.

5 That rule in the original mark did not apply to sole
6 proprietorships. In the modification, that rule applies
7 across all business entity -- all pass-through entity
8 forms, but has a broad exception such that it does not
9 apply to any business entity form in which the taxpayer
10 has a taxable income of less than \$500,000 if married,
11 \$250,000 otherwise.

12 It also expands the denial of the benefit to the
13 provision of professional service entities, expanding the
14 income limitation that we discussed somewhat yesterday to
15 also equal \$500,000 limit -- exemption beneath \$500,000.

16 The modification to the mark would generally sunset
17 all the provisions of the individual title. It would
18 sunset the repeal of the individual alternative minimum
19 tax. It would sunset the doubling of the exemption under
20 the estate and gift taxes for taxable years beginning
21 after 2025.

22 As just noted, the modification would set to zero
23 effective in 2019 the penalty rate under the individual
24 mandate.

25 Another modification to note in the business area is

1 it permits, under an election, for farming enterprises to
2 elect out of the interest limitation that is generally
3 applicable to all business entities.

4 It would also make modifications to the business
5 title by providing that research and experimentation
6 expenses be amortized over a 60-month period.

7 It would provide that meals provided at the
8 convenience of the employer, which in the mark are only
9 50 percent deductible as a business expense, would be no
10 longer deductible as a business expense. Both those
11 provisions would apply in taxable years after 2025.

12 It would change the limitation on net operating
13 losses, which provides that only 90 percent of the loss
14 -- the loss may only be claimed against 90 percent of
15 current year taxable income for taxable years after 2023.
16 It would change that 90 percent amount to 80 percent.

17 In the cross-border area, the global intangible low
18 tax income and the foreign direct intangible income
19 effective tax rates would both be increased.

20 The base erosion anti-abuse tax rate would also be
21 increased.

22 Those three changes would also be effective for
23 taxable years after 2025.

24 There are a number of other more modest provisions,
25 but perhaps two of note are two temporary provisions, one

1 of which would create a new employer credit for the
2 provision of paid family and medical leave. That is a
3 temporary provision of 2 years.

4 Another temporary provision is a restructuring of
5 the federal alcoholic beverage taxes, that 2-year
6 provision that generally provides for lower rates of tax
7 for small producers of these beverages.

8 I know the members are interested in questions. So
9 I will conclude my walkthrough there and I am happy to
10 answer any questions that the members might have.

11 The Chairman. Thank you, Mr. Barthold.

12 Joining Tom at the table, once again, is Ms.
13 Jennifer Acuna, from the Finance Committee Majority
14 staff; and, Ms. Sarah Schaefer, Mr. Adam Carasso, Mr.
15 Ryan Abraham, and Mr. Drew Crouch from the Minority
16 staff.

17 In addition, we have Mr. Tom West, the Tax
18 Legislative Counsel from the Treasury, with us today.

19 All are present to answer questions of any member of
20 this committee; any questions that members have about the
21 modification, that is.

22 I am sure there are a number of matters my
23 colleagues would like to discuss at this point and that
24 is customary. However, I do want to note that members
25 had several hours yesterday to ask questions about the

1 original mark and for the latter part of the day, they
2 chose to forego those opportunities.

3 Therefore, I hope that members will focus most of
4 their attention today on the modification and less on the
5 provisions of the mark that have not changed.

6 Furthermore, I hope that members will focus their
7 questions and discussion on the subject at hand, which,
8 once again, is tax reform. Healthcare matters are fine
9 for discussion as long as they relate to the tax code.
10 But if we continually end up in the weeds on healthcare
11 policy with little or no connection to our subject for
12 today, I may have to cut this part of our proceeding
13 short.

14 With that, I will begin recognizing members for the
15 purpose of asking questions about the modification in the
16 appropriate order, under the rules of the committee.

17 Senator Wyden. Thank you, Mr. Chairman.

18 Mr. Chairman, again, you know of my affection for
19 you.

20 The Chairman. Vice versa.

21 Senator Wyden. That is one of the least well-kept
22 secrets around. But, again, I have to take exception.

23 This is a very different bill now, colleagues. We
24 were not talking about temporary tax cuts yesterday.
25 They were permanent -- permanent tax cuts. We did not

1 have the same double standard -- we had, certainly,
2 problems, but we did not have the same double standard
3 that we have now.

4 There is a much harsher standard for middle-class
5 families than for corporations. This is a very different
6 bill.

7 Colleagues, in that regard, this tax bill is now
8 officially a healthcare bill, an enormously important
9 healthcare bill, with consequences for millions and
10 millions of Americans. Thirteen million Americans no
11 longer have health coverage. Millions pay higher
12 premiums in what is essentially a hidden Republican tax
13 increase on families.

14 Those are not the only consequences, as I touched on
15 in my opening statement. If you are listening to this
16 debate or you are watching this debate, it is important
17 to know that we are not going to have the same airtight,
18 loophole-free protection against discrimination over
19 preexisting conditions. That protection is now on the
20 ropes.

21 That is because for Americans with preexisting
22 conditions, people who actually need regular health
23 coverage, this Republican plan is a recipe for
24 unaffordable costs. If you cannot afford the health care
25 you need, the consumer protections do not do you a whole

1 lot of good.

2 So, Mr. Barthold, first question for you. Is it
3 accurate to say that increases in premiums would be due
4 largely to individuals with lower medical costs,
5 healthier --

6 The Chairman. Excuse me a second, Senator. Could
7 I ask the clock to start running so that we all know --
8 we will each have 5 minutes for this.

9 Senator Wyden. We agree.

10 Mr. Barthold, is it accurate to say that increases
11 in premiums would be due largely to individuals with
12 lower medical costs, healthier and younger folks leaving
13 the market?

14 Mr. Barthold. Mr. Wyden, again, I am not an
15 insurance market expert. I can tell you that the
16 analysis that my colleagues worked on with the
17 Congressional Budget Office relates really to average
18 premium effects from people leaving the market due to
19 adverse selection.

20 I do not have information at this time regarding the
21 distribution of those, but the Congressional Budget
22 Office and my colleagues would be projecting that average
23 premiums would increase approximately 10 percent with the
24 penalty being set at zero.

25 Senator Wyden. Ms. Woronoff, I think we just heard

1 again that Tom Barthold, who is an extraordinary
2 professional, I have said that repeatedly, does not have
3 the same expertise as the Congressional Budget Office has
4 with respect to premiums and coverage.

5 Tell us, if you would, what are the consequences in
6 terms of the affordability of care for people who need it
7 when the healthier and younger people leave the insurance
8 market?

9 Ms. Woronoff. Thank you, Senator.

10 As Mr. Barthold mentioned, the Congressional Budget
11 Office estimated that about each year, premiums would be
12 about 10 percent higher than they would under current
13 law, because healthier and younger people leave the
14 market, raising costs for everybody else. And this will
15 price certain people out of the market. People will have
16 to make tough choices about whether they can afford care.

17 And this will fall disproportionately on people with
18 preexisting conditions, because they may not be able to
19 make that choice. They require healthcare more than
20 others.

21 Senator Wyden. So, in effect, the affordability
22 issue that I focused on, that my colleagues have focused
23 on, will really be hard under this proposal for those
24 with preexisting conditions.

25 Ms. Woronoff. Absolutely.

1 Senator Wyden. Mr. Barthold, a question with
2 respect to the majority trading these tax cuts for the
3 multinationals for healthcare.

4 My understanding is that you cut the corporate rate
5 by 1 percent and that costs \$100 billion over 10 years.

6 So can you confirm that repealing this provision
7 would be used to cut the corporate rate by only about 3
8 percent and increase the number of uninsured Americans by
9 13 million?

10 Mr. Barthold. Senator Wyden, a number of people
11 have used the \$100 billion per point as a rough rule of
12 thumb. As you can see from our analysis in JCX-57, we
13 estimate that the 15-point reduction costs approximately
14 \$1.3 trillion. So it would be less than \$100 billion per
15 point, but there is a lot of interaction.

16 Senator Wyden. Now, with respect to premium
17 increases -- because for middle-class families, premium
18 increases are the same thing as tax increases.

19 Mr. Barthold, repealing the Affordable Care Act
20 coverage requirement is estimated by the Congressional
21 Budget Office to raise premiums by 10 percent or over
22 \$1,000 for an unsubsidized, middle-income family who
23 wants the security of healthcare coverage.

24 If you have to pay more than an extra \$1,000 for
25 health coverage, is not the impact on middle-class family

1 budgets just the same as a more than \$1,000 tax increase?

2 Mr. Barthold. Senator Wyden, in terms of after-tax
3 income to spend on other items, paying more for health
4 insurance or paying more in taxes would have the same
5 effect.

6 Senator Wyden. The bottom line, again, colleagues,
7 for that middle-class family is with either a higher
8 premium or a tax increase, the family has less money --
9 that middle-class family has less money to spend on other
10 needs.

11 So the net effect of what happened essentially
12 yesterday during lunch is there was a judgment that the
13 multinationals were going to do better, they are going to
14 get permanent relief, and the middle class would just
15 have to figure out how to eat a lot of additional higher
16 premiums, which are the same thing as a higher -- as a
17 greater tax increase on the middle class.

18 Thank you.

19 The Chairman. Senator, your time is up. I am
20 going to be tough on time today, because we have got a
21 lot of things to go back and forth on, and that is not
22 meant to stop anybody from being able to ask what they
23 would like.

24 Senator Grassley?

25 Senator Grassley. I am going to reserve my time.

1 I just misinformed you. I said I did not have a
2 question.

3 I want to ask Mr. Barthold to describe how the
4 modification to the 17.4 percent business deduction will
5 help provide more tax relief to smaller businesses.

6 Mr. Barthold. Senator Grassley, the Chairman's
7 mark before the modification, as noted, had a limitation
8 of the benefit of the 17.4 percent deduction to 50
9 percent of W-2 wages.

10 What the modification does that would be significant
11 in a number of businesses that have modest payrolls, by
12 eliminating that limitation, in the case of owners whose
13 taxable income is less than \$500,000 in the case of joint
14 return owners, it would mean that they would receive a
15 bigger benefit from the deduction. It would not be
16 limited by the fact that their payroll is modest.

17 So that would be one example of the expansion.

18 Senator Grassley. Thank you.

19 Mr. Chairman, I would like to reserve my 3 minutes
20 and 40 seconds.

21 The Chairman. All right.

22 Senator Stabenow?

23 Senator Stabenow. Thank you, Mr. Chairman.

24 This is a very concerning, disappointing today,
25 because this is a committee that usually works together

1 on a bipartisan basis.

2 What we have in front of us now is really a one-two
3 punch to middle-class families and to many, many
4 Americans.

5 We already knew that Republicans want to raise taxes
6 on middle-class families, but now is taking away their
7 healthcare, too, to pay for big trickle-down tax
8 giveaways that have never worked. Supply side economics
9 has never actually gotten money in the pockets of working
10 people or grown the economy.

11 It just always grows the debt every single it has
12 been tried. So it is a terrible policy and it is just
13 the wrong thing to do.

14 So I want to start again, Ms. Woronoff. According
15 to CBO, how many people will lost their insurance when
16 this takes effect, the first year this takes effect?

17 Ms. Woronoff. Thank you, Senator.

18 The CBO said that in 2019, four million people will
19 lose their insurance.

20 Senator Stabenow. Four million people. And how
21 many people will lost their insurance over the next 10
22 years?

23 Ms. Woronoff. Thirteen million.

24 Senator Stabenow. Thirteen million people. And
25 how much will premiums go up for those who do not lost

1 their insurance entirely?

2 Ms. Woronoff. The CBO has said about 10 percent
3 each year.

4 Senator Stabenow. Just to make it clear, what that
5 means is that people who will no longer have insurance
6 will once again start going to the emergency room, not
7 paying, and then everybody else pays for that, because
8 when folks walk in, it is called uncompensated care, not
9 being able to pay their bills, they do not have
10 insurance, everybody else sees their insurance rates go
11 up. So everybody else is going to see increases because
12 of this policy.

13 So by trying to use a backdoor approach to repealing
14 the Affordable Care Act, this bill would cause 13 million
15 people to lose their health insurance and premiums to go
16 up 10 percent a year, you are saying.

17 Ms. Woronoff. Each year.

18 Senator Stabenow. Each year. And according to the
19 CBO, again, a little different numbers, we would see cuts
20 in healthcare spending by \$426 billion. The Joint Tax
21 Commission has said \$318 billion. Either way, it is a
22 lot of money. It is hundreds of billions of dollars in
23 cuts.

24 We knew, based on JCT's nonpartisan analysis from
25 the bill yesterday, that it raised taxes on 14 million

1 people immediately, increasing that amount to 21 million
2 people paying more for the taxes, getting a tax increase.
3 But in this modified version, we actually see everyone's
4 taxes go up, because all of the individual tax cuts will
5 expire in a few years.

6 Mr. Barthold, the tax cuts, the provisions that help
7 middle-class families, expire when?

8 Mr. Barthold. Senator Stabenow, as I noted, the
9 individual tax provisions of the mark, as modified,
10 expire for years after 2025.

11 Senator Stabenow. So the provisions that help
12 people be able to put more money in their pockets, as
13 they are seeing healthcare costs go up and other taxes go
14 up for them, those go away in order to continue this
15 notion of the big supply side tax giveaways that explode
16 the deficit.

17 But there is a sneaky provision known as the chained
18 CPI that does not go away, which has a long-term effect,
19 slowly raises everybody's taxes, because the help for
20 middle-class families will end, but the growth, if you
21 use the chained CPI, continues.

22 I am wondering if someone might speak to that,
23 because we know how severe the impacts of these changes
24 can be on middle-class families. I know we do not yet
25 have a full analysis.

1 I think in the interest of time, I am actually not
2 going to ask. I will just make the statement. We can
3 talk later.

4 Chained CPI is bad in this context for families.
5 And let me conclude by saying one outside economist says
6 that 57 percent of taxpayers end up worse off under this
7 modification than they were under the bill we had
8 yesterday.

9 For households with incomes between \$50,000 and
10 \$75,000, he says 80 percent end up worse off than they
11 would have been yesterday.

12 This is going in the wrong direction, Mr. Chairman.

13 I am deeply concerned. I wish we would put it aside and
14 do what this committee knows how to do, which is work
15 together on a bipartisan basis and get this right.

16 The Chairman. Thank you, Senator. Your time is
17 up.

18 Senator Enzi?

19 Senator Enzi. Mr. Chairman, I would reserve my
20 time for later.

21 The Chairman. We will allow you to reserve your
22 time.

23 Senator Cardin?

24 Senator Cardin. Thank you, Mr. Chairman.

25 Mr. Barthold, I want to continue with Senator

1 Stabenow's points.

2 As I understand it, the Congressional Budget Office
3 tells us about 13 million people will lose their health
4 coverage as a result of eliminating the required
5 coverage.

6 Mr. Barthold. That is what they are reporting for
7 the last year in the budget period, 2027.

8 Senator Cardin. And that the premium increases in
9 the individual marketplace would go up about 10 percent;
10 is that correct?

11 Mr. Barthold. Relative to baseline projected
12 premiums, yes, sir.

13 Senator Cardin. I want to talk about the impact of
14 that, because -- yes, we are talking about the tax code.
15 There will be the direct extra costs to those in the
16 individual marketplace, many of whom, of course, have no
17 employer to help pay for that cost.

18 Therefore, as Senator Wyden has pointed out, it
19 could be as high as a \$1,000 increase for families, which
20 is pretty dramatic as to whether they can afford their
21 health coverage.

22 Clearly, if they have preexisting conditions or they
23 are high risk, they will have to do it. But if they are
24 healthy, they are more likely to stay out of the
25 marketplace. But then, as Senator Stabenow said, they

1 will end up in emergency rooms because of injuries or
2 accidents, et cetera, and uncompensated care will
3 increase, which increases the costs for everyone else.

4 Have you done any analysis as to what the cost will
5 be for employers, the increased cost of healthcare
6 because of the cost shifting or the deductibility of
7 health costs because of the cost shifting to those who
8 will now have to pay more for their healthcare because of
9 uncompensated care?

10 Mr. Barthold. Senator Cardin, that is part of the
11 overall analysis that the Congressional Budget Office and
12 my Joint Committee colleagues undertake.

13 Part of what is in the estimate that we provided
14 reflects people who have employer-provided coverage,
15 premium changes, what is deductible at the business side
16 and what is excludable under the individual income tax.

17 So that is part of the totality of the analysis.

18 Senator Cardin. So you have --

19 Mr. Barthold. So the short answer is, yes, we have
20 tried to analyze that.

21 Senator Cardin. One of the issues we hear from
22 businesses frequently is the cost of healthcare. So to a
23 certain degree, by eliminating the mandate, we have
24 increased the cost of companies in paying for healthcare
25 for their employees.

1 Mr. Barthold. It changes compensation and
2 decisions about the mix of compensation, and that is part
3 of the analysis, sir.

4 Senator Cardin. And as far as the individual
5 premium increases, that also could have some impact on
6 the tax code because of the cost of the health insurance
7 premiums.

8 Mr. Barthold. Exactly, sir.

9 Senator Cardin. I want to talk a little bit about
10 your cost estimates and what you did now on the temporary
11 provisions on the individual side, because throughout the
12 years, the net added to the deficit has been somewhere
13 between \$200 billion to about \$150 billion pretty
14 consistently over this period of time, except,
15 miraculously, for 2026 and 2027, it drops very
16 dramatically because of the -- I assume because of the
17 temporary nature of the individual tax relief.

18 In fact, you show an increase in 2027 of \$30 billion
19 of revenue, if I am reading this correctly, the net
20 total.

21 Mr. Barthold. In 2027, it would show a net effect
22 of a positive \$75 billion for Section 1 of revenue.

23 Senator Cardin. I just took the total amount of
24 \$30 billion. I understand the numbers that you are
25 using.

1 Is there a reason why we could not have taken and
2 made the business tax provision temporary and the
3 individual ones permanent to show the priority of this
4 bill is for individual tax relief for middle-income
5 families?

6 Mr. Barthold. Well, Senator Cardin, I do not think
7 that is a question for me.

8 Senator Cardin. It is for you, because I want to
9 know whether the revenue numbers -- as I understand it,
10 part of this is being done because of the Byrd rule
11 problem on revenues in the out years.

12 Evidently, this bill did increase the deficit much
13 more than \$1.5 trillion moving forward and, therefore,
14 they had to make some decisions because of the Byrd rule
15 dealing without your deficits.

16 My question is could we have satisfied the Byrd rule
17 by making the priority middle-income families and keeping
18 that relief in place.

19 Mr. Barthold. Well, Senator Cardin, if you are
20 asking could we look at different options, we certainly
21 could. There could be options provision-by-provision or
22 for whole titles or sections. What we have analyzed --

23 Senator Cardin. But the out-year costs were the
24 reasons why individuals have lost the predictability of
25 their tax relief moving forward, and, in fact, if we

1 extend that, the deficit is going to be much larger.

2 Mr. Barthold. On the individual title, that is
3 correct, sir.

4 Senator Cardin. Thank you, Mr. Chairman.

5 The Chairman. Due to the arcane budget rules, the
6 individual side of the tax reform legislation will sunset
7 at the end of the 10-year window. The mark is consistent
8 with the rules under the Budget Act.

9 However, once the bill is on the floor, my
10 Democratic colleagues want to offer an amendment to waive
11 the Budget Act to make the individual rates permanent.
12 They likely will not get much resistance from the
13 Republican side. So I think we should at least notify
14 that.

15 Senator Thune?

16 Senator Thune. Thank you, Mr. Chairman.

17 I would echo what you just said. We can make the
18 individual side permanent. All it takes is a few
19 Democrats to vote with us to do that.

20 Mr. Barthold, I asked you a couple of questions
21 yesterday about the distribution tables. We do not have
22 -- at least I have not seen the updated or the current
23 ones as a result of the changes that were made yesterday.
24 But my assumption is that increasing the per-child tax
25 credit from what the mark had at \$1,650 up to \$2,000 per

1 child and lowering the rates from 32.5 to 32, from 25 to
2 24, and 22.5 to 22, would distribute in a way that
3 middle-income families or those cohorts that we talk
4 about in the middle of that distribution table would
5 probably, likely benefit the most from that. Is that a
6 correct assumption?

7 Mr. Barthold. That is a fair intuition, Senator
8 Thune. As you recall, the child tax credit is income-
9 limited. So all the benefit accrues to individuals in
10 households below that limit.

11 The tax bracket changes themselves, any benefit
12 there can also flow up through every bracket above, but
13 most of the immediately affected taxpayers and a large
14 amount of the dollars would be in the incomes defined by
15 those brackets, which are the brackets below 35 percent.

16 Senator Thune. Right. So that, again, would be
17 delivering the majority -- the lion's share of the
18 assistance that would come from the Chairman's modified
19 mark to those income cohorts, those families in the
20 middle of the income scale.

21 I asked the question yesterday, as well, about how
22 the distribution table looks in terms of people on the
23 high end. I looked and from the distribution tables we
24 had yesterday, those taxpayers that make more than \$1
25 million a year, under the proposal, the burden that they

1 would have would be not less, but actually slightly more
2 than the tax burden than they currently have today under
3 present law.

4 My assumption is with the Chairman's modified mark,
5 that is unlikely to change.

6 Mr. Barthold. My colleagues are working on that
7 analysis now, but I think your intuition is probably
8 correct, sir.

9 Senator Thune. So the argument being made by our
10 Democrat colleagues that this is somehow going to
11 disproportionately benefit high-income earners, the rich,
12 so to speak, would not be accurate if you look at tax
13 burden, relative tax burden before, under present law,
14 and under the proposal that we are looking at here.

15 So just, again, an observation based on some of what
16 I would say are the false, inaccurate assertions being
17 made by our colleagues on the Democrat side.

18 I don't know if you have this or not, but the
19 mandate tax, I am told, affects about 6.5 million
20 taxpayers in 2015. That was the number that I had.

21 Mr. Barthold. Senator Thune, I will have to check
22 for that. I do not have those statistics. I will see if
23 my colleagues can provide them to me.

24 Senator Thune. Well, if I am wrong, you can
25 correct me. But if it is 6.5 million taxpayers that are

1 affected by the mandate tax, what was pointed out by our
2 colleague from South Carolina, Senator Scott, yesterday
3 was that the people bearing the cost of that tax are low-
4 income earners; and that, in fact, 80 percent of the
5 people who pay the mandate tax make less than \$50,000 a
6 year and a third of those who pay the tax make less than
7 \$25,000 a year.

8 If I am correct, what we are doing here is we are
9 cutting taxes for low-income earners who are being hit
10 hardest by the mandate tax and then providing additional
11 tax relief through an expanded per-child tax credit and
12 lower rates in the middle of the income tax structure, so
13 that middle-income families are going to benefit the
14 most.

15 They benefitted the most under the previous
16 iteration of this bill, but with these changes now, that
17 is going to be ramped up.

18 Is there any reaction to that?

19 Mr. Barthold. I do not have a reaction.

20 Senator Thune. You do not. All right. Well, I
21 will assume that -- I think that is a fair statement
22 based on where the distribution tables -- what they are
23 going to look like after these changes are made.

24 So it seems, to me at least, what is happening here
25 with the modified Chairman's mark is plowing more tax

1 relief into those middle-income ranges that will benefit
2 hardworking, middle-income families in this country. And
3 it seems, to me at least, that we are getting rid of a
4 tax that disproportionately hit hardest low-income
5 earners in this country.

6 That seems, to me, to be what the effect of the
7 Chairman's amendment has done and I think it is perfectly
8 consistent with what we set out to achieve in this bill,
9 and that is to deliver tax relief to hardworking, middle-
10 income Americans.

11 Mr. Chairman, my time has expired.

12 The Chairman. Senator, your time has expired.

13 Senator Brown, we will turn to you.

14 Senator Brown. Thank you, Mr. Chairman.

15 I am glad to hear my colleagues on the other side of
16 the aisle with their newfound concern for actually doing
17 something for middle-class tax relief, even though the
18 best way to actually taxes for the middle class is
19 actually cut taxes for the middle class, and they do not
20 seem to want to be in that position because of their
21 interest in tax cuts for the rich.

22 Mr. Carasso, I want to ask you a few questions.
23 According to the Congressional Budget Office, provisions
24 slipped into the bill last night to dismantle the
25 Affordable Care Act would kick 13 million Americans off

1 their health insurance -- 13 million Americans.

2 We all have health insurance provided by the federal
3 -- by taxpayers, thank you, but it is okay to kick 13
4 million off their health insurance and to cause premiums
5 to rise by 10 percent. That is what CBO says.

6 So what is taking health insurance away from
7 millions of Americans and raising the cost for others
8 have to do with tax reform?

9 Well, the CBO says that taking away the subsidies
10 that help American families buy health insurance will
11 save \$338 billion.

12 So my question, Mr. Carasso, for you is what is that
13 \$338 billion going to pay for in this bill.

14 Mr. Carasso. Senator, I think it is difficult to
15 say -- to attribute that \$338 billion as a pay-for to any
16 particular item. But, I mean, arguably, it pays for
17 whatever -- it pays to cover up the other deficits in the
18 bill.

19 Senator Brown. So increased -- okay. Got it.
20 What is the largest cost in this bill? The majority of
21 money spent in this bill is for tax cuts for
22 corporations, right?

23 Mr. Carasso. As we understand it, yes.

24 Senator Brown. So you have got to figure that some
25 of that \$338 billion is going to go to more tax cuts for

1 corporations.

2 It would stand to reason that the \$300 billion that
3 is being taken away from American families to help them
4 pay for health insurance is being used to pay for tax
5 cuts for big companies.

6 As we learned yesterday, these are some of the very
7 same multinational corporations that are rewarded in this
8 bill. In this tax bill, they get tax breaks to shut down
9 production in Mansfield, Ohio and Cincinnati, Ohio, to
10 move overseas, set up production there, sell back to the
11 United States.

12 So that the beneficiaries of this provision on the
13 \$338 billion are, again, going to be the same
14 corporations that are being rewarded for sending American
15 jobs overseas.

16 Now, we know that, according to CBO, this bill,
17 again, because of the provision Senator Wyden has spoken
18 so well about, the provisions that were slipped in last
19 night to unravel the Affordable Care Act, a bunch of us
20 with taxpayer insurance willing to take insurance away
21 from up to 13 million Americans, having nothing to do
22 with tax reform.

23 We now know this bill will cause -- according to CBO
24 -- will cause health insurance premiums to go up 10
25 percent -- 10 percent. For many families, that is a lot

1 of money.

2 So my next question is based, Mr. Carasso, on the
3 best analysis available. What is the average tax cut for
4 a tax filer earning between \$40,000 and \$60,000 a year?

5 Mr. Carasso. It is about \$630, according to
6 numbers from the Institute for Taxation and Economic
7 Policy.

8 Senator Brown. And that is all tax filers,
9 correct?

10 Mr. Carasso. It is all tax filers. I should say
11 that is a net figure. That also includes those
12 households that see tax increases.

13 Senator Brown. So that means the average tax cut
14 for a family of four in Akron, Ohio or Youngstown, Ohio
15 or Gallipolis, Ohio earning \$60,000, the average tax cut
16 would be \$630, correct?

17 Mr. Carasso. Yes.

18 Senator Brown. And for tax filers earning a little
19 bit less, \$24,000 to \$40,000, what is their expected tax
20 cut under this bill?

21 Mr. Carasso. About \$340. Again, this is from the
22 ITEP analysis.

23 Senator Brown. That would include an individual in
24 Ohio filing alone, earning \$25,000 a year, they would get
25 about \$340.

1 Mr. Carasso. Correct.

2 Senator Brown. So here is the problem. According
3 to the Joint Economic Committee, a 27-year-old in Ohio
4 earning about \$25,000 a year would see their health
5 insurance premiums increase by \$395 a year. They get
6 \$340 in tax cuts. But paying \$395 more for health
7 insurance, they are \$55 in the hole.

8 So what they did last night by inserting this
9 healthcare repeal, not only are they costing 13 million
10 Americans their health insurance, those that keep
11 insurance are seeing their costs -- they totally wipe
12 away -- they are generally not very generous compared to
13 what corporations would get, the tax break that they get.

14 You said a family of four earning \$60,000 a year
15 could expect a tax cut of \$630. The Joint Economic
16 Committee said that same family is going to pay \$1,431 a
17 year in health insurance premiums under this bill. So
18 they are \$800 in the hole.

19 So if you want to cut taxes for the middle class,
20 Mr. Chairman, why do you not cut taxes for the middle
21 class?

22 One more point I want to make. A group of us were
23 invited to meet with the President -- I am sorry -- we
24 were invited to meet with Gary Cohn, the chief economic
25 advisor for the President, about a week ago. And the

1 President, from 7,000 miles away, in Asia, called in in
2 the middle of this meeting.

3 One of the things the President said, after
4 complimenting himself on a fine trip, how highly rated
5 his trip was and what a good job he was doing and we all
6 nodded, then the President said, "You know, my economist,
7 my" -- and this is the question, Mr. Carasso.

8 "My accountant told me that" -- and Senator Bennet
9 was at this meeting -- "My accountant told me that there
10 is not anything in this bill -- this would be bad for my
11 personal situation and there is just not anything in this
12 bill for rich guys like me." And then the President
13 said, "That is why we put the estate tax repeal in this
14 bill, because there is nothing else in this bill for rich
15 guys like me." Is that true?

16 The Chairman. Senator, your time has expired.

17 Senator Brown. I had just one other question. I
18 know you do not like that question, Mr. Chairman. But,
19 Mr. Carasso --

20 The Chairman. You can get an answer, but I have to
21 wind up.

22 Senator Brown. -- was the President -- was that
23 true, that there is nothing in the bill for rich guys
24 except for the estate tax repeal?

25 Mr. Carasso. It is our understanding, and this is

1 also based on JCT tables, that assign the aggregate
2 values of this tax cut, imply income classes, that the
3 majority of the money spent is on those above \$200,000.

4 Senator Brown. And the President is probably in
5 that category.

6 [Laughter.]

7 Senator Brown. We do not know, because we have
8 never seen his tax returns.

9 The Chairman. Mr. Barthold --

10 Senator Brown. We do know what he is making right
11 now.

12 The Chairman. I am going to have to be pretty
13 tough on the expiration of time, because I want both
14 sides to have a full right to questions.

15 Mr. Barthold, I have a question I think has to be
16 asked at this point.

17 Do you agree with the statistics just identified and
18 tax reductions for various income classes?

19 Mr. Barthold. Mr. Chairman, we prepared the
20 distribution analysis that you have seen and there is
21 supplemental information that a number of members talked
22 about yesterday in terms of number of taxpayers that have
23 increases or decreases in tax, both 100 to 500, greater
24 than \$500.

25 I cannot verify any of the calculations done by an

1 outside organization without knowing more facts about the
2 example that they create.

3 The Chairman. Senator Isakson?

4 Senator Isakson. Mr. Chairman, I would like to ask
5 unanimous consent that I be able to let Senator Scott
6 replace me in the order and that I replace him later on.

7 The Chairman. Okay.

8 Senator Scott. Thank you.

9 Ms. Acuna, I will have a question for you. I am
10 happy that we are having a conversation about what the
11 definition of a tax cut is for the middle class.

12 From my perspective, the importance of this question
13 cannot be overemphasized, because everyone that I talk to
14 in South Carolina, they are not concerned about someone
15 else's taxes. They want to know how this tax reform
16 conversation impacts them where they live.

17 We can make jokes about other people's taxes and get
18 a lot of press over that, but for the hardworking
19 families in South Carolina, one of the important
20 questions we should answer is why do we want to continue
21 an individual mandate that is a tax and using that tax to
22 punish -- punish -- hardworking folks who live paycheck-
23 to-paycheck.

24 I do not have an answer. The question that I have
25 is what does it mean to deliver real tax cuts to real

1 people in real places where they live.

2 Well, if you are living in a single-parent
3 household, with an average income, according to tax
4 returns, between \$36,000 and \$40,000, our tax bill
5 delivers about a 55 percent cut in taxes.

6 That, translated for those of us who live on the
7 wrong side of the Potomac, is a real tax cut.

8 What does it mean for the typical American family
9 whom makes around \$73,000? Well, a tax cut means 40
10 percent of what you used to pay you can now use to buy
11 school supplies, to have a dinner out, or to simply help
12 you meet your ends, because the challenge in today's real
13 world are real folks strapped without a pay increase in a
14 decade, looking at Washington and wondering where are
15 they in this conversation.

16 Why do we spend so much time demonizing one side of
17 the other when, in fact, no one cares which side you are
18 on? What they really care about is how can they take
19 care of their families.

20 That is our objective here and we are doing the good
21 work of the people.

22 Let me ask my question. I am getting ready to ask a
23 question, Mr. Chairman. I have got 2 minutes left.

24 The Chairman. [Off microphone.]

25 Senator Wyden. Mr. Chairman, just -- and I

1 appreciate what you are trying --

2 Senator Scott. Let me finish my comment. I have
3 heard a lot from --

4 Senator Wyden. Senator Scott, I want you to be
5 able to ask your question.

6 Senator Scott. Senator Wyden, thank you so much,
7 sir. I will do that right now.

8 Senator Wyden. But the proper order is my
9 colleague.

10 Senator Scott. The reality of it was you had an
11 opportunity to say you did not want me to speak, but you
12 allowed me to speak.

13 The Chairman. Senator Scott will proceed with his
14 question.

15 Senator Scott. Almost finished. Thank you very
16 much. Ms. Acuna --

17 The Chairman. Then I want to get back to the order
18 of the speakers.

19 Senator Scott. Thank you very much. I appreciate
20 your unanimous consent allowing me to speak earlier. I
21 will finish. Thank you.

22 Ms. Acuna, as we look at the impact on those
23 hardworking families that I just described in great
24 detail for the express purpose of not having a
25 demonization of either side -- Democrats have a passion

1 for people, Republicans have a passion for people.

2 Our tax reform actually delivers, as I spoke
3 specifically about classes of folks in our society who
4 benefit from tax reform.

5 By increasing the standard deduction, do we not help
6 simplify a taxpayer's ability to no longer have to worry
7 about itemization, but to be able to do their taxes
8 simpler by using the increased standard deduction?

9 Ms. Acuna. Yes, we do. It is significant
10 simplification.

11 Senator Scott. So 9 out of 10 households, as
12 opposed to spending the aggregate 6 billion hours doing
13 taxes, for the hardworking Americans who have so little
14 time, so little margin in their schedule, they will be
15 able to spend more time with their families because we
16 have simplified a complex, complicated tax code.

17 Thank you.

18 The Chairman. Thank you, Senator. I did not
19 realize that Senator Isakson had yielded to you his time.
20 So I apologize for interrupting you at all.

21 Senator Scott. No problem, Mr. Chairman. I will
22 take another 45 seconds, if you do not mind.

23 The Chairman. Go ahead. Your questions were very,
24 very appropriate, I thought.

25 Senator Scott. Thank you, sir.

1 The Chairman. Let us turn to Senator Bennet.

2 Senator Bennet. Thank you, Mr. Chairman. Thank
3 you for holding this markup, which is, I think, another
4 mindless exercise by the United States Senate perpetrated
5 on the American people.

6 While we sit here today, the Chinese are building
7 infrastructure all over their country. They are building
8 infrastructure all over their regions, stitching together
9 a global economic powerhouse with which are children are
10 going to have to compete in the 21st Century.

11 Since 1980, we have cut our spending on domestic
12 discretionary spending, which includes our roads and
13 bridges, by 35 percent as a percentage of our gross
14 domestic product.

15 We have cut military spending over the same period
16 of time by 35 percent as a consequence of a gross
17 domestic product.

18 We are today, as we sit here, collecting 18 percent
19 of our gross domestic product in revenue and we are
20 spending 21 percent. How irresponsible.

21 And for my colleague yesterday to assert that I was
22 not saying the same thing when President Obama was
23 President was untrue. I was.

24 When Bill Clinton left the presidency, he left
25 behind a \$5 trillion projected surplus. This committee

1 cut taxes -- cut taxes again. And then we fought two
2 wars that we did not pay for.

3 So we may have a passion, as Senator Scott said, for
4 families in this country, but we do not seem to
5 demonstrate one for the next generation of Americans and
6 we are not doing it with this bill, which will not allow
7 us to make those investments in infrastructure which our
8 country needs us to do to compete and to lift middle-
9 class wages again in the United States of America.

10 This bill gives up on our country. And we should be
11 doing this in a bipartisan way so that we can make
12 Medicare sustainable, so that we have got the revenue
13 that we need to perform functions of our government, so
14 that it is a balanced plan that makes sense. And this is
15 an unbalanced plan which is senseless.

16 We are giving our children the short end of the
17 stick in two very profound ways. One is we are saying to
18 them, you know what, we are not going to make the
19 expenditures on you that our parents and grandparents
20 made on us. We do not think you are worth what our
21 parents and grandparents thought we were worth. And we
22 are not going to charge ourselves the same thing that our
23 parents and grandparents were willing to pay to give you
24 that benefit.

25 And just to make it even more profoundly unfair than

1 that, we are going to say we are not going to pay those
2 bills, we are not going to pay that debt, you have to pay
3 that debt. We are going to live in the house, but you
4 have to pay the mortgage.

5 That is what we are telling the next generation of
6 Americans and we are saying nothing -- nothing in this
7 bill to the 22 percent of American children in the 21st
8 Century who are living in poverty in the United States.
9 We are silent about that.

10 And the bill has actually gotten worse, if you look
11 at what they have done to the child tax credit, the
12 complete lack of refundability that says to poor children
13 in America you are invisible to us, in a way that the
14 children of members of the United States Senate are not
15 invisible to us.

16 So in my remaining minute, Ms. Acuna, I would like
17 to ask you about the Congressional Budget Office letter
18 yesterday that said that this deficit-busting tax bill
19 that has been offered would require statutory PAYGO to go
20 into effect, triggering automatic cuts totaling \$136
21 billion this year.

22 That includes an automatic cut to Medicare of about
23 \$25 billion.

24 Ms. Acuna, will the revised mark undo the automatic
25 Medicare cuts? Yes or no?

1 Ms. Acuna. Senator Bennet, I am happy to respond
2 to tax policy questions with respect to the Chairman's
3 modified mark, tax policy questions.

4 Senator Bennet. So is there anybody who is going
5 to tell the American people whether they are going to
6 face a \$25 billion cut in Medicare between now and the
7 time we cast a vote today on this committee?

8 The Chairman. Senator, there will not be any
9 Medicare if we keep spending like you guys want to do.
10 So let us get down to talking about the particular --

11 Senator Bennet. That is completely incorrect, Mr.
12 Chairman.

13 The Chairman. No, it is not incorrect. I have sat
14 here for 40 years and I have watched my Democratic
15 colleagues spend and spend and spend and spend without
16 asking where is the money going to come from.

17 Senator Bennet. Let me say, again, Mr. Chairman --

18 The Chairman. So do not give me that.

19 Senator Bennet. Mr. Chairman?

20 The Chairman. I have had enough of that to last me
21 the rest of my life.

22 Senator Bennet. Mr. Chairman, when President --

23 The Chairman. And then they blame us.

24 Senator Bennet. When President Clinton left the
25 White House, there was a \$5 trillion projected surplus.

1 The Chairman. Because it was the first Republican
2 Congress in over 40 years.

3 Senator Bennet. Well, there was good bipartisan
4 work done there.

5 The Chairman. Yes, because it was the first
6 Republican Congress in 40 years.

7 Senator Bennet. When President Obama arrived, he
8 inherited a \$1.5 trillion deficit. When he left, that
9 was \$585 trillion.

10 The Chairman. That is because of spending.

11 Senator Bennet. And now it is \$666 billion and we
12 are about to blow a huge hole it. And it is not Michael
13 Bennet and the Democrats saying that. It is the CBO that
14 is saying that. It is all the independent analysis that
15 is saying that.

16 Thank you, Mr. Chairman.

17 The Chairman. Senator, I understand your position.

18 Senator Bennet. And I appreciate your position.

19 The Chairman. Senator Casey is next.

20 Senator Casey. Mr. Chairman, thank you very much.

21 I want to start with Mr. Barthold on a question that
22 I think a lot of us are wondering about today.

23 I am holding the modified mark here, page 10, at the
24 top, where it begins the section on repealing the
25 individual mandate.

1 Here is my question. Have you had the opportunity
2 to analyze this section of the Chairman's modified mark?

3 Mr. Barthold. Senator Casey, yes. It is included
4 in our revenue analysis in JCX-57.

5 Senator Casey. And how long will it take you to
6 conduct a full analysis of the provision and its impact
7 on health insurance coverage and premiums?

8 Mr. Barthold. Some of that analysis has already
9 been provided based on joint work with the Congressional
10 Budget Office that was commented on earlier today and in
11 some of the questions reported that the Congressional
12 Budget Office projects that, on average, because of
13 adverse selection, premiums will increase by 10 percent
14 above what they would be under baseline projections; that
15 by the year 2020, there would be approximately 13 million
16 households -- or individuals, rather, uninsured compared
17 to baseline projections; and, in the first couple of
18 years, that would be more like four million uninsured
19 compared to baseline projections.

20 That analysis has been done. The revenue analysis
21 has been done and, as I reported earlier, my colleagues
22 are working on updating the distributional analysis that
23 we routinely provide for the entire mark, as modified.

24 Senator Casey. I want to make it clear, though.
25 The distribution analysis would be part of the process

1 that would yield a full analysis; is that correct?

2 Mr. Barthold. We provide that information at the
3 request of members to help them analyze the policy
4 proposals, and we are at work on that, sir.

5 Senator Casey. I note for the record that the full
6 analysis is not done yet.

7 Late yesterday, after we had a limited debate here
8 about this new provision on the individual mandate, I
9 described what is happening here in total in terms of the
10 bill, what this bill means to real people, as a thief in
11 the night.

12 Why do I say that? Here is why I say it. We have
13 had an experiment the entire year about two ways, and
14 only two, to debate and make progress on fixing our
15 healthcare system.

16 This is what has happened this year. We started the
17 year and spent months, well into the summer and even
18 beyond the summer, having a fight about repeal of the
19 Affordable Care Act.

20 One side wanted to decimate Medicaid, in my
21 judgment, and we fought like hell against that. It ended
22 up being that there was a stalemate. That was one way to
23 do it, to have a big fight about the ACA, and that fight
24 continues.

25 The second way to do it is to do it in a bipartisan

1 way, the way that we did it in the HELP Committee, when
2 Lamar Alexander and Patty Murray led an effort to attempt
3 to pass a bipartisan bill that would stabilize the
4 individual market, which is where most of the problems
5 are, and to do it in a way that is bipartisan. That is
6 still before the Senate.

7 So there are only two ways to do this -- the way one
8 side tried to do it in a repeal and the way that we
9 decided to do it in a bipartisan fashion.

10 I think we should focus on bipartisan solutions for
11 healthcare.

12 Then comes the CBO saying, as you just noted, Mr.
13 Barthold, repealing the individual mandate would result
14 in 13 million people losing coverage. Senator McConnell,
15 the Majority Leader, said yesterday this would create,
16 quote, "the opportunity to make permanent the corporate
17 tax rate cut."

18 Then, of course, CBO also tells us premiums go up by
19 10 percent per year in the next 10 years. Then we hear
20 from the Joint Committee on Taxation which says that,
21 quote, "millions of low-income and middle-income families
22 face a tax increase."

23 So we have to ask what will happen in the context of
24 both tax increases and coverage loss, whether or not --
25 as the Joint Committee on Taxation tells us -- 13.8

1 million people will see a tax increase as a result of the
2 bill in 2019.

3 So we have to ask the question -- how many will lose
4 coverage and have their taxes increased as a result of
5 this bill? That should be a question we are asking. How
6 many will get the double hit of a tax increase and
7 coverage loss? That is one question we should be asking.

8 We should also be asking what is the impact of this
9 bill on children. What happens to children? Either
10 children who might lose coverage, but let us say they do
11 not lose coverage. Let us say their parents lose
12 coverage because of the repeal of the individual mandate.
13 What the hell happens to a child in that instance?

14 No one is asking that question. No one is asking
15 the question of why the rush. Why does this have to be a
16 drive-by in the middle of the night, rushing to a repeal
17 of this individual mandate which is so critical to
18 diversifying the risk pool? Why would we rush a tax
19 reform bill through this process?

20 So when I say this bill is a thief in the night, I
21 mean it. That is exactly whether it is. Ripping
22 healthcare from people at the same time you are jacking
23 up their taxes.

24 The Chairman. Senator, your time is up.

25 Senator Casey. Gladly yield.

1 The Chairman. Thank you.

2 Our next person is -- I think Claire is next.

3 Senator McCaskill?

4 Senator McCaskill. Thank you, Mr. Chairman.

5 I just want to say to my colleagues, if you have got
6 Bob Casey that fired up, that ought to tell you something
7 about the path we are going down.

8 Mr. Chairman, before my time starts, can I have a
9 parliamentary inquiry about the changes that you made at
10 10:30 last night?

11 The Chairman. Go ahead. I am sorry.

12 Senator McCaskill. Could I make a parliamentary
13 inquiry before my time begins about the changes that were
14 made at 10:30 last night?

15 The Chairman. Sure.

16 Senator McCaskill. Is there a summary anywhere? I
17 mean, we got a 100-page document and a table, but surely
18 somebody on the Majority side has a list -- an
19 abbreviated list of every change that you made at 10:30
20 last night? Because I know there are changes to pass-
21 through, I know there are changes to child tax credit, I
22 know there are changes to the brackets.

23 I do not know what other changes -- I mean, asking
24 us to read a 100-page document between 10:30 last night
25 and 10:00 this morning, in addition to trying to ferret

1 out the differences between what we have gotten and what
2 we are talking about today, it is a challenge, Mr.
3 Chairman.

4 I am not trying to whine.

5 The Chairman. I understand.

6 Senator McCaskill. I do not think that my request
7 is that unreasonable. Do you?

8 The Chairman. It is the way we work around here,
9 and that is it.

10 Senator McCaskill. No, Mr. Chairman. That is not
11 the way we work around here. That is not true. I know
12 the history of this committee. This is not the way this
13 committee works. And you are going to try to ram a vote
14 in the next 24 hours.

15 The Chairman. I am talking about the Senate as a
16 whole.

17 Senator McCaskill. Yes, but not this committee,
18 Mr. Chairman. Not the way you have run this committee.
19 And I do not understand what pressure you guys are under.
20 What is making you do this to us? I do not get it.

21 My questions.

22 The Chairman. The Ranking Member?

23 Senator Wyden. Mr. Chairman, again --

24 Senator McCaskill. Is there a summary?

25 Senator Wyden. This does not come off Senator

1 McCaskill's time. I think that she has boiled this
2 process down to a fundamental question about what this
3 committee is all about.

4 She is asking for a summary, a document that
5 explains the changes that were made very late last night.
6 And we are going to continue with our questions, but I
7 want to work with you, because we have got to have this.
8 This is fundamental to the kind of fairness that this
9 storied committee has been all about.

10 The Chairman. Senator McCaskill, the time is
11 yours.

12 Senator McCaskill. If this were eliminating a tax,
13 I am assuming that there would be a negative impact on
14 revenue to the government. Correct?

15 Mr. Barthold. We are referring to the mandate,
16 Senator?

17 Senator McCaskill. Right.

18 Mr. Barthold. There are multiple components to the
19 analysis. Eliminating a mandate in itself would mean
20 there would not be penalties paid in that are currently
21 paid in. So that would be a negative component.

22 Senator McCaskill. Through all this talk about
23 eliminating this tax, let us boil down what this tax
24 represents. This tax represents \$43 billion, and I would
25 get into more details if the CBO were here. But

1 basically, we are talking about \$43 billion in taxes or
2 penalties for people who do not buy insurance.

3 And then there is \$44 billion, because we are going
4 to have to spend more money on DSH payments to hospitals.

5 So that is the negative that eliminating the mandate
6 requires. So how come you have got \$318 billion to spend
7 out of this?

8 Mr. Barthold. Senator --

9 Senator McCaskill. If you are getting rid of a
10 tax, how does, miraculously, \$320 billion show up for you
11 to spend on corporations? I will tell you why. Because
12 you are eliminating \$185 billion in payments and
13 subsidies to people who are getting insurance.

14 And by the way, I believe, if CBO were here, and I
15 am sure you would probably agree, the JCT would agree,
16 that no one, no individual is entitled to an ACA subsidy
17 that makes more than \$50,000 a year.

18 So let me see if I get this straight. You are
19 taking \$43 billion and you are saving people, ostensibly,
20 your argument is, making less than \$50,000 a year, you
21 are saving them \$43 billion. And then you are turning
22 around with the other hand and you are cutting \$185
23 billion from those same people.

24 Wait, I am not done. Then you are cutting, I
25 believe, and you can correct me if I am wrong, \$179

1 billion from Medicaid. Now, I am pretty sure those
2 people do not make \$50,000 a year.

3 So in order to save these poor people \$43 billion,
4 you are cutting \$364 billion from the same people.

5 The Chairman. Senator, if you would just yield for
6 a second. There are no cuts to Medicaid in this bill.

7 Senator McCaskill. I bet your pardon. This is the
8 CBO's form, Mr. Chairman. I am reading right off of
9 CBO's form, \$179 billion in reduced Medicaid subsidies.

10 The Chairman. Well, there are no cuts.

11 Senator McCaskill. Beg your pardon. That is where
12 the money is coming from. Where do you think the \$300
13 billion is coming from? Is there a fairy that is
14 dropping it on the Senate?

15 The money you are spending is coming out of Medicaid
16 and subsidies to people who make less than \$50,000. So
17 you are trying to shop this baby like you are giving a
18 \$43 billion saving to people who make \$50,000 a year.

19 The Chairman. Just so you know, CBO said that that
20 is people who are leaving Medicaid and that --

21 Senator McCaskill. Mr. Chairman, you are --

22 The Chairman. -- is what they estimate is going to
23 happen. So there is nobody cutting Medicaid.

24 Senator McCaskill. You are spending \$318 billion
25 to make tax cuts for corporations permanent. That money

1 is coming from the very people you say you are saving by
2 eliminating \$43 billion in tax penalties.

3 Now, I am from Missouri and I am just telling you, I
4 was not a great student in math. But I will tell you,
5 this is not a good deal for people who make less than
6 \$50,000 a year.

7 And on top of that, all of the middle-class people
8 that are actually taking personal responsibility and
9 buying health insurance -- because here is the thing.
10 All these people that lose -- that are not going to go
11 get their insurance now, you know what is going to
12 happen? They are going to get sick. They are going to
13 get a cancer diagnosis. And who, in fact, is going to
14 pay that bill? When they do not have insurance anymore,
15 who is going to pay the bill?

16 I will tell you who is going to pay the bill. The
17 poor people that -- the middle-class families are going
18 to pay the bill with a higher insurance premium, because
19 the hospitals cannot absorb all this uninsured care.

20 We are not going to turn people away from the
21 hospital when they show up with a cancer diagnosis and no
22 insurance. So it is not like these people are not going
23 to get sick anymore.

24 This is such a scam. So do not tout out your
25 righteous indignation that you are helping the poor

1 people with doing away with this tax penalty, because you
2 are taking -- you are giving a little bit of benefit over
3 here, but they are not going to have health insurance.
4 And the people who have it are going to pay more, and you
5 are taking money out of the Medicaid program and the
6 subsidy programs.

7 The Chairman. Senator, your time is up.

8 Senator McCaskill. I have got a lot more
9 questions. I hope we get another round. I have got
10 pass-through questions.

11 The Chairman. Senator Nelson?

12 Senator Nelson. Thank you, Mr. Chairman.

13 Was that applause for me?

14 [Laughter.]

15 The Chairman. I do not think so.

16 Senator Nelson. Let me just say that I am kind of
17 surprised that we are going through this drill again. If
18 I remember correctly, I think it was 1:30 in the morning,
19 in a completely hushed Senate chamber, back in early
20 August or late July, that John McCain strode into the
21 Senate chamber and walked up to the reading clerk and
22 said no. And as a result, the repeal-and-replace of the
23 Affordable Care Act was over.

24 I thought it was done and we had saved healthcare
25 for over 30 million people. But lo and behold, it came

1 up again in September, again an attempt to repeal and
2 replace a different version. And, finally, instead of
3 three Republican Senators voting no, they found that it
4 was going to be more like 10 -- 10 Republican Senators
5 that would not vote for the package of a repeal-and-
6 replace, and, therefore, they did not even bring up the
7 bill for a vote.

8 And here we are again and it is the same thing. We
9 are going to take the economic underpinning out of it
10 that is going to cause 13 million people, as stated by
11 the authorities, 13 million people are going to lose
12 their coverage and premiums are going to go up. What did
13 we hear? What did CBO say? Ten percent a year.

14 So let us see. The first year, premiums go up 10
15 percent, relative to the base. Now, it comes around to
16 the next year, premiums go up another 10 percent.

17 I am just a country boy, but I understand it. If
18 you add that up, over 10 years, it is something in
19 addition to 10 percent, all the way up to 100 percent
20 that premiums are going to go up, depending on the base.

21 And we want to go through this drill again on what
22 has been stated over and over, that the American people
23 want to have healthcare for those people that in the past
24 have not been able to purchase healthcare or to have
25 healthcare provided. And this is going to take place

1 when everybody on this committee, in fact, wants to
2 reform the tax code.

3 Yet, this is the avenue to get additional revenue in
4 order to cut out the Affordable Care Act.

5 I am really surprised. So instead of working in a
6 bipartisan fashion, which this committee used to do, we
7 are taking more of the same old-same old.

8 I thought that once the Affordable Care Act was
9 saved in early August, I thought we were going to see the
10 sprouting of blossoms of bipartisanship, and, indeed, we
11 have. We saw those early efforts with Lamar Alexander
12 and Patty Murray. And then they were squelched in
13 September.

14 And lo and behold, Lamar and Patty are meeting as we
15 speak with about 20 bipartisan Senators sponsoring the
16 stabilizing of the current law, the Affordable Care Act,
17 20 sponsoring that legislation, and here we go again
18 under the guise of tax reform.

19 I thought that that issue was behind us, and, yet,
20 here we have it coming back.

21 So in my remaining 17 seconds, Mr. Chairman, I think
22 that your provision to generate \$338 billion to help pay
23 for corporate tax cuts, when the light of day is shined
24 on this and people recognize what is happening, they are
25 not going to like it one bit.

1 The Chairman. Thank you.

2 Senator Toomey, you are next.

3 Senator Toomey. Thank you, Mr. Chairman.

4 I want to get back to this issue and let us get some
5 clarification, because we have heard quite some
6 extraordinary comments from the other side.

7 Mr. Barthold, could you tell me where in the bill is
8 the text that disqualifies people from Medicaid?

9 Mr. Barthold. The Chairman's mark had no provision
10 related to Medicaid. It was really just tax provisions,
11 sir.

12 Senator Toomey. There is no provision that
13 disqualifies people from Medicaid.

14 Mr. Barthold. Not in the mark, as modified.

15 Senator Toomey. It does not disqualify anybody
16 from Medicaid. How about Medicare?

17 Mr. Barthold. No changes in terms of Medicare.

18 Senator Toomey. No changes. Nobody is
19 disqualified from Medicare whatsoever.

20 Mr. Barthold. That is correct.

21 Senator Toomey. How about the text in the bill
22 that denies people protection for preexisting condition?
23 Where is that text?

24 Mr. Barthold. The Chairman's mark is a tax mark.
25 It does not change the requirements on the insurance

1 industry .

2 Senator Toomey. It does not change that one bit,
3 does it? Completely silent on that.

4 How about how much does the bill text specify that
5 reimbursements to healthcare providers have to go down?
6 Where is that text?

7 Mr. Barthold. Again, the Chairman's mark is about
8 the Internal Revenue Code. There is nothing related to
9 the --

10 Senator Toomey. Right. So the point that I am
11 obviously trying to make here is that there are no cuts
12 to Medicaid. There are no cuts to Medicare. Nobody is
13 disqualified from insurance.

14 So what does happen? We have a mandate where some
15 of our friends thought it was a good idea that the
16 government should be able to force people to buy a
17 product whether they want it or not, which strikes me as
18 an outrageous and unconstitutional infringement on
19 personal freedom, but, nevertheless, that is the law.

20 People are forced to buy a product whether they want
21 it or not and then, by the way, the government gets to
22 dictate the terms of that product, irrespective of
23 whether people think that it is a good idea.

24 And then there is a category of people -- many --
25 who cannot afford that product, because this market is so

1 badly designed. And then what we do is we say if you are
2 in that category of people who cannot afford this product
3 that does not suit your family well, then we are going to
4 punish you with this tax.

5 What we do in this bill -- and this is all we do in
6 this bill -- is we zero out the punishment that we
7 currently, under current law, we inflict on people who
8 decide they cannot afford to comply with this mandate.

9 That is what we do. That is it. And it turns out
10 that in Pennsylvania, 83 percent of the people who are
11 currently absorbing this punishment, forced to pay this
12 tax, their family income is less than \$50,000.

13 If you want to talk about a middle-class tax cut, it
14 is the people who cannot afford these unaffordable plans
15 who will no longer be punished with this tax. That is
16 all we do. There are no cuts to Medicaid. There are no
17 changes to the program. There are no reimbursement
18 differences. There are no disqualifications for people
19 to participate. None of that.

20 We are simply saying if you cannot afford these ill-
21 designed plans, with respect to your family anyway, you
22 are not going to have to pay this penalty.

23 Let me move on to the issue broadly of middle-class
24 tax relief.

25 Mr. Barthold, my understanding is we do not yet have

1 the new distribution tables, but we have distribution
2 tables from the previous iteration. Correct?

3 Mr. Barthold. That is correct, sir.

4 Senator Toomey. So when I look at the previous
5 iteration, I see a reduction in federal taxes paid in
6 every single income cohort.

7 Mr. Barthold. On average, that is correct, sir.

8 Senator Toomey. In total, that is correct, also.
9 Right?

10 Mr. Barthold. That is correct, sir.

11 Senator Toomey. And I also see that in every
12 single income cohort, the average tax rate goes down. Is
13 that correct?

14 Mr. Barthold. That is correct, also, sir.

15 Senator Toomey. Now, there have been some changes.
16 Is it your impression that the result of those changes
17 will be to further reduce some of the average tax rates
18 and to further reduce some of the tax obligations for
19 low- and middle-income cohorts.

20 Mr. Barthold. In years before the sunset, sir?
21 Because, remember the sunset turns off.

22 Senator Toomey. Right.

23 Mr. Barthold. So you would return basically to
24 present law in the very last year. But as noted, when
25 Senator Thune asked earlier, the expansion of the child

1 tax credit increased the value and also actually made a
2 further modification that no taxpayer with a taxable
3 income in excess of \$0.5 million could claim a child tax
4 credit.

5 So that means all that increase in value accrues to
6 taxpayers with dependent children, less than \$500,000.
7 And the tax rate bracket effects have effect for everyone
8 in the new 22 percent bracket and above.

9 Senator Toomey. Mr. Chairman, I have run out of
10 time. I would just observe this product lowers taxes on
11 the overwhelming vast majority of middle-income and
12 working-class families and individuals. The earlier
13 iteration did and the final iteration does so even more,
14 and I think that should be clearly stated for the record.

15 The Chairman. Senator, I am glad you pointed that
16 out now. Let me just say that Mr. Barthold and Ms. Acuna
17 earlier -- let me just say there was a question about the
18 refundability of the child tax credit.

19 Now, it is my belief that we index the refundable --

20 Mr. Barthold. That is correct, Mr. Chairman. Your
21 underlying mark provided indexing of the \$1,000
22 refundable portion of the child tax credit. So that
23 throughout the budget period, that indexing would apply,
24 up to the sunset.

25 The Chairman. I am glad you pointed out that we

1 index the refundable part of the child tax credit, which
2 will actually increase it.

3 Mr. Barthold. That is correct. Actually, our
4 estimate is that the refundable portion would increase
5 from \$1,000 to \$1,100 in the first year.

6 The Chairman. That is right. So to claim that the
7 mark has no refundability on the child tax credit, is
8 there any accuracy to that at all?

9 Mr. Barthold. No. As you just pointed out, Mr.
10 Chairman, it increases the amount of the refundable tax
11 credit through time.

12 The Chairman. So, basically, the prior claim that
13 we did not improve the refundable part of the credit is
14 untrue.

15 Mr. Barthold. That is correct, sir. It is
16 expanded.

17 The Chairman. Well, while my Democrat friends may
18 not support tax relief for the middle class, let us not
19 misstate the facts, if we can be a little more careful
20 about it.

21 Senator Wyden. Mr. Chairman, would you just yield
22 for a moment?

23 The Chairman. Ranking Member, I will yield to
24 you.

25 Senator Wyden. Mr. Chairman, that is just not

1 factually accurate that we do not support tax relief for
2 the middle class. We do. What we object to is what is
3 on offer now, which is permanent relief for the
4 multinational corporations and temporary relief for the
5 middle class.

6 That is a double standard that favors the powerful--
7 Senator Toomey. Would the gentleman yield?

8 Senator Wyden. I had the time from the Chairman.
9 The Chairman. I will yield for you.

10 Senator Toomey. I was simply going to observe --
11 Mr. Chairman, would it be in order for the Ranking Member
12 to offer an amendment to make the tax reductions for
13 individuals permanent?

14 A Member. Second.

15 Senator Wyden. Mr. Chairman, I intend to offer
16 exactly that.

17 I want it understood, if I could respond to my
18 colleague.

19 The Chairman. Let me just answer that, because we
20 are not going to do that in the committee, but if we do
21 that, we will do it on the floor.

22 Senator Wyden. All right. We understand that.

23 Senator Portman?

24 Senator Portman. Thank you, Mr. Chairman.

25 We were just talking about the changes that were

1 made in the draft and one change is to enhance the child
2 tax credit. And it was stated earlier by one of my
3 colleagues on the other side of the aisle that there is a
4 reduction in the refundability, maybe even no
5 refundability in the child tax credit.

6 That is just not true. In fact, the child tax
7 credit is expanded, as Mr. Barthold has just said. It is
8 an expansion from current law.

9 So not only is the tax credit richer than it was
10 before, it is a doubling of the child tax credit. It
11 also is available to more families and, also, the
12 refundability of it s expanded.

13 I just think, again, if we can stick to the facts.
14 For those who are watching, you might want to go on
15 Jct.gov, because that is the nonpartisan group that has
16 analyzed this tax reform proposal.

17 As was just said earlier, every income category gets
18 a tax cut, in the aggregate, and, therefore, in the
19 middle class, there are real tax cuts. In Ohio, the
20 number that we have gotten is \$2,375 per family per year.
21 It will now be greater than that based on the changes
22 that were made last night, because the individual mandate
23 funds are going into more middle-class tax cuts.

24 So I would just encourage people to look at the
25 Joint Committee numbers, which are the official numbers,

1 and see the fact that despite what was said earlier today
2 -- if you want to tax the middle class more, then you
3 should vote no on this bill. If you want to give the
4 middle class a tax cut, you should vote yes on this bill.

5 Mr. Chairman, I appreciate the other revisions you
6 made in the modified mark. I think they make the bill
7 better, including a bunch of bipartisan ideas that we
8 already had in there, including a middle-class tax cut;
9 including a territorial system at a 20 percent rate,
10 which has been something that has been bipartisan, in the
11 past at least; a system that enables us to bring
12 trillions of dollars from overseas back to this country
13 for more investment, more jobs and higher wages. That is
14 already in the bill.

15 But then you added some other bipartisan revisions
16 that I think can be put in three categories; one, that
17 promote more economic growth; two, that promote the
18 ability to save for retirement and promote employee
19 ownership, which is a good thing, in my view; and then,
20 finally, one that is just common sense, for economic
21 growth.

22 I want to thank the Chairman for including a
23 provision that a lot of us have worked on for a long
24 time, the Craft Beverage Modernization and Tax Reform
25 Act. Senator Wyden has been a champion of this approach

1 and the growing craft beverage industry. This bill now
2 gives these smaller companies much needed excise tax
3 relief that allow these entrepreneurs to reinvest even
4 more in their businesses and into our communities.

5 Ohio is number four in the country now in craft beer
6 production. The industry now supports about 15,000 jobs.

7 Sixty-one new breweries have opened just last year alone
8 in Ohio. And this legislation is only going to promote
9 the expansion and the jobs that come with these
10 entrepreneurial small businesses.

11 In the savings space, I would like to thank the
12 Chairman for accepting the amendment to the original
13 Chairman's mark that protects the nonqualified deferred
14 compensation and, also, the 401(k) catch-up
15 contributions.

16 What are these? The amendment protects, in the
17 nonqualified space, the broad-based stock option plans,
18 which are actually growing in this country -- I think
19 that is a good thing. Among small, startup businesses,
20 they are really important. And this gives all employees
21 a better stake in their company and the future of that
22 company.

23 We protect these stock option-holders from income
24 tax that would have been on phantom income they may never
25 have received, which I believe would have been unfair.

1 These types of savings vehicles, by the way, are
2 critical to helping small employers attract new talent
3 and for giving employees an ownership stake in the
4 company they work for every day.

5 The amendment also restores the ability for those
6 over 50 years old to use the catch-up contribution in the
7 401(k). This is something that Senator Ben Cardin,
8 again, a bipartisan idea, and I fought for. We got it
9 into the law several years ago. We want to make sure it
10 stays in the law, because we want to encourage people to
11 save more for their retirement.

12 So I think these are important changes. I
13 appreciate you, Mr. Chairman, doing them.

14 Finally, common sense. Senator Coons, another
15 Democratic colleague of mine, and I have a bill called
16 Stop Taxing Death and Disability Act. That is a pretty
17 good title. What it says is that if someone has a child
18 who develops a permanent disability or if that child were
19 to die tragically, then their student loans ought to be
20 forgiven, and I think this is an improvement over current
21 law, as well.

22 Maybe, Mr. Barthold, if you are willing, you could
23 walk us through how that works, what happens under
24 present law when a child dies or develops a permanent
25 disability and their student loans are forgiven, and what

1 would happen under this legislation.

2 We have had some tragic circumstances in my State of
3 Ohio. One was the Carducci family in Steubenville, Ohio.
4 Tragically, they had a child who developed a permanent
5 disability, and yet they had a big student loan debt to
6 pay, and this legislation would help them.

7 If you would, Mr. Barthold, just speak briefly on
8 this new legislation that is in the Chairman's mark
9 today.

10 Mr. Barthold. Certainly, Senator Portman.

11 Under general tax principles and a feature of the
12 Internal Revenue Code, forgiveness of any debt is
13 considered an increase in income. And what your
14 legislation would do would be in the situation where --
15 more generally, where a student had a student loan.
16 Often, they are cosigned by a parent or a guardian, and
17 they die, by having cosigned or guaranteed the debt, that
18 would become -- if the loan is forgiven, as is often done
19 on the death of a student, that becomes forgiveness of
20 indebtedness to the guarantor, so the parent. They
21 otherwise would have taxable income. And your
22 legislation would make an exception from the general rule
23 in that situation.

24 Senator Portman. Again, I think this is just
25 common sense. And it is, again, an example of some of

1 the changes in the Chairman's mark last night that are
2 bipartisan, that are broadly supported in this committee,
3 and that will improve the legislation.

4 Thank you.

5 The Chairman. Thank you.

6 Our next person will be Senator Warner.

7 Senator Warner. Mr. Chairman, I am not going to
8 try to maybe get as excited as some of my colleagues, but
9 I am so personally offended by this whole process and
10 disappointed.

11 My good friend, Senator Portman, just listed some of
12 the changes that were made. Some of them might have been
13 good changes. But if you want to know how the worst of
14 sausage-making is, he just enumerated a whole series of
15 items, some of which may be pretty good, that got
16 secretly crammed in late last night with no input from
17 any of us.

18 A lot of people think this is a swamp. Well, that
19 was swamp 101.

20 My other colleague, Senator Bennet, raised -- and no
21 one was willing to answer this -- but I have got the CBO
22 letter right here. Violates statutory PAYGO, \$25 billion
23 cut next year to Medicare. Anyone who denies that, I
24 would refer them to this document.

25 My friend from Pennsylvania went through the point,

1 there are no cuts to Medicaid, no cuts here or there.
2 Well, technically, there is not. But as Senator
3 McCaskill has already pointed out and what is so absurd
4 about what you have proposed is to save \$43 billion in a
5 so-called tax cut, it is going to actually cost the
6 government \$44 billion because more people who are going
7 to be uninsured are then going to go to the hospital
8 without any coverage, and that means we are going to have
9 to pay \$44 billion more on Medicare, a disproportionate
10 share of payments.

11 So this is a double net loser. And I strongly find
12 it offensive when somebody says there are no cuts to
13 Medicaid. Where in the heck did you get the \$300
14 billion-plus to make some of the corporate tax cuts
15 permanent?

16 The effect of getting rid of the mandate cost 13
17 million-plus Americans their health insurance, and that
18 does have ripple effects. So do not claim you are not
19 cutting Medicaid when you are spending the decrease in
20 Medicaid spending of \$179 billion and \$185 billion in
21 decreased ACA subsidies.

22 At least do not claim you are not doing this when
23 you are then spending these dollars.

24 I think there are a lot of comments we have heard
25 from both sides that want us to slow down the movement of

1 American businesses abroad. I am still trying to work
2 through all the GILTI new minimum tax procedures, and I
3 actually do claim to have a little background in math and
4 a little background in tax policy.

5 But I find the complexity of what -- I will grant
6 the Majority, maybe they wanted to do the right thing,
7 but I believe what you have created is a perverse
8 incentive to actually send more jobs abroad, because the
9 ability of a company to make an investment, a capital
10 investment in a relatively high tax nation like Germany
11 and still move their intellectual property to a tax haven
12 like Bermuda -- and, frankly, this bill does nothing to
13 remove any of the biases toward tax havens.

14 My understanding -- Mr. Barthold, you may not be
15 able to -- I do not think you have had a chance to work
16 through all this -- that you can take those what are
17 called normal return deduction amounts and then if they
18 exceed the 12 percent rate the corporation has, those
19 excess credits can be, in effect, blended and moved over
20 toward the intellectual property tax returns, resulting -
21 - particularly if you then have that average unit, it is
22 not taken country-by-taken -- and that the interchange
23 between the 10 percent normal return deduction, the
24 foreign tax credits, the 12 percent now GILTI tax rate,
25 and the ability to average these across a series of

1 countries means that rather than decreasing the
2 incentive, we may have actually increased the incentive
3 for companies to move offshore.

4 I particularly add, as well, you layer that, as
5 well, on top with the pass-through efforts and we may
6 have opened up a bonanza not just to existing
7 multinational companies, but in many ways incented a
8 series of small and medium-sized companies using their
9 lower pass-through rate to actually mimic the behavior of
10 some of the large multinationals.

11 Mr. Barthold. If I could clarify for you, Senator
12 Warner.

13 On the point about tax credits, normal return, and
14 intangible low-taxed income, taxpayers are supposed to
15 apportion taxes attributable to the low-taxed income.

16 So in sort of simple terms, tax credits attributable
17 to normal returns cannot be used to shelter --

18 Senator Warner. But there is the averaging across
19 the --

20 Mr. Barthold. It is done on a global, outside-the-
21 U.S. basis.

22 Senator Warner. For the global outside routine,
23 you can then keep your intellectual property in the tax
24 haven, make your capital investment in a relatively high
25 tax nation like Germany, and blend those two, and the

1 effect that you will have American companies paying zero.

2 Mr. Barthold. But not --

3 The Chairman. Senator, your time has expired.

4 Mr. Barthold. It would depend on the specifics,
5 sir, but not completely, I think, as you described it,
6 because again --

7 Senator Warner. One of the reasons why this needs
8 more review and more time.

9 Mr. Barthold. But I will clarify the one point for
10 you. You have to apportion the tax attributable to the
11 intangible income.

12 So if your example was that most of the intangible
13 income is in your tax haven and there was next to no
14 intangible income in Germany, there really would not be
15 anything to blend.

16 Senator Warner. [Off microphone.]

17 Mr. Barthold. I can blend across any place there
18 is low-taxed intangible income.

19 The Chairman. Senator, your time is up.

20 My colleagues are trying very hard to link tax
21 reform to cuts to Medicare by referencing statutory PAYGO
22 rules. But let us be clear. There has not been a single
23 sequester ordered under the PAYGO statute. Congress
24 routinely exempts spending and revenue measures from the
25 PAYGO scorecards.

1 And since the PAYGO statute was enacted 7 years ago,
2 16 laws with estimated budgetary effects on direct
3 spending and revenues included provisions to exclude all
4 or part of the law. Most of those exclusions took place
5 while the Democrats controlled the Senate.

6 So let us not try to claim that the legislation we
7 are debating would surely lead to a Medicare
8 sequestration, because so far no law has.

9 Senator Wyden. Mr. Chairman? Mr. Chairman?

10 The Chairman. Wait, wait.

11 Senator Wyden. Mr. Chairman, if I could just
12 comment briefly.

13 The Chairman. I will be happy to yield.

14 Senator Wyden. You are still exposing --

15 Senator Warner. Mr. Chairman, since you are
16 commenting on something I raised, could I at least get 10
17 seconds to respond?

18 The Chairman. I will be happy to do that. Let us
19 let the Ranking Member respond and then I will turn to
20 you.

21 Senator Warner. I would simply say that, Mr.
22 Chairman, because of Congress' unwillingness to sometimes
23 meet its own rules, that is why I think it would be
24 appropriate that we actually do not continue to use these
25 gimmicks and let us go ahead and put the true cost of

1 this bill out to the American public and presume that all
2 of these things are going to get weighed so that we
3 actually know the true cost rather than trying to fit
4 this box within the \$1.5 trillion or, actually, \$1.7
5 trillion debt that you have already agreed to incur.

6 Senator Wyden. Mr. Chairman, Senator Warner has
7 made a good point. In plain English, this bill exposes
8 Medicare to a \$25 billion hit in this fiscal year, and
9 that is what we find so troubling, particularly when,
10 once again, we have this double standard with
11 multinationals getting a permanent tax break and working
12 families getting a temporary one.

13 The Chairman. Well, in plain English, it does not.
14 Senator Crapo?

15 Senator Crapo. Thank you, Mr. Chairman.

16 Actually, I appreciate you making the point you just
17 did, because a lot of concerns are being raised here by
18 my colleagues on the other side about what possible
19 things might happen outside of the tax code because of
20 the legislation we are considering.

21 The reality that the Chairman has raised is that
22 Congress has a perfect record of fixing those things. It
23 does not have very many perfect records, but so far,
24 never has Congress allowed that sequestration to occur.

25 The Chairman. That is a good point.

1 Senator Crapo. And we do not expect it to.
2 Actually, one of my colleagues on the Democrat side even
3 made the point that Senator Alexander and Senator Murray
4 are, as we deliberate here, working to address some of
5 the concerns that they raise outside of the IRS code that
6 can help to address some of the issues that are being
7 raised.

8 So I just think it is a little bit disingenuous to
9 point to issues outside the scope of this bill that are
10 going to be resolved or are already being resolved in
11 terms of attacking these policies.

12 What is the policy in this bill that is being
13 attacked? It is the elimination of the individual
14 mandate, one of the most regressive taxes in the Internal
15 Revenue Code.

16 Mr. Barthold, could you confirm for me -- I have
17 information in front of me here that of all the taxes
18 paid by Americans under the individual mandate, 58
19 percent of that burden is carried by individuals who make
20 less than \$50,000. Is that correct?

21 Mr. Barthold. Senator Crapo, I do not have your
22 particular figure. I can tell you that in 2015 -- okay.
23 The Congressional Budget Office has reported it.

24 Senator Crapo. Yes. I am looking at a CBO
25 document.

1 Mr. Barthold. I was going to tell you what is
2 reported in the statistics of income, and that is that
3 there were 6.7 million taxpayers that made penalty
4 payments in 2015, and about a quarter of them had
5 adjusted gross incomes of less than \$20,000. A little
6 less had adjusted gross incomes above \$100,000.

7 Senator Crapo. That is consistent with what I am
8 reading here in a CBO document that says that 58 percent
9 of those make less than \$50,000 and another 28 percent of
10 them make between \$50,000 and \$99,999, which makes
11 something like 86 percent of the burden falling on
12 individuals making less than \$100,000.

13 My point is one of the most regressive taxes in
14 America, that is simply a punishment on those who make --
15 mostly those who make less than \$100,000 for not being
16 able to buy a product which they do not want to buy.

17 The attack has been made that we are somehow using
18 the revenue that comes from eliminating this tax to
19 feather the next of the wealthy, the typical argument
20 that is always made.

21 Well, common sense would tell you that if we take
22 this money from this tax increase and turn it into a tax
23 cut for Americans, families and job creators, that it
24 would help across the board.

25 What we do is double the child tax credit from

1 \$1,000 to \$2,000, allowing more parents to claim the
2 credit.

3 Individual income tax rates for middle-income
4 Americans are reduced from the current rate of 22.5 to
5 22, from 25 to 24, and from 32.5 to 32, which will help
6 taxpayers keep even more of their hard-earned money.

7 The Chairman's modified mark also updates the major
8 pass-through provisions to better assist Main Street
9 businesses. This is what generated the strong support
10 from the NFIB, our small business groups in America.

11 Mr. Barthold, I want to come back to that question
12 of is this bill a bill that reduces taxes for the middle
13 class and lower-income categories.

14 You have already discussed, in answers to questions
15 from my colleagues, about how every income category has a
16 reduction in its tax rate under the previous analysis
17 that you have done.

18 I know you have not run those numbers for this new
19 mark, but do you expect that those numbers will simply go
20 down further in terms of the reduction of tax rates
21 across income cohorts?

22 Mr. Barthold. Remember, Senator Crapo, there is
23 the sunset. So in the last year, you will actually see
24 changes back in the other direction. I think the
25 analysis will be similar and potentially lower across the

1 income classes.

2 Senator Crapo. And on a percentage basis, are not
3 the percentage reductions larger in the lower income
4 categories?

5 Mr. Barthold. I believe that is what we discussed
6 yesterday --

7 Senator Crapo. It is.

8 Mr. Barthold. -- when we looked at JCX-53, sir.

9 Senator Crapo. Yes, and that is correct. My point
10 is -- and I will just conclude on this. There is the
11 point that this tax cut has to expire because of the
12 reconciliation rules.

13 But we have already had agreement, I think, from the
14 Ranking Member that he will support an amendment on the
15 floor to make it permanent. I think you will find great
16 support for that on our side of the aisle.

17 Thank you, Mr. Chairman.

18 The Chairman. Thank you, Senator.

19 Senator Heller, you are next.

20 Senator Heller. Mr. Chairman, thank you. And
21 thank you for holding this hearing. I want to thank all
22 those that are on the panel today for your patience
23 through yesterday and today.

24 We are here today and we are discussing the
25 individual mandate, because the U.S. Supreme Court,

1 including Justice John Roberts, said that the individual
2 mandate was a tax. And that is why it is on a tax bill
3 today and, frankly, it is the most regressive tax in the
4 IRS code. It is a tax on poor people.

5 Now, Mr. Chairman, I have heard from different
6 states and the impact that this mandate, individual
7 mandate would have on their particular states, but I
8 would certainly like to share the impact that it has on
9 the State of Nevada.

10 The State of Nevada, for the tax year 2015, paid
11 \$33.5 million -- \$33.5 million in fines to the IRS
12 because they could not afford a product that the
13 government told them that they had to buy.

14 That is 70,000 people; 80 percent of them make
15 \$50,000 or less per year. That means that 56,000 people
16 in Nevada paid a tax, a fine on a product that they could
17 not afford because their government told them that they
18 had to buy it.

19 My state has 17 counties -- 17 counties -- and this
20 is the impact of the ACA. Only three of those counties
21 have more than one insurance carrier, only three of them.
22 Fourteen of them, as of the beginning of next year, will
23 only have one. Fourteen counties will only have one
24 carrier.

25 I am listening to my colleagues on the other side of

1 the aisle complain about a 10 percent increase if this
2 mandate is reversed.

3 Mr. Chairman, Nevada will experience a 38 percent
4 increase under the ACA next year -- 38 percent. And we
5 can double that, we can triple that, we can do that from
6 year to year, and we seem to be doing that on the other
7 side. But a 30 percent increase, we just failed. This
8 government has failed these individuals.

9 I want to read a letter, if I can, quickly, from a
10 woman that wrote me recently and she lives in
11 Gardnerville, Nevada.

12 She says, "I drive a 1999 Chevy Suburban, a 1999
13 Chevy Suburban that is falling apart, but it runs. Our
14 house is small for five people, but we make it work. My
15 husband works construction, gets laid off when the
16 weather is bad. We are the family that falls in the
17 middle. We make too much for Medicaid, not enough to
18 cover the 'affordable insurance,'" and she puts that in
19 quotes, "'affordable insurance' out there today. When my
20 kids get shots, when they get their checkups or anything
21 else, I pay cash for them. For an additional hit on our
22 finances, I have to now pay a fine for not having
23 insurance for the past 3 years."

24 Mr. Chairman, that is what this bill is all about.
25 This is to give relief to these individuals that fall in

1 the middle, -- through this bill and through your
2 efforts, through this committee, to give tax relief to
3 these individuals to make sure that they have more take-
4 home pay, that they have better quality work, and that
5 this country is competitive.

6 Mr. Chairman, I want to quit on one other note, and
7 that is to thank you for the work last night on the child
8 tax credit. That was a heavy load. But this is
9 additional relief -- additional relief to this family of
10 five in Gardnerville that we have now doubled the child
11 tax credit from \$1,000 under current law to \$2,000.

12 Mr. Chairman, I just want to take a moment to thank
13 you. I want to thank those that were involved in that,
14 that worked hard, did the heavy lifting, pushed hard so
15 that we can give middle-class families tax relief in this
16 country.

17 Mr. Chairman, thank you.

18 The Chairman. Thank you so much.

19 Senator Enzi, you are next.

20 Senator Enzi. Thank you, Mr. Chairman. And thank
21 you for all the work you have done on this.

22 As I have traveled around Wyoming, and I am in
23 Wyoming almost every weekend, often going about 500
24 miles, I get around to a lot of really small communities
25 and I get to talk to a lot of people, and taxes is on

1 their mind.

2 Jobs is on their mind more, but they understand how
3 taxes are related to jobs. Then the next item, though,
4 is their healthcare. Now, this is not going to solve a
5 lot of healthcare problems. We do need to do the
6 Alexander-Murray bill that has been referred to a number
7 of times. That is a 2-year short-term solution.

8 There are some longer-term solutions being worked
9 on, like invisible high-risk pools, automatic opt-in, and
10 then small business health plans that I have worked on
11 for years and years with a lot of small businesses to
12 group together.

13 There are a whole bunch of things that need to be
14 done even besides that. We have got a system that is not
15 working and the biggest thing that I hear in Wyoming,
16 which is a low-income state, is that the people cannot
17 afford the insurance. They are paying more for their
18 insurance than they are paying for their house payment.

19 When it comes down to a choice between a house
20 payment and insurance, they go with the house payment.
21 And then they have to pay a penalty. How much of a
22 penalty? Well, in 2014, which is the best year for
23 numbers, there are more from 2015 that I will give, too,
24 but it is not as complete.

25 In 2014, I had 19,600 residents of Wyoming, the

1 least populated state in the Nation, pay penalties of
2 \$5.3 million; and, of those, 7,000 had annual income
3 below \$25,000.

4 Incidentally, that 2014 penalty of \$5.3 million, the
5 next year was \$9 million that they paid instead of buying
6 insurance.

7 Yes, the premiums could increase, but a choice not
8 to buy could influence the premiums. I think that the
9 insurance companies will adjust. We need to provide
10 additional adjustments.

11 I thought at the end of the healthcare debate on
12 reconciliation that the decision was that we would work
13 together. There has been this short-term work together,
14 but there has not been anything on the longer term that
15 has worked together.

16 So my question. I have been hearing this word that
17 it is going to kick 13 million people off health
18 insurance. Is there anything in there that says we are
19 going to kick anybody off?

20 I would direct that to Mr. Barthold?

21 Mr. Barthold. The result in terms of change in
22 uninsured is a result of decisions made; there is nothing
23 that mandates that people give up insurance. It is an
24 economic decision.

25 Senator Enzi. That is the way that I read it and

1 the way that I hear it from people at home. They say
2 they cannot afford insurance. They choose not to buy it.
3 Then they turn around and have to pay a penalty, which is
4 a tax.

5 So by not paying that tax, they will be getting a
6 bigger tax rebate than they would have gotten and they
7 will still get to keep their house.

8 So we have to come up with other solutions, but this
9 is just the start of one that I think will encourage
10 more.

11 Thank you, Mr. Chairman.

12 The Chairman. Senator Carper will be the last one
13 this morning. After he finishes, we are going to recess
14 until 2:30.

15 Senator Carper. Thanks, Mr. Chairman.

16 I want to respond to a question, a rhetorical
17 question that was asked by our colleague from
18 Pennsylvania.

19 Basically, he said where did this punishment -- if
20 you could describe the individual mandate as a
21 punishment, where did it come from. I reminded us
22 yesterday, I want to just remind us again today, some of
23 my colleagues are getting tired of hearing this, but
24 where it came from was legislation introduced in 1993 by
25 23 Republican Senators, including the senior Republican

1 of this committee, the two senior Republicans on this
2 committee. They were cosponsors of our legislation which
3 created the individual mandate.

4 When Governor Mitt Romney, up in Massachusetts, in
5 2006, decided to extend coverage to as many people in
6 Massachusetts as he possibly could, he looked at a 1990-
7 1993 playbook cosponsored by our Chairman and Senator
8 Grassley and just basically plopped it down in
9 Massachusetts and it became the Romney plan.

10 When we did the Affordable Care Act, what did we do?
11 We took the Romney plan and said that ought to be part of
12 the Affordable Care Act. It is a market-based approach
13 to getting coverage for more people. And it is actually
14 a good approach, Republican idea.

15 Republicans have good ideas and that was one of
16 them. Unfortunately, they have been trying to kill their
17 good idea for about the 7 or 8 years. We ought to let it
18 live and have a chance to work.

19 The idea of continuing to undermine the exchanges I
20 think is just so counterproductive. In this room, 2
21 months ago, the HELP Committee held 2 weeks of hearings
22 and invited governors, insurance commissioners, insurance
23 companies, health economists, health providers, and said
24 what do we need to do to stabilize the exchanges.

25 They said three things. Number one, we have to make

1 sure that these cost-sharing reductions are not going to
2 go away. Number two, they said we need to have some kind
3 of reinsurance, backup for the insurance companies'
4 really expensive cases.

5 Number three, the said retain the individual mandate
6 and if you do not retain it, replace it with something at
7 least as effective.

8 So what do we do? All these months later, we still
9 have not extended and made -- affirmed the cost-sharing
10 reductions. We still have not. We have never had a
11 single hearing in the Finance Committee on the individual
12 mandate, its effect, what are the alternatives. In 7
13 years, we have not had one hearing. Why not? Why not?

14 Let me ask a couple of questions, if I can, for Ms.
15 Woronoff and Mr. Barthold.

16 Ms. Woronoff and Mr. Barthold, based on the work of
17 your colleagues and staff, of CBO and the Joint Committee
18 on Taxation, how would the elimination of the individual
19 mandate affect health insurance premiums in the
20 individual health insurance markets?

21 Please, Ms. Woronoff, and then Mr. Barthold.

22 Ms. Woronoff. Thank you, Senator. As we sort of
23 talked a little bit about before, getting rid of the
24 individual mandate does create adverse selection and, as
25 a result, premiums would be about 10 percent higher each

1 year as a result.

2 Senator Carper. Mr. Barthold?

3 Mr. Barthold. I would only have the same number to
4 report, Senator Carper, although I should clarify, since
5 there seemed to be some confusion earlier. It is not 10
6 percent compounded annually at a rate of 10 percent. It
7 is that on average, the level across the budget period
8 would be 10 percent higher than otherwise predicted.

9 Senator Carper. Thank you. Does CBO have an
10 estimate -- do you know if CBO has an estimate of how the
11 individual mandate repeal would reduce the number of
12 insurance companies in insurance market competition in
13 the states, individual health insurance markets?

14 Ms. Woronoff, and then Mr. Barthold.

15 Ms. Woronoff. I do not think CBO has gotten into
16 that much detail, since this just sort of came out last
17 night. But I think creating uncertainty does not help
18 insurers want to come into markets.

19 Senator Carper. Mr. Barthold?

20 Mr. Barthold. There is no analysis on that point.

21 Senator Carper. According to CBO, how would the
22 individual mandate repeal affect insurance premiums in
23 the small group and employer-sponsored health insurance
24 markets?

25 Again, the same two witnesses, please.

1 Ms. Woronoff. I do not believe CBO has gotten into
2 the actual premium impact, but I do think in their recent
3 analysis they say two million fewer people will have
4 employer-based insurance.

5 Senator Carper. Mr. Barthold, very briefly,
6 please.

7 Mr. Barthold. No analysis on that.

8 Senator Carper. My last question is based on your
9 understanding of the latest revised Chairman's mark, is
10 there anything in this latest revised bill that would
11 guarantee a healthy mix of patients and prevent death
12 spirals in the individual health insurance marketplace?
13 Are you aware of anything?

14 Ms. Woronoff. No, Senator. Getting rid of the
15 individual mandate, as I said, creates adverse selection,
16 a less healthy risk pool, and raises premiums.

17 Senator Carper. Tom?

18 Mr. Barthold. No tax provisions related to health
19 insurance beyond the mandate, sir.

20 Senator Carper. Mr. Chairman, the unanimous
21 consensus of 4 days of hearings in this room 2 months ago
22 was if we would do three things, we could -- the three
23 things are CSRs, reinsurance, and make sure that the
24 individual mandate or something at least as effective is
25 going to be retained to make sure we have a good mix of

1 -- if we do those three things, it was suggested to us
2 that we could see stabilization in the marketplaces,
3 reduced premiums in the marketplaces by as much as 30 or
4 35 percent. And who benefits the most by this? Some of
5 these families we are talking about here today.

6 But you know who else benefits? Uncle Sam. Because
7 to the extent we reduce premiums in the marketplace by 30
8 or 35 percent, Uncle Sam has to pay a lot -- billions of
9 dollars less in premiums on behalf of those millions of
10 people. Otherwise, you are going to lose coverage.

11 Thank you.

12 The Chairman. Thank you. I hope the HELP
13 Committee will continue to work like they have.

14 With that, we are going to recess until 2:30, and
15 then we will resume again for our second round.

16 [Whereupon, at 12:17 p.m., the committee was
17 recessed, reconvening at 2:32 p.m.]

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1 AFTER RECESS

2 [2:32 p.m.]

3 The Chairman. The committee will come to order.

4 As we resume this markup, I want to give people an
5 idea as to how we will be proceeding. We are going to
6 continue with another round of questions about the
7 modification. We will then conclude this portion of the
8 markup at the completion of that round. And I hope
9 everybody does not have to ask questions, but if they,
10 they do.

11 At that point, the modified mark will be open for
12 amendments.

13 Before we continue with the next round -- in fact, I
14 think it is open for amendments now, but we will do it
15 for sure then.

16 Before we continue with the next round, I want to
17 say a few words about some of what has been said thus
18 far.

19 My Democratic colleagues always profess to be the
20 champions of middle-class families. We see that rhetoric
21 in full bloom and full display today. That is why it is
22 absolutely astonishing to me that they are so opposed to
23 the repeal of the individual mandate tax.

24 They talk as though everything is fine with our
25 healthcare system and that the repeal of this tax will

1 send it all tumbling down. The fact is Obamacare is
2 already failing, largely because the mandate has failed
3 to do what it was designed to do.

4 It has not improved markets or brought down
5 premiums. Markets are in decline, and premiums
6 continually rise despite the presence of this tax.

7 Frankly, the great irony of Obamacare is that, on
8 the one hand, it makes health insurance too expensive for
9 many to afford, while, on the other hand, it imposes a
10 tax on those who do not buy it.

11 While the mandate has not improved the healthcare
12 system, it has imposed significant burdens on middle-
13 class and low-income families. This tax is one of the
14 most regressive taxes in the entire Internal Revenue
15 Code. According to the IRS, nearly 80 percent of
16 American households who really pay the individual mandate
17 penalty make less than \$50,000 per year.

18 Now, this year, the tax for not purchasing insurance
19 is 2.5 percent of household income or \$695 per adult,
20 whichever is greater, up to \$2,085. Yet, Obamacare
21 premiums are so high that millions of Americans had to
22 pay thousands of dollars more for coverage that does not
23 fit their needs.

24 Contrary to what many of my Democratic colleagues
25 have claimed, the most recent analysis from CBO on repeal

1 of the individual mandate does not herald the collapse of
2 our healthcare system. In fact, CBO says -- and I am
3 quoting from the most recent analysis here -- if the
4 mandate tax were to be repealed, quote, "non-group
5 insurance markets would continue to be stable in almost
6 areas of the country throughout the coming decade,"
7 unquote.

8 So let us not distort figures and let us turn down
9 the drama and the rhetoric just a little bit. In
10 addition, let us be clear, repealing the tax does not
11 take anyone's health insurance away. No one would lose
12 access to coverage or subsidies that help them pay for
13 coverage unless they chose not to enroll in health
14 coverage once the penalty for doing so is no longer in
15 effect.

16 No one would be kicked off of Medicare. No one
17 would lose insurance they are currently getting from
18 insurance carriers. Nothing -- nothing -- in the
19 modified mark impacts Obamacare policies like coverage
20 for preexisting conditions or restrictions against
21 lifetime limits on coverage.

22 So I hope people will stop with the scare tactics
23 that we have heard thus far. The mark simply repeals an
24 extremely regressive tax.

25 Why do we do this? It seems logical to me that

1 taking revenue accrued through the repeal of the
2 regressive tax on low- and middle-income families in
3 order to cut taxes for those families is really a good
4 idea, and that is what we have done here.

5 We are doubling the child tax credit from the
6 current \$1,000 to \$2,000 and are allowing more middle-
7 class parents to claim the credit.

8 We are lowering individual tax rates for middle-
9 income Americans and letting them keep even more of their
10 hard-earned money.

11 We are making changes to the business tax system
12 that have long been supported by Democrats, including
13 most members of this committee.

14 What are in the world are we doing? No member of
15 this committee who has supported significant reductions
16 in the corporate tax rate or the corporate rate or
17 introduced or cosponsored bills to that effect should now
18 sit here castigating Republicans for supporting a
19 giveaway to corporate America.

20 If lowering the corporate rate is a giveaway to
21 multinational corporations, then it is curious that the
22 Minority Leader has written in support of lowering the
23 rate, and in a committee report on tax reform, Democrats
24 on this committee seem to agree.

25 All of us know that our corporate rates are too high

1 and that our tax system does not really work for small
2 business owners.

3 Our plan is sensible. It is not radical. It is not
4 supply side or trickle-down. All of you heard just a
5 little while ago from the Chief of Staff of JCT that
6 middle-income earners get a larger tax cut than those at
7 the top of the scale. So let us stick to the facts.

8 With that, I do have some quick questions I would
9 like to ask Ms. Acuna. First, does the modified mark
10 reduce rates for middle-income households?

11 Ms. Acuna. Yes, it does.

12 Senator Wyden. Mr. Chairman, parliamentary
13 inquiry.

14 The Chairman. Sure.

15 Senator Wyden. Can I make an opening statement
16 before questions?

17 The Chairman. Let me just finish these questions.
18 Then I will turn to you and you can ask your questions.

19 Senator Wyden. I thought we were making opening
20 statements.

21 The Chairman. Well, you can make your questions,
22 too, at that time. I am just going to do it this way and
23 then I will turn to you.

24 The second question -- and these are just a few
25 questions I think we have got to get out of the way.

1 Ms. Acuna, does the modified mark lower rates for
2 single parents in the middle income brackets?

3 Ms. Acuna. Yes, it does. It lowers the rates for
4 single parents in the middle brackets.

5 The Chairman. Third, does the modified mark
6 increase the child tax credit?

7 Ms. Acuna. Yes, it does. It doubles the child tax
8 credit from \$1,000 to \$2,000.

9 The Chairman. I will be darned. Fourth, does the
10 modified mark increase the refundability of the child tax
11 credit?

12 Ms. Acuna. Yes, it does. First of all --

13 The Chairman. If it does so, how does it do it?

14 Ms. Acuna. It indexes it to inflation and it
15 increases it from \$1,000 under current law to \$1,100.

16 The Chairman. Fifth, does the modified mark make
17 the child tax credit available to more families; and, if
18 it does, how so?

19 Ms. Acuna. Yes, it does, in two ways. The first
20 way is that it increases the age of the child that
21 qualifies to receive the child tax credit from under 17
22 to under 18. And, next, it increases the income
23 limitation in current law so that more middle-class
24 families can get the benefit of the child tax credit.

25 The Chairman. Thank you. Finally, does the

1 modified mark make the refundable portion of the child
2 tax credit available to more families; and, if it does
3 so, how?

4 Ms. Acuna. It does. Current law requires a wage
5 threshold. You have to make more than \$3,000 in order to
6 claim the refundable portion of the credit. The modified
7 mark reduces that to \$2,500.

8 The Chairman. Thank you. I wanted to get those
9 questions out of the way so we all know where we are
10 coming from. And I apologize to my Ranking Member for
11 having done so, but I just felt that was essential.

12 Now, I turn to the Ranking Member for his comments.

13 Senator Wyden. I am just going to ask one question
14 of Mr. Barthold apropos of the Chairman. Then I have got
15 an opening statement and questions of my own.

16 The Chairman. That will be fine.

17 Senator Wyden. Mr. Barthold, we do not have any
18 distribution analysis that supports what the Chairman
19 just got into. Does such a distribution analysis from
20 JCT?

21 Mr. Barthold. Senator Wyden, we prepared a
22 distribution analysis on the underlying mark and, as I
23 noted this morning, we are working on preparing an
24 updated analysis to reflect the changes in the
25 modification.

1 Senator Wyden. So there is no distribution
2 analysis for the bill that is the bill before us, and I
3 appreciate your clarifying it.

4 The Chairman. That is not what he said.

5 Senator Wyden. Yes, it is what he said, Mr.
6 Chairman.

7 The Chairman. I do not think so.

8 Senator Wyden. He said he had done a distribution
9 analysis for what was considered earlier, but he is going
10 to have to do another version, what he called an updated
11 version for the modified mark, and I am glad we got into
12 that.

13 Now, Mr. Chairman, you are surprised that we oppose
14 your backdoor effort to get rid of the Affordable Care
15 Act. I will have to tell you I am kind of surprised that
16 you and your colleagues do not care about the 13 million
17 people who are going to lose coverage and the 10 million
18 more who are going to see their premiums go up because
19 you are not going to have as many healthy people in the
20 risk pool.

21 And as we learned today, my colleague from Ohio went
22 through how some of the middle-class people that he
23 represents would get a few hundred bucks in terms of the
24 tax side here and they would lose it all and more in
25 terms of the increase in their health insurance premium.

1 What this all gets to -- and I am going to ask my
2 questions about this -- is that your bill has a double
3 standard in terms of taxes in America.

4 The folks from the multinational corporations, their
5 breaks are permanent and a lot of them, in effect, are
6 going to make it even more attractive to do business
7 overseas than red-white-and-blue jobs and the folks that
8 are middle class, their breaks are temporary. And this
9 is being used as, in effect -- the Majority Leader said
10 here in the last day, the temporary middle-class tax cuts
11 are what makes it possible for the multinational
12 corporations to get permanent tax cuts. And that is not
13 my analysis. Those were the comments made by the
14 Republican Leader.

15 Now, I am going to begin my questions and I want to
16 talk about what happened yesterday. Yesterday, Secretary
17 Mnuchin made a visit to Ohio and, in effect, he said that
18 the Administration was drawing a line in the sand with
19 respect to making the tax proposal and the massive
20 handouts to multinational corporations permanent. That
21 is what the Secretary said yesterday.

22 So, Mr. West, you are here from the Administration
23 and I have heard you say that you are kind of here for
24 this and kind of here for that, but I would assume, since
25 you are at the Treasury Department, you would know the

1 answer to this.

2 Has the Administration drawn any lines in the sand
3 to say that tax cuts for families would be permanent, as
4 well? That is a yes or no answer.

5 The Chairman. Well, you know they cannot do that,
6 Senator. You know they cannot do that. So that is kind
7 of a phony question.

8 Senator Wyden. Mr. Chairman, I do not think it is
9 phony at all. The Secretary of Treasury, who is Mr.
10 West's boss --

11 The Chairman. They cannot prophesize about in the
12 future.

13 Senator Wyden. Mr. Chairman, I will ask my own
14 question, if I could.

15 The Chairman. Go ahead.

16 Mr. West. Senator, I cannot answer the question as
17 to the position of the Treasury Department on these
18 provisions.

19 The Chairman. That is right.

20 Senator Wyden. Why are you here?

21 Mr. West. I am here to assist the committee with
22 the adminstrability of certain provisions. If you have
23 questions along those lines, I would be happy to assist.

24 Senator Wyden. Well, it is pretty hard to get into
25 administrative feasibility if you do not know where the

1 Administration is headed.

2 In other words, we now know where they are headed
3 with respect to permanent breaks for multinationals. We
4 do not know where they are headed with respect to
5 families, other than the Majority Leader has said that we
6 are going to make the families' tax breaks temporary in
7 order to make permanent the breaks for the folks at the
8 top.

9 Now, Mr. Barthold, could you give us some sense,
10 with respect to Joint Tax's score of the new bill -- and
11 we do have that -- that the expiration of the tax cuts
12 for the middle class pays for the permanent rate
13 reductions for corporations?

14 It looks to me like the individual tax title raises
15 money overall, while the corporate title loses it. Is
16 that correct?

17 Mr. Barthold. Senator Wyden, I assume you are
18 referring to the revenue table JCX-57-17.

19 Senator Wyden. Right.

20 Mr. Barthold. And the total of the -- let us see.
21 The total of the individual title is on page 3. Are you
22 looking at the last year or the line total?

23 Senator Wyden. The total. The way we see it, the
24 expiration of tax cuts for the middle class pays for the
25 permanent rate reductions for the multinational

1 corporations and that the individual tax title raises
2 money overall, while the corporate title loses.

3 Mr. Barthold. You are looking at the last year,
4 2027.

5 Senator Wyden. Yes.

6 Mr. Barthold. Yes. It is \$75 billion.

7 Senator Wyden. All right. So we have established
8 that, colleagues, that not only do we know now what the
9 Majority Leader's agenda is, but it is confirmed by Joint
10 Tax's analysis. I think this sounds worse than the Bush
11 tax cuts, because I think families and small businesses
12 could end up worse.

13 In fact, because of the inflation adjustment, which
14 is less, they could end up falling further behind.

15 So I think the remaining question I have for this
16 round, Mr. Barthold, is that a big part of what we have
17 wanted to do is real tax reform and get away from tax
18 extenders. That was a part of the 2015 tax focus, as you
19 know, the passed bill, which had permanent changes that
20 Democrats supported, permanent changes Republicans
21 supported. We combined them and we came up with a good
22 bill.

23 To what extent would the enactment of the Chairman's
24 tax plan bring back the need for tax extender bills and
25 going back to the old days and the fact that we did not

1 really have reform? We just kind of lurched from one
2 change to another, without providing the certainty and
3 predictability either for our middle class or our
4 business.

5 Mr. Barthold. The Chairman's mark, as modified,
6 would sunset all of the individual title items, as I
7 noted in the walkthrough, except for the inflation
8 indexing.

9 The underlying mark has a -- provides for 100
10 percent bonus depreciation for 5 years. The modification
11 adds, as I noted in this morning's walkthrough, a 2-year
12 temporary provision related to alcohol excise taxes and
13 has a 2-year temporary provision related to employer
14 credits for paid family and medical leave.

15 Senator Wyden. My time is about to expire. But it
16 seems to me, colleagues, what we now have is the opposite
17 of tax reform. We have a crazy quilt of provisions.
18 Some of them are permanent, some of them are temporary.

19 Mr. Barthold, could you tell us -- and I think it
20 would be important to furnish this before we start voting
21 here at some point -- can you tell us how this affects
22 individual and pass-through small businesses and
23 corporations? Are you able to do that at this point?

24 Mr. Barthold. We have discussed a number of those
25 issues over the last -- I am not quite clear on the

1 specifics of the question you are asking, Senator.

2 Senator Wyden. The question is people are going to
3 say to Senators who have to vote on this we have got this
4 crazy quilt, that is permanent, that is temporary.

5 How does this affect individual and particularly
6 pass-through small businesses and corporations? And we
7 would like to see that on a piece of paper. How does it
8 affect those key constituents that we representative?
9 Can you get that to us --

10 Mr. Barthold. As I said, when we do our updated
11 distribution analysis, we have been presenting a breakout
12 between individual tax provisions, which counts the rates
13 effect, and business corporate and business base
14 provisions. So that you will be able to see that
15 breakout.

16 Senator Wyden. When would we be able to get that?
17 Before we start voting?

18 Mr. Barthold. Well, when are you starting voting,
19 sir?

20 Senator Wyden. Well, we are going to ask some more
21 questions, I can assure you of that. But, colleagues,
22 just get the significance of this -- and I am over my
23 time.

24 Here we are looking at voting. I have described how
25 we are basically going back to yesteryear. Instead of

1 having permanent tax reform, we are going to have some
2 stuff temporary and some stuff permanent, and we have
3 already explained the inequity for families versus
4 multinational corporations.

5 Now, we do not even have the specifics of how this
6 would affect individuals and pass-throughs and
7 multinational corporations. And we are not angry at you,
8 Mr. Barthold, because you have an extraordinary
9 challenging job to be asked to make, in effect, sense out
10 of \$10 trillion worth of tax changes that are really
11 being made on the fly. But we would like it if you could
12 furnish that before we vote.

13 Mr. Barthold. We are trying to complete that
14 today, sir.

15 Senator Wyden. Thank you. Thank you, Mr.
16 Chairman.

17 The Chairman. Thank you. Now, I have allowed the
18 Democrat leader to go over, but from here on in, we are
19 going to stop at 5 minutes. So let us all observe these
20 time constraints, because everybody wants to participate
21 and I would like to treat everybody as equally as we can.

22 Senator Grassley?

23 Senator Grassley. Mr. Barthold, many on the other
24 side have expressed concern with the corporate tax rate
25 reduction being made permanent. So would you tell us, if

1 the corporate tax rate reduction were not permanent, how
2 would that affect business behavior in the 6 or so years
3 from now?

4 Mr. Barthold. The economic incentives to invest in
5 the analysis that we provided to the members is driven by
6 after-tax returns from investment. Investment has its
7 returns over a long period of time.

8 You said 5 or 6 years from now. So if you were in
9 2022, you would be thinking if I made an investment, a
10 new factory, a new facility, then you would be earning
11 your income out over the subsequent years and you would
12 be looking at higher -- potentially higher tax rates
13 after the sunset date that you propose, Senator Grassley.

14 So that would diminish what you would see as the
15 possible returns from your investment. So it should
16 diminish investment incentives.

17 Senator Grassley. If it is not made permanent,
18 then would it nullify the benefit that comes in the first
19 part of the 10 years?

20 Mr. Barthold. When we get to undertaking our
21 macroeconomic analysis of the legislation, having the
22 loss of some of the investment incentives because they
23 are temporary would diminish a potential investment,
24 potential growth that you might get in this decade.

25 Senator Grassley. Mr. Chairman, I am going to

1 reserve my 3 minutes. I might want to ask some more
2 questions, but that takes care of it for now.

3 The Chairman. All right. Senator Stabenow?

4 Senator Stabenow. Thank you, Mr. Chairman.

5 First, I just want to indicate again that revenues
6 under this chaotic process, with things changing over
7 time, not being able to get the numbers before we vote,
8 not understanding and getting the analysis on one-sixth
9 of the economy, on healthcare alone, let alone the tax
10 code, we could be doing this in a bipartisan way. That
11 is what this committee is known for, and it is extremely
12 concerning that that is not what is happening.

13 But let me, again, as we talk about -- and my first
14 round of questions talked a lot about the 13 million
15 people that will lose health insurance coverage. In
16 fact, it is 13 million people. The idea that nobody will
17 -- if nobody was going to lose insurance, then there
18 would not be about \$400 billion available to spend on
19 making the multinational corporate tax cuts permanent.

20 The whole idea of the fact that now changes can be
21 made that the Republicans want to make is because
22 somebody loses something, and that is called healthcare,
23 13 million people. It is spending about \$400 billion
24 less. That is how they get the money. Then, on the
25 other hand, not having enough money to extend anything

1 for middle-class families beyond 2025.

2 But when we looked at the healthcare piece, one of
3 my constituents was born with type I diabetes as a child.
4 Insurance companies refused to cover her. She would
5 stretch out 3 days' worth of medication to 5 days to save
6 money. I have heard this over and over again in
7 Michigan. Under the Affordable Care Act, she was able to
8 get coverage and the medications that she needs.

9 Now, I would like to ask Mr. Carasso. Under this
10 bill, Theone (phonetic) could see an increase of 10
11 percent next year; is that right?

12 Mr. Carasso. I think that is our understanding
13 from what CBO has analyzed.

14 Senator Stabenow. And according to CBO, there
15 would be people just her all across Michigan, all across
16 the country, forced to pay more for their medicine,
17 forced to pay more for their insurance.

18 Mr. Carasso. Yes. Again, according to what CBO
19 and others have reported.

20 Senator Stabenow. And that is going to happen to
21 people all over this country.

22 So basically, when you are faced with that kind of a
23 situation, you have got a couple of options. You pay
24 more for your insurance or you lose your coverage all
25 together.

1 I would like to know if there is anything in this
2 bill that brings down the cost of premiums.

3 Mr. Carasso. I am going to have my colleague sub
4 in, who is --

5 Senator Stabenow. Happy to do that. Thank you.
6 We would welcome it. Is there anything in this bill to
7 bring down health care premiums?

8 Ms. Woronoff. Sorry about that. No. The repeal
9 of the individual mandate, as we have talked about, CBO
10 says it will actually raise the cost of premiums.

11 Senator Stabenow. Is there anything to reduce out-
12 of-pocket costs in this bill?

13 Ms. Woronoff. No.

14 Senator Stabenow. Is there anything to bring down
15 prescription drug cost, which is the major driver of
16 healthcare spending?

17 Ms. Woronoff. No.

18 Senator Stabenow. Is there anything that would
19 help constituents with preexisting conditions?

20 Ms. Woronoff. No.

21 Senator Stabenow. So I think it is pretty clear.
22 Republicans needed to include tax cuts to healthcare in
23 order to pay for tax cuts for big multinational
24 corporations.

25 A couple of other questions on different parts now

1 of this bill, turning away from healthcare. I now want
2 to talk about the home mortgage deduction and homes.

3 Michigan is a state where we not only have a lot of
4 people that have their primary residence, they have got
5 the cabin up north, they have got the cottage on the
6 lake.

7 Today, hunting season is opening and an awful lot of
8 folks in Michigan, including members of my family, are
9 going up to the hunting cabin. And so let us talk a
10 little bit about it.

11 Would this bill allow families to deduct their
12 mortgage interest on their second home if there is a
13 hunting cabin?

14 Mr. Barthold. Yes, it would.

15 Senator Stabenow. It would.

16 Mr. Barthold. It does.

17 Senator Stabenow. As a second.

18 Mr. Barthold. Yes, it does. The only modification
19 that the Chairman's mark, as modified, makes to the home
20 mortgage interest deduction is to eliminate home equity
21 loans.

22 Senator Stabenow. Home equity loans.

23 Mr. Barthold. Home equity loans, but not a
24 mortgage related to a second residence.

25 Senator Stabenow. Does the House bill?

1 Mr. Barthold. The House bill would eliminate the
2 mortgage interest deduction with respect to second homes,
3 home equity loans, and also would lower the present law
4 \$1 million acquisition mortgage limitation to a \$500,000
5 limitation.

6 Senator Stabenow. So it significantly limits that.
7 So we have, as usual, still get conference committee --

8 Mr. Barthold. That is the House bill.

9 Senator Stabenow. That is correct. And as we
10 talked about yesterday, a House bill and a Senate bill,
11 we will have to see where that ends up.

12 Mr. West, any idea where the Administration would be
13 on the mortgage interest deduction, home equity loans? A
14 lot of folks are using those to get loans to send the
15 kids to college, or somebody who is buying the hunting
16 cabin up north?

17 Mr. West. I am sorry, Senator. I am not prepared
18 to talk about the Administration's --

19 The Chairman. Senator, your time is up. We are
20 going to be tough on time here today.

21 Senator Stabenow. Thank you, Mr. Chairman.

22 The Chairman. Senator Cardin?

23 Senator Cardin. Thank you, Mr. Cardin.

24 Mr. Chairman, I have really tried to understand this
25 bill. I got it Thursday night, original bill. I had

1 concerns about middle-income families not being treated
2 fairly with the tax relief going to high income and
3 increasing the deficit by \$1.5 trillion and probably much
4 more.

5 Then I take a look at the modified mark that we got
6 late last night and these circumstances appear to be even
7 worse. I have commented somewhat on this, but by making
8 the individual tax issues temporary, but making the
9 business tax issues permanent, we have really made it
10 worse for middle-income families and we made it worse for
11 the deficit, because we now have extenders, big extenders
12 that are going to be the trillions of dollars.

13 I do not think anybody in this committee expects
14 that we are not going to extend these provisions, but in
15 reality, we do not build that into the economic model.
16 So it is the worst of all possible worlds.

17 But I want to drill down a little bit more on the
18 individual mandate issue for health insurance, because I
19 listened to some of my colleagues give a very sympathetic
20 reason for this, saying that we are going to provide an
21 additional \$43 billion of tax relief to middle-income
22 families.

23 Now, I find that strange, because as I understand
24 it, 13 million more Americans are going to be uninsured
25 and the individual market rates are going to go up by 10

1 percent as a result of this provision alone.

2 So middle-income families are going to find
3 themselves without insurance and they are going to find
4 their healthcare costs are actually increased.

5 But I thought Senator McCaskill made a very good
6 point and I just really wanted to get Mr. Barthold's view
7 on this so I understand it.

8 There is \$43 billion of tax relief because we are
9 not collecting the penalty on the mandate, but, yet, as I
10 understand it, you have over \$300 billion of more
11 revenues available as a result of that one provision,
12 net, if I am correct on this.

13 Mr. Barthold. That is correct, because of
14 behaviors in the marketplace.

15 Senator Cardin. The behaviors in the marketplace
16 -- I want to concentrate on two that total about \$360
17 billion of savings. One is the reduced subsidies under
18 the Affordable Care Act.

19 Mr. Barthold. There are two different specific
20 ones. One is the exchange subsidy credit that is
21 available on the purchase of policies through the
22 exchange and the other is the cost-sharing subsidies that
23 are payments to insurance companies to help meet minimum
24 tax payroll standards.

25 Senator Cardin. And both of those subsidies, there

1 are income limits as to who can qualify for that type of
2 relief.

3 Mr. Barthold. That is correct.

4 Senator Cardin. So we are talking about losing
5 \$185 billion of subsidies that go to -- I will call it
6 middle-income families. It actually may be middle
7 income, lower middle-income families, depending on their
8 income levels.

9 Mr. Barthold. The bottom half, sir.

10 Senator Cardin. The bottom half. So they lose
11 \$185 billion of subsidies that would otherwise be
12 available for their health care because they chose under
13 the mandate their behavior. I understand that.

14 Then there is \$179 billion reduction in the Medicaid
15 subsidies. Now, these are people who would qualify for
16 Medicaid. And we know, Medicaid, we have working
17 families that qualify for Medicaid. Veterans qualify for
18 Medicaid. We know that. We had that debate on the floor
19 of the United States Senate.

20 Because these individuals right now do not come
21 forward, because there is no mandate, and they lose those
22 benefits.

23 Mr. Barthold. That is correct. There is a
24 reduction in outlays.

25 Senator Cardin. Middle-income families are getting

1 a lot of the conversation here, but it seems like it is
2 disingenuous to say that you are providing \$43 billion of
3 relief when you are taking away \$360 billion of benefits.

4 Am I missing something as far as the benefits to
5 basically middle-income families?

6 Mr. Barthold. The analysis that you have provided
7 on the benefits that you provided seems accurate.

8 Senator Cardin. And let me use my last 45 seconds,
9 Mr. Chairman, to just make a plea here.

10 I do not know what impact this is going to have on
11 the State of Maryland, but I do know that we have an all-
12 payer rate structure which is truly unique. And if we
13 have a high increase in the uninsured, it is difficult to
14 maintain that program of all-payers. And these are the
15 consequences of changes that are being contemplated here
16 without having the time for us to even go back to our
17 states to figure out what impact it has.

18 That affects the healthcare of all Marylanders by
19 this one provision, and I just think the process here
20 leaves a lot to be desired and I am really disappointed.

21 Thank you, Mr. Chairman.

22 The Chairman. Well, I wish it was more perfect
23 myself. We will go to Senator Enzi now.

24 Senator Enzi. Mr. Chairman, I would just reserve
25 my time.

1 The Chairman. Senator Isakson, we will go to you.

2 Senator Isakson. I wanted to address Senator
3 Stabenow's comments a few minutes ago. She was on target
4 on a couple of things and got kind of cut off as the
5 clock ran out.

6 She has been a champion in working on the mortgage
7 issue for a number of years, since we had the crisis in
8 2008. And the answers that you got were exactly correct,
9 and, that is, the Senate provisions include both the
10 first and second mortgage, and the limitation, combined,
11 is \$1 million in debt. So you substantially maintain the
12 mortgage interest deduction you have today in the future
13 as far as this bill is concerned.

14 You no longer will be able to deduct interest on a
15 home equity line of credit or a money market line of
16 credit, for a lot of reasons that are right, because a
17 lot of that has been abused by people who get mortgages
18 beyond their ability to pay. So I think it is a good,
19 responsible proposal.

20 I also want to compliment you on the concept of a
21 credit versus a deduction that you came up with and
22 articulated early on in this debate. That has a future.
23 So I want you to know that your proposal not only was
24 intriguing, but it has got legs.

25 In fact, I just left a meeting with some people

1 talking exactly about the credit versus deduction. So on
2 behalf of the people who have interest in the mortgage
3 deduction and have worked on that issue, which you have,
4 thank you for what you have done.

5 Secondly, I want to make a point. I yielded my time
6 to Senator Scott, who did an articulate job and far
7 better than me this morning. So I am glad I yielded it
8 to him. But I did have something I wanted to say, and it
9 is this.

10 This morning, UPS issued a press release about the
11 tax bill. David Abney, the president of UPS, which his
12 home-based in my State of Georgia, but does business all
13 over the world, was that the tax bill, in their opinion,
14 was going to increase employment, increase jobs, and
15 increase prosperity in America, and they were very
16 supportive of it.

17 I just wanted to say this. When you get right down
18 to it, as a government, there are only two ways we can
19 increase our revenue. One is to increase the rate of
20 taxation that we charge, which might not materialize into
21 an actual increase or not, but it looks better.

22 But the best way is to increase prosperity for our
23 citizens. If we incentivize economic development, growth
24 by corporations, expansion by businesses, they interpret
25 that into job creation in their business. Those jobs pay

1 taxes and those taxpayers start small businesses, which
2 pay more taxes, and it has a cumulative effect.

3 So I think the approach that has been taken -- and I
4 know there are people that have problems with a lot of
5 the substance, some people have problems with the style,
6 some people have problems with the way it has been done.

7 But I do commend the committee and the Chairman on
8 working hard to provide tax incentives that will grow our
9 economy, further the opportunity in jobs, and grow the
10 revenue of the United States of America the right way by
11 increasing the prosperity of our citizens first, where we
12 benefit second. And that is the only thing I wanted to
13 inject.

14 I yield back the balance of my time.

15 The Chairman. Thank you, Senator.

16 Senator Brown?

17 Senator Brown. Mr. Chairman, I would prefer if
18 Senator Bennet could go next, if you could come back to
19 me. Is that all right?

20 The Chairman. If you would like to yield to him,
21 that would be fine.

22 Senator Brown. I will yield to him, but then he
23 can yield to me later. Is that appropriate?

24 The Chairman. I think so, sure.

25 Senator Brown. Thank you, Mr. Chairman.

1 Senator Bennet. Thank you. Thank you, Mr.
2 Chairman. And thank you to my colleague from Ohio.

3 I think part of what, speaking over lunch, why we
4 seem to be missing each other in this conversation, part
5 of it, I think, is the concern at least that I have about
6 the backdrop of our economy that sort of is the context
7 in which we are having this conversation, where we have
8 seen over decades now a situation where the top 10
9 percent of income earners in America have now reached a
10 threshold where they are earning more than 50 percent of
11 the income and the bottom 90 percent, which is everybody
12 else, is earning less than 50 percent of the income.

13 That is not the way it was for the entire history of
14 the United States, but that is where we find ourselves
15 today, with the huge disparity that exists.

16 In that regard, Mr. Barthold, I wanted to ask you
17 few questions. One of my colleagues on the other side
18 touted that every single income bracket got a tax cut, in
19 total, under this bill. Is that correct?

20 Mr. Barthold. Again, we have not completed he
21 analysis of the modification. But as we discussed
22 yesterday, under the underlying mark, that is correct.

23 Senator Bennet. And on your tax plan distribution,
24 I realize that some of this will change, but is it true
25 that the 572,000 taxpayers -- so just over half a million

1 taxpayers -- making \$1 million per year and more receive
2 \$33 billion in tax cuts in 2019 alone?

3 Mr. Barthold. That is correct, as reported in the
4 first column of JCX-58.

5 Senator Bennet. And I would note for the Chairman
6 and my colleagues that these tables do not even count the
7 impact of the estate tax, which we know goes
8 overwhelmingly to higher-income households. Is that not
9 right, Mr. Barthold?

10 Mr. Barthold. I provided some supplemental
11 information to all the members yesterday on the estate
12 tax. Yes, it is generally higher income households.

13 Senator Bennet. And I have added up how much
14 everyone -- all 90 million taxpayers -- who make less
15 than \$50,000 receive in 2019.

16 Mr. Barthold, if you could take a look at that chart
17 and eyeball it and see whether you think the total of
18 these 90 million taxpayers receive. Is it more or less
19 than the 572,000 taxpayers with incomes over \$1 million?

20 Mr. Barthold. Well, adding up \$100,000 and less.

21 Senator Bennet. Yes, \$50,000 and less.

22 Mr. Barthold. Fifty thousand.

23 Senator Bennet. Yes.

24 Mr. Barthold. Fifty thousand and less.

25 Senator Bennet. I will give you the -- because I

1 was not very nice yesterday, I am going to supply you
2 with the answer, which is \$13.3 billion.

3 So you have \$33 billion going to 528,000 taxpayers.

4 You have -- who are getting \$33 billion. You have \$13.3
5 billion going to people making \$50,000 and above.

6 I know you are precise, Mr. Barthold, but the reason
7 I am asking is these numbers are so far apart that it is
8 obvious what the result is, even at first glance.

9 The 572,000 taxpayers with incomes over \$1 million
10 get 2.5 times as much as the entire 90 million people
11 with incomes below \$50,000 -- 2.5 times what people are
12 getting below \$50,000, and that does not even include the
13 estate tax changes.

14 Mr. Barthold, I only have one more question. Have
15 incomes been growing faster for median households over
16 the past 40 years or for people with incomes over \$1
17 million?

18 Mr. Barthold. I do not know the \$1 million figure,
19 but most of the data indicates that the top 10 percent --
20 incomes of households or individuals in the top 10
21 percent of the population have grown more rapidly than
22 the median households.

23 Senator Bennet. And I am grateful for your candor.

24 So, colleagues, this is a massive amount of distribution
25 to the people in our economy who have done the best

1 without a distribution -- much of a distribution at all
2 to people that are really struggling in this economy.

3 And I know, before people say it, that the wealthier
4 you are, the more income tax you pay. I have an
5 appreciation for that. I used to be in the private
6 sector myself.

7 But when you add up federal taxes, state taxes,
8 local taxes, people at the bottom 20 percent, they are
9 benefiting so meagerly from this legislation compared to
10 the people at the top, pay 26.2 percent in taxes. They
11 actually pay a larger share of their income in state and
12 local taxes than people in the higher income levels, in
13 part, because of sales tax, because it is so regressive.

14 We are just compounding that with this bill. In a
15 world where people cannot afford housing, they cannot
16 afford healthcare, they cannot afford higher education or
17 early childhood education, we are making matters worse
18 for them.

19 Thank you, Mr. Chairman. I yield.

20 The Chairman. Thank you.

21 Senator Casey?

22 Senator Casey. Thank you, Mr. Chairman.

23 I have a couple of questions for Ms. Woronoff. I
24 wanted to direct your attention to page 10 of the
25 document entitled Chairman's Modification.

1 In particular, in light of what is in the modified
2 mark, as well as what is in the recent Congressional
3 Budget Office report as it relates to the individual --
4 what is referred to on page 10 as the ACA individual
5 share of responsibility payment.

6 The provision that deals with the repeal, will this
7 provision lead to individuals losing their health
8 insurance?

9 Ms. Woronoff. Thank you, Senator. According to
10 the CBO, 13 million fewer Americans will have health
11 insurance as a result of this provision.

12 Senator Casey. And that is as of 20 --

13 Ms. Woronoff. In the next 10 years, by 2027.

14 Senator Casey. And what is the first year, that is
15 2019?

16 Ms. Woronoff. Yes, four million.

17 Senator Casey. So it starts at four million and
18 increases up to 13 million over the decade.

19 Ms. Woronoff. Exactly.

20 Senator Casey. Is it possible that some of the
21 people who would lose their health insurance in that time
22 period or even in the first year would be individuals
23 with disabilities?

24 Ms. Woronoff. Yes, it is possible.

25 Senator Casey. Is it also possible that some of

1 those who would lose their insurance would be children?

2 Ms. Woronoff. Yes.

3 Senator Casey. And I guess, also, that means it
4 could be parents of children who would lose insurance.
5 Is it also possible that the people who lose their health
6 insurance are older adults over the age of 50?

7 Ms. Woronoff. Yes.

8 Senator Casey. And is it also possible that some
9 of these individuals who would lose their health
10 insurance would be individuals struggling with substance
11 use disorders?

12 Ms. Woronoff. Yes.

13 Senator Casey. The overall impact is, I think,
14 fairly obvious to most folks, what's happening here. But
15 what may not be as evident to folks is the time which you
16 and others who do this for a living have had to review
17 both the bill overall, but in particular, any new
18 provisions.

19 I had one or two questions this morning for Mr.
20 Barthold with regard to the time it takes to review the
21 impact, and he indicated that that analysis was not
22 complete.

23 But that is all the questions I have, Mr. Chairman.
24 I will yield back 2 minutes.

25 The Chairman. I think we should go to Senator

1 Brown now.

2 Senator Brown. Thank you, Mr. Chairman, for your
3 accommodation.

4 I thought that Senator Bennet's numbers were just
5 astounding about how much this tax cut goes to the
6 wealthy and how little goes to the rest of the country.

7 Secretary Mnuchin and Chairman Brady and Speaker
8 Ryan and Senator Toomey have all stated that tax cuts
9 will pay for themselves through growth. That has never
10 really been the argument of the original supply-siders,
11 including Bruce Bartlett, who was an architect of Jack
12 Kemp's tax cut proposals.

13 He stated just a month or so ago, "In reality, there
14 is no evidence that a tax cut would spur growth."

15 The most honest take was perhaps from President
16 Reagan's chief economic advisor and sort of the guru of
17 trickle-down. He freely admitted what the original
18 supply-siders have always said. Permanent tax cuts, at
19 best, recover about a quarter of the lost revenue through
20 economic growth.

21 So, Mr. Carasso, if I could ask you. Is Mr.
22 Feldstein's finding consistent with the evidence of fast
23 tax cuts?

24 His findings that what the original supply-siders
25 have always said, permanent tax cuts, at best, recover

1 about a quarter of the lost revenue through economic
2 growth.

3 Mr. Carasso. I do not think there is a -- the
4 literature gives a range of responses, but it is
5 generally quite low. I would be, generally, I think,
6 under 25 to 30 percent.

7 Senator Brown. And the same question, and I will
8 just -- tax reform in the 1960s, the 1981 tax cut, the
9 1986 tax cut, same answer, I assume.

10 Mr. Carasso. Yes. I think a lot depends on how
11 the tax cuts are designed. It really depends on the
12 provisions. But generally, the responses -- they are
13 nowhere near 100 percent replacement of the funds
14 expended through the --

15 Senator Brown. In 1993 -- well, in 2001 and 2003,
16 how did the tax works?

17 Mr. Carasso. These were sort of across-the-board
18 reductions in rates and expansions of credits. The EITC,
19 the child tax credit, was expanded, but I think a lot of
20 debate as to how much they actually -- what they did to
21 stimulate the economy and really -- they certainly did
22 not pay for themselves. I do not think there has been
23 any study that has shown that. I think there have been a
24 number of studies that have sort of shown the opposite.

25 Senator Brown. Well, no studies show it, but many

1 of the players, Secretary Mnuchin seems to think it,
2 although his specialty is really banking and foreclosures.
3 Chairman Brady seems to think it or at least he is
4 saying, and Speaker Ryan seems to think it or at least he
5 is saying, and a number of people on this committee seem
6 to think it, even if the gurus of their economic school,
7 if you will, say that, at best, as you point out, Mr.
8 Carasso, that no more than 25-30 percent of the tax cuts
9 -- of the lost revenue is made up through economic
10 growth.

11 Let me take a slightly different tact here. We know
12 this so-called tax bill takes insurance, health insurance
13 away from 13 million Americans. We know it causes
14 premiums to skyrocket. But the story does not end there.

15 It also forces direct cuts to Medicare. Yesterday,
16 Ken Hall, the director of the CBO, provided Congress with
17 this letter to Steny Hoyer, stating if the bill is
18 passed, the Federal Government would be required by law
19 to order \$25 billion in cuts to Medicare. Correct?

20 Mr. Carasso. I think this is our understanding of
21 the statutory PAYGO law.

22 Senator Brown. So once again, you are telling us
23 passage of this bill will result in billions of dollars
24 in immediate cuts to Medicare. Correct?

25 Mr. Carasso. If statutory PAYGO is not

1 subsequently waived, correct.

2 Senator Brown. But it does not stop with Medicare,
3 as we know. Social Security is next. Again, do not take
4 my word for it. Representative Brady of Texas, the
5 chairman of the House Ways and Means Committee, said that
6 House Republicans would soon turn toward welfare reform,
7 tackling entitlements.

8 Mr. Feldstein, months ago, wrote an article in the
9 Wall Street Journal saying the tax cuts -- only about a
10 quarter of the deficit will be -- of the increased
11 deficit will be made up for by growth. The other three-
12 quarters should be paid for, he said, by raising the
13 eligibility age for Social Security. So that a barber in
14 Garfield Heights or a waitress in Toledo or a
15 construction worker in Dayton or a manufacturing worker
16 in Jackson, Ohio would have to work until they are 69,
17 70, 71 years old.

18 Speaker Ryan said at a town hall event that the next
19 item on the Republican agenda was cutting social
20 insurance.

21 So my question is actually for the Chairman of the
22 committee, for Chairman Hatch, because I want to be
23 really sure that if we make these -- if we pass this bill
24 and we blow a bigger hole in the deficit, that this
25 Congress is not going to come back -- or the next

1 Congress -- and say, well, we have got to raise the
2 eligibility age of Social Security, we have got to cut
3 Medicare, we have got to cut Head Start, we have got to
4 go after education, we have got to go after healthcare.
5 I want some assurance.

6 So, Mr. Chairman, my question for you is, is
7 entitlement reform the next item on your agenda?

8 The Chairman. I am sorry. I did not hear the
9 question.

10 Senator Brown. I will set the question up again.
11 I am not sure you were listening.

12 The Chairman. I just did not hear it.

13 Senator Brown. Just that it is clear there is
14 going to be such a huge hole in the deficit, Congress is
15 going to have to make it up somehow.

16 So my question is, is entitlement reform -- so-
17 called entitlement reform the next item on your agenda?

18 The Chairman. Well, if there is a deficit and that
19 happens, and it very well could, Congress will have to
20 work its will. That is what Congress is for, and we
21 will.

22 Senator Brown. It seems to me, Mr. Chairman, that
23 we should go into this with eyes wide open.

24 The Chairman. Well, I never --

25 Senator Brown. By listening to people -- I am

1 sorry, Mr. Chairman. By listening to people who are
2 experts, Martin Feldstein and Mr. Carasso, so many have
3 said that it is almost certain -- history shows -- the
4 evidence is that this will increase the deficit. You
5 only grow 25 percent of this hole. So we know it is
6 going to be a bigger deficit.

7 So my question, fundamentally, is entitlement reform
8 a big part of the way -- raising the Social Security
9 eligibility age, all the things you are going to do, is
10 that what you are thinking about?

11 The Chairman. I do not think so, but nobody can
12 predict the future. All I can say is that we know one
13 thing, that the continual spending that our Democrat
14 friends and colleagues are calling for is going to put us
15 in even deeper debt than we are now.

16 Look, I would like to solve this problem. I would
17 like to have our entitlement programs work.

18 Senator Brown. I heard Senator Bennet say, Mr.
19 Chairman, earlier this morning, that when President
20 Clinton -- when he did his deal, that, frankly, no
21 Democrats voted for -- or no Republicans voted for in the
22 early 1990s -- that was my first year in the House --
23 that we built this huge \$1 trillion -- projected \$1
24 trillion surplus and then we did tax cuts, two tax cuts
25 an unpaid war blew it up.

1 So I do not think you can make the case it is always
2 Democratic spending. It is fiscal policies like this.
3 When you gut taxes, as Mr. Carasso said, the deficit goes
4 up and the economic growth is not what Senator Toomey
5 said, Secretary Mnuchin said, Speaker Ryan said, Chairman
6 Brady said, what a number of my colleagues said. The
7 economic growth is not enough to pay for this.

8 The Chairman. We also know that we cannot keep
9 spending, too, and that is what we have been doing for
10 the last 40 years.

11 Senator Brown. But this is not a spending
12 question, Mr. Chairman.

13 The Chairman. Look, look, your time is up. Let us
14 go to the next person on the list, and that is Senator
15 McCaskill.

16 Senator McCaskill. Thank you, Mr. Chairman.

17 As a point of parliamentary inquiry, before I begin
18 my questions, thank you for the list.

19 The Chairman. Sure.

20 Senator McCaskill. I have now started going
21 through the list and trying to look at all these
22 amendments that were added and I noticed that, like, one
23 example of an amendment that was added. When I look and
24 find the amendment, it just says provide credit to
25 employers for family leave, with no other information.

1 Is there someplace I can go to find out how much
2 that is and who gets it? Do you know? Does anybody
3 know?

4 The Chairman. That is in the JCT summary and I do
5 not know anything more than that.

6 Senator McCaskill. There is one that talks about
7 credit for domestic manufacturers, and all of these
8 amendments -- now, I have only gotten through the --
9 there are like 35 of them -- I have only gotten through
10 the first 10 trying to glance.

11 In most of these amendments, there is just a brief
12 description and then it says offsets to be determined.

13 Have you all determined the offsets for all of
14 these?

15 The Chairman. Well, if I were you, I would direct
16 your questions to the panel. That is what they are here
17 for.

18 Senator McCaskill. Well, this is coming from your
19 staff, the Republican staff.

20 The Chairman. We are getting it from the panel.

21 Senator McCaskill. Mr. Chairman, I am trying to
22 decide how to vote. You put all this in the bill.

23 The Chairman. I am pretty sure I know how you are
24 going to vote.

25 Senator McCaskill. I just want to know what it is.

1 Senator Cornyn. You have to read it.

2 Senator McCaskill. It is not here, Mr. Cornyn.

3 Senator Cornyn, it is not here. I would read it. I am
4 busy trying to -- I got this a half-an-hour ago and I am
5 busy going through this giant book trying to find it. It
6 is not here.

7 The Chairman. This is all in the JCT summary and I
8 would ask them, if you want to.

9 Senator McCaskill. Are all of these amendments and
10 the offsets included in your summary?

11 Mr. Barthold. Yes, sir. The particular one about
12 the employer credit for paid family leave is on pages 41
13 and 42. It describes the credit rates.

14 Senator McCaskill. Do you have any summary about
15 where all the offsets are and how much each one of them
16 costs or is it just the 100 pages?

17 Mr. Barthold. There is not an offset, per se, that
18 is part of that provision. The revenue table that we
19 provided shows what provisions raise revenue and what
20 provisions lose revenue relative to baseline.

21 The family paid leave credit loses revenue, but
22 there were provisions that we noted this morning that
23 raise revenue. For example, there were the changes to
24 the amortization of research expenditure. There was the
25 change for the treatment of meals provided for the

1 convenience of the employer, and a number of other
2 things.

3 Senator McCaskill. Let me ask you this, Mr.
4 Chairman. Is it going to be possible for us to have a
5 period of time that I could actually read the 100 pages,
6 since we got it at 10:30 last night and we started at 10
7 this morning, before we start offering amendments? Could
8 we have an hour to read it? Would that be possible, to
9 get an hour before we start amendments to read the
10 summary? I am just asking for an hour for 100 pages. I
11 am a fast reader.

12 Since 10:30 last night, Mr. Chairman?

13 The Chairman. You have had it since last night.

14 Senator McCaskill. I was asleep at 10:30 last
15 night, Mr. Chairman. I do not know about you, but I was
16 asleep at 10:30 last night.

17 The Chairman. Well, while others are asking, maybe
18 you better go read it.

19 Senator McCaskill. Okay, Mr. Chairman. Let me ask
20 about pass-throughs.

21 The Chairman. I am sorry, Senator. I do not mean
22 to sound --

23 Senator McCaskill. I am just trying to learn this
24 stuff, Mr. Chairman.

25 The Chairman. -- uncooperative. I understand and

1 I appreciate that and I want to help you.

2 Senator McCaskill. I take this really seriously.

3 The Chairman. I want to help you, but we have got
4 to move ahead. We are moving ahead. It is taking a lot
5 of time. We have got the top experts in the country
6 right here helping us. And I think we have all got to
7 prepare ourselves the best we can. I am sorry. Go
8 ahead.

9 Senator McCaskill. On the pass-throughs, Mr.
10 Barthold -- by the way, I love your cardinal red tie.

11 Mr. Barthold. Thank you.

12 Senator McCaskill. On the pass-throughs, have you
13 all reached an agreement as to whether or not the W-2
14 wage limitations are -- whether they can be aggregated?
15 Because at one point in time, there was a disagreement
16 between the JCT and the Finance staff about the
17 aggregation on the wage limit on the pass-through.

18 Mr. Barthold. The test is business-by-business
19 under the modification, in our understanding of the
20 original mark.

21 Senator McCaskill. So they will not be aggregated.

22 Mr. Barthold. Not for testing purposes. That is
23 correct.

24 Senator McCaskill. So every different LLC for a
25 real estate developer would be different.

1 Mr. Barthold. It would be tested by the wages paid
2 in that LLC. So if one had a larger payroll than the
3 other, the limit would be different for the one
4 enterprise than the other enterprise.

5 Senator McCaskill. Is there an impact to basis?
6 Are these pass-through changes on the W-2 wage
7 limitation? Other issues that I did not see clearly
8 addressed in the original mark. Admittedly, I have not
9 had time to read the 100 pages. Was there an impact to
10 basis?

11 Mr. Barthold. The changes in the modification went
12 into two or three different dimensions. In the
13 underlying mark, there was no limitation based on wages
14 in the case of a sole proprietorship.

15 The modification extends the limitation based on
16 wages to sole proprietorships. So under the original
17 mark, a sole proprietor could have employees, there was
18 no limitation based on wages. Now, there is a limitation
19 based on wages.

20 Under the original mark, the limitation based on
21 wages applied in the case of S corporations,
22 partnerships, and LLCs, regardless of any other factor.

23 In the modification, there is no limitation based on
24 wages if the owner has a taxable income less than
25 \$500,000, and I am using the return of joint filers. And

1 that is applied for S corporations, partnerships, your
2 LLCs, and sole proprietorships.

3 The original mark -- also, a point that we discussed
4 yesterday about professional service provider
5 enterprises, the original mark had said that generally
6 those enterprises were excluded unless the owner, the
7 service provider, had a taxable income less than
8 \$150,000.

9 The modification changes that so that service
10 providers may claim the full benefit allotted if their
11 income is less than \$500,000 in the case of a joint
12 return.

13 So it expands the number of service providers who
14 may take -- service provider enterprises that may take
15 advantage of the modification. It tightens a rule for
16 sole proprietors and by putting the wage limitation on,
17 it relaxes the rule on wage limitations for S
18 corporations, partnerships, LLCs.

19 So those are the three --

20 Senator McCaskill. I have got a lot more questions
21 on pass-through, but I --

22 The Chairman. Senator, your --

23 Senator McCaskill. I know my time is up, but --

24 The Chairman. Senator Portman?

25 Senator McCaskill. -- I just want to say --

1 because I have tried to figure out if I could get more
2 information. I have got lot more questions on pass-
3 throughs, but if anybody thinks we have made this simpler
4 for 95 percent of the businesses in America, they have
5 not tried to wade through this.

6 The Chairman. All right. Our next questioner will
7 be Senator Portman.

8 Senator Portman. Thank you, Mr. Chairman.

9 I think for the pass-throughs -- and I appreciate
10 Senator McCaskill looking closely at this bill and, as
11 she said, she wants to know whether she should vote for
12 it or not. I appreciate her attitude.

13 I do think it is a whole lot simpler than what the
14 House came up with, because the 17.4 percent deduction is
15 simpler than coming up with a formula that every company
16 would probably disagree with, and then you have this
17 prove-out.

18 That is one reason the National Federation of
19 Independent Businesses today endorsed this bill. And
20 NFIB is big in my state, it is bit in your state and all
21 of our states, and they do think this is simpler, it
22 would be a good tax cut particularly for small
23 businesses.

24 With regard to what Senator Bennet said earlier
25 about the distribution of the tax cuts in this bill, I

1 have already asked Mr. Barthold about this, as have
2 others, and he says there is a tax cut at every income
3 group.

4 In other words, if you look at between \$20,000 and
5 \$40,000, there is a tax cut; between 40 and 60, there is
6 a tax cut, and so on.

7 One of the distribution tables that I have got in
8 front of me here, Mr. Barthold, is your JCX-53-17,
9 distribution effects of the Chairman's mark. I know this
10 is not necessarily accurate now, because now we have
11 taken some of the tax, which is what it is, it is in the
12 Internal Revenue Code, from the individual mandate and
13 provided more middle-class tax relief.

14 So these distribution tables are even more skewed
15 toward the middle class now than this one is, but let me
16 ask you the questions here just looking at that table.

17 The comment was made that the wealthy are going to
18 pay less. Do the wealthier pay, as a percentage of their
19 tax, more or less under this table? I am looking at
20 federal taxes under the proposal and federal taxes under
21 present law. And let us say for those of \$1 million or
22 up.

23 Mr. Barthold. Which columns are you looking at
24 again, Senator Portman?

25 Senator Portman. I am looking at federal taxes

1 under present law, federal taxes under the proposal, and
2 what the percent of taxation is for those of \$1 million
3 and up.

4 Mr. Barthold. What these column report are the
5 share of total federal tax paid by tax filing units in
6 that income group. I think the point that you are
7 highlighting is that, generally speaking, the highest
8 income group, which we report as \$1 million and over, is
9 paying approximately the same or more of total federal
10 taxes under the proposal.

11 Senator Portman. Right. Your chart here -- and,
12 again, I would encourage everybody to go on Jct.gov and
13 look at it yourself , look at all these charts. I am
14 giving you another commercial advertisement here, because
15 so much of this debate is not about what is actually
16 factual.

17 It says here this group is paying 19.3 now. Under
18 this proposal, they will pay 19.4. So they pay a higher
19 amount.

20 How about \$30,000 to \$40,000? Are they going to pay
21 more or less?

22 Mr. Barthold. We are looking, again, in calendar
23 year 2019 on this and the \$30,000 to \$40,000, under
24 present law, pay 1.5 percent of total federal taxes.
25 Under the proposal, we estimate that they would pay 1.4

1 percent of total federal taxes.

2 Senator Portman. And how about the next group, how
3 about \$50,000 to \$75,000, more or less?

4 Mr. Barthold. Fifty to 75, 8.2 to 8.1.

5 Senator Portman. So they are paying less. So this
6 was before the additional tax cuts were put in here for
7 the middle class, but already we see that, in fact, what
8 was said earlier and what has been said, unfortunately,
9 consistently here is just not accurate, your own charts,
10 right here.

11 Senator Bennett. Mr. Chairman?

12 Senator Portman. No, let me finish, because you
13 guys have all taken 2 or 2.5 minutes more than your time
14 and I am trying to keep --

15 Senator Bennet. I did not. I did not, Senator
16 Portman.

17 Senator Portman. You are taking my time now.

18 Senator Bennet. I did not, Senator Portman, and --

19 Senator Portman. You are taking my time now.

20 Senator Bennet. I just want to be clear for the
21 record that the witness responding to my --

22 Senator Portman. Mr. Chairman, could we have
23 order? Let me finish my discussion here.

24 The Chairman. We are going to have to have order.
25 I will let you make your comment afterwards.

1 Senator Portman. To my friend from Colorado, and
2 he is my friend, I am just pointing out the obvious,
3 which is under this tax proposal, those at the top end
4 are going to pay a bigger burden of the taxation, the
5 middle class will pay less.

6 That is obvious and it is in the charts. It has
7 been there for a while. With the new proposal, it will
8 be even more so.

9 With regard to who pays the individual --

10 The Chairman. That is in current law. They are
11 actually going to pay less under --

12 Senator Portman. They are going to pay less.
13 Under the individual mandate, because we have talked a
14 lot about that, let me just tell you the statistics are
15 that 84 percent of Ohioans who are currently subject to
16 the individual mandate, which is a tax based on the fact
17 that it is in the code and based on what the Supreme
18 Court has said, and they certainly feel like it is, it is
19 a penalty, 84 percent of those people make less than
20 \$50,000 a year.

21 So they are going to be relieved of that and then
22 they are going to be told you are going to get more tax
23 cuts under this bill because this money goes into the tax
24 relief primarily for -- primarily for middle-class
25 taxpayers.

1 Again, Jct.gov, everybody should go on and look at
2 it themselves.

3 Ms. Acuna, I would like to correct the record on
4 some of the international arguments made today. First,
5 colleagues on this side of the aisle have talked about
6 using Bermuda as a way to erode the U.S. tax base. That
7 is happening now. The problem is our current tax code is
8 encouraging companies to go overseas and investment to go
9 overseas.

10 We have studied this. We have had analysis of it.
11 It has been bipartisan to say let us stop this, let us
12 lower the rate, let us go to an international system that
13 is fair, the territorial system. That has never been a
14 partisan issue until now.

15 Can you explain to me how we are going to put a stop
16 to foreign companies using related-party payments,
17 interest, royalties, stuff like that, sent to Bermuda to
18 erode the U.S. tax base? How have we improved on that in
19 this bill compared to current law?

20 Ms. Acuna. In this bill, there is a proposal
21 called the base erosion anti-abuse tax that calculates a
22 modified taxable base and it adds back those foreign
23 related-party payments that are typically used to strip
24 the U.S. base.

25 It multiplies it by a reduced tax rate of 10

1 percent. Then it compares your actual corporate tax
2 liability to the tentative tax liability and you pay the
3 residual.

4 Senator Portman. Will this help to keep income
5 from leaving the United States that is leaving now? In
6 other words, will this help to stop what is going on now
7 in terms of people sending money away from the United
8 States to take advantage of low tax jurisdictions?

9 Ms. Acuna. With respect to payments that re made
10 to related parties abroad, it would have a deterrent
11 effect.

12 Senator Portman. Good. That is what we want.
13 People have talked about China, this is going to make
14 jobs go to China. Let me ask you a question, Mr.
15 Barthold, maybe, or for Ms. Acuna. What is the tax rate,
16 the corporate tax rate in China?

17 Senator Barthold. I believe it is currently 25
18 percent, but I would have to check. I will ask one of my
19 colleagues to check and get back to you.

20 Senator Portman. I think you are correct on 25
21 percent. Ours right now is 35 percent. So, yes, there
22 is some incentive to do that. We have the highest rate
23 in the industrialized world. What will the tax rate be
24 under our proposal?

25 Mr. Barthold. The Chairman's mark provides for a

1 20 percent corporate rate, sir.

2 Senator Portman. I mean, look, I get it that we
3 have got a broken tax code and that we have to fix it,
4 and that is what we are trying to do here. We are trying
5 to get these jobs and investment back here in this
6 country, both foreign investment and U.S. companies not
7 taking their jobs overseas and instead adding jobs here,
8 and that is what these proposals are intended to do.

9 Again, they have been bipartisan in the past. I
10 hope they can be going forward.

11 Thank you, Mr. Chairman.

12 The Chairman. Your time is up.

13 Senator Bennet?

14 Senator Bennet. Thank you. I am very sorry.
15 Thank you for the indulgence, Mr. Chairman.

16 The Chairman. That is okay.

17 Senator Bennet. And the Senator from Ohio is my
18 friend, as well. He really is. I do not dispute what
19 you just said and I wish that you had not described what
20 I had said as untruthful, because the witnesses agreed
21 with what I said. People should look it up and they will
22 find that there are 90 million people in the country that
23 are getting about \$13 billion under this plan and there
24 are 500,000-and-some that are getting \$33 billion under
25 this plan.

1 That is not to get rid of poverty in America. It is
2 not to make us more competitive. It is to blow a hole in
3 the deficit. I just want to make that point, and we will
4 talk later, I am sure.

5 Thank you, Mr. Chairman.

6 The Chairman. Happy to allow you to do that.

7 Senator Scott?

8 Senator Scott. Thank you, Mr. Chairman. And I
9 certainly enjoy watching Mr. Bennet and Mr. Portman
10 collaborate on the facts and the truth.

11 One of the important questions that we have yet to
12 answer in this ongoing discussion/debate is the burden --
13 the tax burden of those folks, 90 million folks that
14 would only receive a \$13 billion benefit.

15 The reality of it is if we studied the tax
16 distribution and the tax burden, we would find very
17 quickly that the folks in some categories share about a
18 2.7 percent burden out of the 100 percent of the burden
19 of the tax consequences, and, therefore, would receive
20 fewer of the benefits.

21 But one of the things that we should ask ourselves
22 as we focus on those folks who are the 90 million who get
23 a smaller proportionate share of the tax benefits is what
24 are they paying now and what would they be paying later.

25 Earlier, I spoke to the fact that for single

1 parents, head of household, average income around
2 \$36,000, their taxes are very low. But their living
3 paycheck-to-paycheck is quite severe.

4 So even though they may not benefit as much because
5 they are not paying as much in, they still desperately
6 need those dollars remaining in their paychecks.

7 So when we cut their tax burden by 55 percent, while
8 it may not be the same number from an aggregate
9 perspective, the value of that dollar is significantly
10 higher when you are the sole breadwinner in a household.

11 I would say the same is true for our friends who are
12 the middle income of the country. I do think that, as
13 Senator Portman chatted about the individual mandate and
14 its impact on households, I am not sure why there is any
15 debate, frankly, over punishing households under \$50,000
16 with a penalty for not doing something wrong, but just a
17 penalty, or punishing households under \$25,000 with a
18 penalty.

19 The fact of the matter is that those households will
20 not be losing their insurance. No one is taking their
21 health insurance away from them. Simply eliminating the
22 individual mandate provides them an option and folks will
23 make the best option.

24 My question for Mr. Barthold is that -- my
25 understanding is that Ernst & Young study showed that

1 about 4,700 businesses would still be U.S. companies
2 outside of the fact that our tax code has been so
3 punishing the business that many have inverted, others
4 have been purchased. Is that an accurate statement?

5 Mr. Barthold. Senator Scott, I have seen the Ernst
6 & Young study. I do not recall exactly the 4,000
7 business figure. The study does note that there are tax
8 reasons or tax advantages to both trying an inversion or
9 to, in the case of a merger, to have the new enterprise
10 headquartered outside the United States.

11 But the study also indicated that there are -- in
12 some cases, the final determination might be more
13 business-related, but that the tax is an extra benefit.

14 Senator Scott. So the fact is that there are
15 thousands of companies, whether it is 4,7000 or 3,7000,
16 but thousands of companies who have made a business
17 decision to now locate outside of the United States
18 because of the consequences, whether it is our regulatory
19 burden and specifically our tax code that makes it to
20 their disadvantage to be an American company.

21 I would say this. The fact of the matter is those
22 companies are probably creating more jobs outside of the
23 country than they would if they were still U.S.
24 companies.

25 So the importance of us getting our tax code

1 competitive, it is really hard to overstate it.

2 I will say that the benefits -- and, Mr. Barthold,
3 you can agree or disagree -- the benefit of a lower
4 corporate tax rate is a benefit that goes to employees
5 with the possibility of higher wages; consumers, with the
6 possibility of lower cost of goods; and, shareholders,
7 who would include retirement funds, pension funds, who
8 would get, hopefully, a better rate of return.

9 Mr. Barthold. We did discuss yesterday and I
10 talked about the economics or the economic incidence of
11 taxes on business income. And as part of our analysis,
12 we think both that there is solid economic empirical
13 evidence that suggests, particularly over the longer
14 term, that either some of the benefit or the burden from
15 changes in business taxes and the corporate tax rebounds
16 to labor income, to workers in terms of high
17 productivity, higher wages, or perhaps expanded work
18 opportunities, and that part of our analysis reflects
19 that.

20 Our analysis also reflects that in a number of
21 cases, ordinary workers, wage earners, through
22 participation in defined contribution pension plans or
23 IRAs are also owners of businesses, and so they benefit
24 directly as owners.

25 Senator Scott. Thank you, sir.

1 The Chairman. Senator Warner?

2 Senator Warner. Thank you, Mr. Chairman.

3 Mr. Barthold, the first question I am going to ask
4 you and you may not have the documents here, but we have
5 talked about this in the past. Let me echo a number of
6 my Republican colleagues.

7 I agree we need a simpler and more competitive
8 American tax code. The irony is other countries have
9 done it without blowing huge holes in their debt and
10 deficit.

11 I have cited this statistic a number of times.
12 America, in terms of our comparison to all our
13 competitors, including China and others, ranks in total
14 taxation as a percent of GDP, we are 31st out of 35
15 nations. We have made reference to this before.

16 Mr. Barthold, is that correct?

17 Mr. Barthold. Yes, that is generally correct. I
18 do not recall the specific numbers, but you and I
19 discussed, among member countries of the OECD, that the
20 large majority of them have higher overall taxes as a
21 percentage of their --

22 Senator Warner. What they do -- and they lower
23 business taxes, but they do not then, in effect, push
24 off, as Senator Bennet has so eloquently said, all of the
25 responsibility onto the next generation to pay the bills.

1 I would also point out -- and I do not often quote
2 Alan Greenspan, but I think he was dead on last week when
3 he said there is no historical precedent that says a
4 major tax cut at periods of full employment, that is paid
5 for entirely with borrowed money, are going to produce
6 any of the growth numbers that have been projected.

7 And I would add, I would perhaps ask my colleagues
8 to -- and we have got the video. Yesterday, I had the
9 opportunity to speak at a Wall Street Journal CEO
10 Council, major CEOs from across the Nation. Gary Cohn
11 was speaking before me and he asked if we get this tax
12 cut through, how many of you all are going to increase
13 your capital investment in the United States, 65-70 CEOs
14 in the room.

15 We will show the video. I think three raised their
16 hands.

17 So the underlying presumption here that this tax cut
18 with borrowed money is going to mysteriously drive up
19 corporate growth rates in ways that are unprecedented, I
20 think there is no historical precedence there in this
21 Nation or, for that matter, anywhere in the world.

22 Let me also ask you, Mr. Barthold. We are \$20
23 trillion in debt right now and while the debt rolls over
24 on a regular basis, the number I have heard used is 100
25 basis point increase in interest rates would add on

1 annual debt service, before we take on this additional
2 debt that we are going to take on, \$160 billion a year in
3 additional spending.

4 Because we have got such a large aggregate debt, are
5 we not so vulnerable to increases in interest rates? If
6 you could be fairly brief on this, I want to get to a
7 major last point.

8 Mr. Barthold. Of course, that would be a
9 consequence, sir.

10 Senator Warner. Thank you. Mr. Chairman, earlier
11 today, you dismissed statutory PAYGO and you said
12 Medicare really would not be challenged even though we
13 have got these rules.

14 The Congress, whenever it has a chance on punting,
15 it will punt and we always take the easy way out, and,
16 consequently, we will just punt on that requirement of
17 taking on the \$25 billion of Medicare.

18 So if that is the presumption, then we ought to be
19 honest with the American people about what we are doing
20 here.

21 The Committee for a Responsible Federal Budget, a
22 bipartisan group that I have worked with very closely and
23 a whole host of colleagues on the other side have worked
24 with very closely, came out with their most recent
25 document, saying that this tax bill is not really the

1 roughly \$1.5 trillion or \$1.7 trillion in added debt, but
2 it has more than \$500 billion of additional gimmicks that
3 will add to this debt.

4 So that if we go ahead and assume that we are not
5 actually going to go ahead and sunset the individual tax
6 provisions after 2025, that will add another \$240
7 billion. That we are not going to go ahead and sunset
8 full expensing after 2022, that will add another \$115
9 billion. That we are not going to really go ahead and
10 amortize research expenditure expenses after 2025, that
11 will add another \$60 billion. And so on.

12 So accepting the Chairman's comments as truthful in
13 terms of Congress' behavior, let us call this bill
14 whether it is. It does not add \$1.7 trillion, it adds
15 \$2.2 trillion to the debt.

16 Unfortunately, what that means, and I wish more of
17 my colleagues who are here who, at least in the past,
18 expressed concerns about the debt, that will take us in
19 2027, based on the Chairman's mark, to a debt-to-GDP
20 ratio of 99 percent.

21 We will basically be 1 year away from having a debt
22 that is larger than our whole economy. I do not know any
23 nation -- and we went through this debate 4 or 5 years
24 ago when Judd Gregg and Kent Conrad were here. The rule
25 of thumb was once you get above 90 percent debt-to-GDP,

1 you are in the era of Greece and others.

2 If we pass this legislation without appropriate
3 offsets, that is where our Nation is going to be, Mr.
4 Chairman, and that is not where I think you or, frankly,
5 anybody responsible would want our country to be.

6 The Chairman. Thank you, Senator.

7 Senator Cassidy is next.

8 Senator Cassidy. I reserve the right, if I may
9 pass right now.

10 The Chairman. Then Senator Cantwell will be next.
11 Senator Cantwell?

12 Senator Cantwell. Mr. Chairman, thank you. I have
13 been tied up most of the morning over at the Energy
14 Committee for another lightning round, overnight movement
15 on legislation, part of reconciliation, that never had a
16 hearing, never had a focus to the specific legislation.
17 So we spent most of the morning talking about that.

18 So I have not had a chance to be here this afternoon
19 until now to talk and ask questions about what came out
20 at 10:30 last night whatever time it was.

21 So the fact that we are dealing with two pieces of
22 legislation moving at lightning speed all because people
23 are changing and moving around numbers just to meet some
24 artificial deadline, that is not good for the American
25 economy. It is very, very troubling.

1 So the notion that now I have 5 minutes to fit in
2 whatever questions are important to my constituents , I
3 guarantee you I cannot fit them in in 5 minutes and I am
4 happy to go back and forth.

5 But here is my question, because I received this
6 letter from a veteran in my state. "I am a 20-year
7 military veteran. I retired from the Navy in 2013 and
8 after a career that included 11 years at sea and multiple
9 deployments, supporting combat operations, under four
10 Presidents," now he is looking at this proposal.

11 His bottom line is he thinks he is going to end up
12 paying \$5,000 more in taxes. When he looks at what he
13 itemizes now and the changes that are being proposed, he
14 thinks he is going to pay \$5,000 more.

15 He wants to know what is going on and I have to tell
16 him I have to find out what this latest draft that came
17 out last night at 10:30 says so that I can tell you for
18 sure whether you are going to pay \$5,000 more or not,
19 which, as I had said yesterday, this change to local
20 deductions is just, on the backs of middle-class
21 taxpayers, the wrong way to go.

22 But here is my question. We have had this debate
23 about S corps and pass-throughs. I do not know if I am
24 going to get an answer, but here is my calculation.

25 In the President's last filing of personal

1 disclosure, he reported \$529 million over a 15.5-month
2 period. So let us boil that down to just 12 months,
3 which might mean \$156 million. At a tax rate of 39.1
4 percent versus now this change, to him, 31 percent, would
5 mean the President would get a \$32 million tax break.

6 Now, I cannot verify all that math because I am just
7 going off of what his financial disclosure says. If I
8 had his tax returns, we might know.

9 But why is it that the President of the United
10 States deserves a \$32 million tax break and my
11 constituent, a military veteran who is struggling, with
12 his wife, to make ends meet, is being surprised in the
13 middle of the night with a \$5,000 tax increase?

14 Why are we rushing this process? Why are we trying
15 to rush this process and, in the dark of night, do things
16 that change our tax codes in ways that we cannot even
17 understand?

18 And as I said, since I have been spending all my
19 time over at the other committee who is trying to do the
20 same lickety-split change to our tax code, here is my
21 question that you probably can answer.

22 Why all of a sudden, in the middle of the night, do
23 we now have a change to the U.S. Virgin Island tax code
24 that basically would change that companies located in the
25 Virgin Islands would be able to sell product into the

1 United States without paying tax? Why did that happen
2 overnight?

3 Mr. Abraham, do you know anything about this
4 provision or why it was added or what it means?

5 Mr. Abraham. I have not -- I am not familiar with
6 that provision, Senator.

7 Senator Cantwell. But it did get added last night.
8 Is that correct?

9 Mr. Abraham. I assume it is in the Chairman's
10 modification, if that is where it is.

11 Senator Cantwell. Mr. Chairman, are you aware of
12 this section? Can someone on your staff tell me what it
13 means?

14 The Chairman. To answer you, it is in the JCT
15 description. We have to look there.

16 Senator Cantwell. Well, I like our counsel for our
17 committee. I am assuming they are paid pretty well,
18 because they are pretty talented, and Mr. Abraham cannot
19 tell me and I see your staff is getting briefed, too.

20 It says to me, in the middle of the night last
21 night, somebody added this provision.

22 This is my point. I am trying to answer my
23 constituent. He has served our country. I am trying to
24 tell him if he is going to have to pay more taxes or not
25 and I am going to have answer to him on why the President

1 of the United States gets a \$32 million tax break or some
2 number -- the President can clarify this for us. I am
3 happy to hear that he is maybe not going to pay -- he is
4 not going to get a \$32 million tax break. I would love
5 him to come clean about what his taxes are.

6 But in the middle of the night, this provision
7 changed. I do not know what else is going to add in and
8 what is going to change. I need to be able to explain
9 this to my constituents.

10 The Chairman. Well, we will try and help you,
11 Senator. Your time is up.

12 Senator Enzi?

13 Senator Enzi. Thank you, Mr. Chairman.

14 There has been a lot of talk about the tax brackets
15 here and I am glad there was some concentration on that.
16 In the next to the lowest tax bracket, that would be the
17 zero tax bracket, there are people in that, I assume.

18 Under the old bill, where would that category start
19 under current law, the people that pay no tax?

20 Mr. Barthold. Senator, the tax brackets of present
21 law are in the original description we had of the
22 Chairman's mark. But in general, in general terms, you
23 would figure out the zero tax bracket amount by taking
24 the standard deduction by filing status and adding the
25 personal exemption to it.

1 Senator Enzi. And then the new zero tax bracket
2 would be \$24,000 at least.

3 Mr. Barthold. For joint filers. But in that case,
4 no personal exemptions, since they were repealed.

5 Senator Enzi. So in answer to some of the previous
6 questions, it is a little hard to give somebody an
7 additional tax break that, under the code, would not pay
8 a tax, but they still get some federal benefits.

9 But we are giving those people an extra amount here,
10 because I noticed that according to 2019, when we
11 eliminate the tax mandate on insurance, the Democratic
12 staff said that four million would be kicked off
13 insurance, going to 13 million by the end of 10 years.

14 Well, clear back in 2015, 6,665,000 were kicked off
15 of insurance using the same kind of criteria -- that is
16 almost seven million people -- because they could not
17 afford the insurance.

18 So what did they do? They paid a penalty. They
19 paid millions. We are a low population state and we
20 still had a very significant number of people in 2014,
21 and then in 2015 that number went up. That happened in
22 the Nation, as well.

23 So in those categories, there is actually an
24 additional tax break for those people that have been
25 paying those amounts.

1 I also wanted to add a quick comment about Senator
2 Brown mentioning that we could not raise money through
3 this. That 25 percent of money that is to come in that
4 he is using I think is a static score. You have got to
5 imagine that something good will happen out of this tax
6 bill. Hopefully, we can do something.

7 I think that this proposal provides for a lot of
8 people and also will stimulate the economy. So what I am
9 asking everybody to do is see if they think that we are
10 going to exceed 1.9 percent GDP or maybe get up to the
11 norm of 3.2, in which case we would have money to spend
12 on all of the things that we are talking about. But I
13 doubt that that is going to happen.

14 I would yield the balance of my time.

15 The Chairman. Thank you, Senator.

16 Senator Nelson, you are next. Senator Nelson?

17 Senator Nelson. Well, thank you, Mr. Chairman.

18 Would one of you all explain to me a provision that
19 we have just found in this bill that under current law,
20 an American oil company, such as Exxon, any American oil
21 company, in a foreign-based affiliate, under current law,
22 once they have income from that foreign affiliate, they
23 pay the tax on it.

24 But what I understand is that that provision in the
25 mark, it reverses that and eliminates the foreign-based

1 affiliate oil-related income as a category of income. So
2 that they would not pay income tax, the American oil
3 company would not pay income tax on that. Is that
4 correct? And this provision would reduce revenues by \$4
5 billion.

6 Mr. Barthold. Senator Nelson, that is not an
7 entirely accurate description. Under present law, under
8 our worldwide system, companies may operate abroad in two
9 general forms. They could operate as a branch or they
10 could own a controlled foreign corporation, a foreign
11 subsidiary that is incorporated in a foreign country.

12 You are correct that if they operate as a branch,
13 the income is treated just as part of their domestic
14 income and there is always current taxation on it.
15 Foreign tax credits are provided if there is foreign tax
16 paid on that income.

17 In the situation where the oil company might own a
18 controlled foreign corporation, the active income may be
19 deferred abroad if they choose, just like other
20 businesses, with no tax due until a dividend is
21 repatriated back to the home country.

22 The particular provision that you are referring to,
23 foreign-based company oil-related income, is a rule that
24 limits the application of foreign tax credits and it is
25 specific to the oil industry, as you note.

1 It was a limitation that Congress enacted to limit
2 potential for cross-crediting across different
3 jurisdictions, which has -- and cross-crediting
4 essentially means that more foreign tax can be credited
5 than Congress thought was appropriate.

6 The rule in the Chairman's mark would repeal that
7 special rule with respect to the foreign tax credit.

8 Senator Nelson. Let us see if we can get this in
9 English-speak of the everyday American.

10 Mr. Barthold. My colleague reminds me I should
11 really provide some more detail, but it is on related-
12 party sales between companies and it is related to
13 subpart F income on which there is current taxation.

14 Senator Nelson. So that really does make it clear.

15 [Laughter.]

16 Mr. Barthold. I am sorry.

17 Senator Nelson. Let me ask you just a simple
18 question. Simple question. Does it reduce the income
19 taxes of the oil company vis-à-vis -- of an American oil
20 company?

21 Mr. Barthold. It reduces the income taxes by
22 allowing more foreign tax to be credited, and so it
23 reduces residual U.S. tax.

24 Senator Nelson. Therefore, the oil company, an
25 American oil company pays less tax.

1 Mr. Barthold. Less U.S. tax, not necessarily --

2 Senator Nelson. That is correct.

3 Mr. Barthold. -- less foreign tax.

4 Senator Nelson. Correct. Now, we have given over
5 the years oil companies lots of incentives. I think in
6 the tax code, there are probably incentives from over a
7 century ago, of giving incentives for oil companies to
8 drill.

9 Are there any reasons that we need to give further
10 incentives for oil companies? Have we checked how
11 profitable oil companies are recently? Is this what we
12 want to do, to give tax breaks to oil companies while
13 giving very few tax breaks to little people? I do not
14 think that is a good balancing of a fair tax code.

15 Thank you, Mr. Chairman.

16 [Pause.]

17 The Chairman. Senator Carper?

18 Senator Carper. Thanks, Mr. Chairman.

19 As I have reminded us each of the last 3 days, and,
20 frankly, many times before that in the last couple of
21 years, in this hearing room back in September, the
22 Health, Education, Labor and Pension Committee brought in
23 panels, bipartisan panels of governors, insurance
24 commissioners, health insurance companies, health
25 economists, health care providers, and asked them this

1 question -- what do we need to do stabilize the exchanges
2 in all 50 states.

3 They came back and they said basically three things.

4 Number one, they said make sure that we do not allow to
5 lapse this RSFs, make sure that they are going to be
6 continued.

7 Number two, make sure that we establish some kind of
8 -- they described it as a reinsurance program.

9 Number three, they said do not get rid of the
10 individual mandate unless you replace it with something
11 that is going to be just as effective to make sure that
12 young, healthy people are going to be in the exchanges,
13 so you have a healthy mix of people that can be insured
14 by the insurance companies.

15 I have read a letter that came from -- yesterday, it
16 was dated yesterday, and it came from AHIP, Blue
17 Cross/Blue Shield, it came from family doctors, it came
18 from the AMA, came from American hospitals, and,
19 basically, I am just going to quote what the letter says.

20 It says, "Repealing the individual mandate without a
21 workable alternative will reduce enrollment, further
22 destabilizing an already fragile individual and small
23 group health insurance market on which more than 10
24 million Americans rely." That is a quote from their
25 letter.

1 They go on to say in their letter yesterday, "There
2 will be serious consequences if Congress simply repeals
3 the mandate, while leaving the insurance reforms in
4 place. Millions more will be uninsured or face higher
5 premiums, challenge their ability to access the care they
6 need. Let's work together on solutions that deliver the
7 access to the care and the coverage the American people
8 deserve."

9 I have said before and I will say it again today, I
10 do not worship at the shrine of the individual mandate.
11 I am a recovering governor. I am interested in what
12 works. Find out what works and do more of that.

13 I know we have heard from our friends on the other
14 side of the aisle that the individual mandate does not
15 help make sure that more people, more young people and
16 healthy people are getting into the exchanges and getting
17 coverage to make for a healthy mix of people to insure.

18 If somebody is saying that, that is not enough. Why
19 do we not have folks before us in a hearing like this who
20 actually can answer that question?

21 Mr. Chairman, I would just say to you, I think that
22 what we need is independent validation. What we need is
23 independent validation. Is the individual mandate the
24 best way to make sure that healthy people -- young,
25 healthy people are getting coverage on the exchanges? Is

1 there something else that is better?

2 We have never had a hearing on this. The closest
3 hearing that has taken place, there were four of them
4 right here in this room 2 months ago, where most
5 everybody agreed that the individual mandate was working,
6 doctors, insurance companies, health economists,
7 governors, insurance commissioners. They said it was
8 working and if you get rid of it, make sure you replace
9 it with something even better.

10 And we re talking about getting rid of it, but we
11 are not talking about doing anything or replacing it with
12 something that there is reason to believe, aside from
13 people just conjecturing, that there is a better idea out
14 there.

15 Mr. Chairman, why -- I think others have asked this
16 before -- why do we not have CBO in here to answer these
17 kinds of questions? Why? This is important. We have
18 already seen so much damage done to the exchanges, the
19 stability of exchanges, bare counties, almost bare
20 states. It did not have to happen.

21 The Administration has sought to destabilize them
22 because they think that the exchanges were the -- they
23 call it Obamacare. They think it was a creation of
24 Barack Obama.

25 I said yesterday, I say here today, he had nothing

1 to do with the creation of the exchanges and so-called
2 Obamacare. It has been labeled after him, I guess, for
3 fun, for some other reason.

4 But why do we not have CBO in here to actually
5 answer a very legitimate question by six of the major
6 stakeholders in this debate? Why?

7 The Chairman. [Off microphone.]

8 Senator Carper. I am sorry. I cannot hear you,
9 sir.

10 The Chairman. [Off microphone.]

11 Senator Carper. I cannot hear you, sir.

12 The Chairman. We have Joint Tax helping us to
13 understand this better. As far as CBO is concerned, I am
14 not sure they would help us understand it better anyway,
15 but they have a right to weigh in, if they want to. We
16 are not foreclosing that.

17 Senator Carper. Actually, CBO was in the position
18 and they have the expertise to come and answer this kind
19 of question. They can come in and tell us if the
20 individual -- what effect it is going to have in terms of
21 insuring that healthy mix. They can tell us other ideas
22 that are better. And I do not know that that is -- that
23 is not Joint Tax's job, but it is one of the jobs of CBO
24 and they have the expertise to answer those questions.

25 The Chairman. It is a good question, but this is

1 the way we proceeded.

2 Senator Cassidy is next.

3 Senator Carper. Mr. Chairman, I would just say,
4 why is CBO not here to answer these kinds of questions.
5 I do not get it.

6 The Chairman. We addressed this yesterday and,
7 frankly, we are going to move ahead with what we have,
8 which is, I think, plenty enough.

9 Senator Carper. A friend of mine used to have a
10 saying, he said do not confuse me with the facts. And I
11 think in this case, CBO could provide some interesting
12 facts and that could either confuse us or actually
13 enlighten us. And I think in this case it would
14 enlighten us.

15 The Chairman. Well, they can weigh in if they want
16 to.

17 Senator Cassidy?

18 Senator Cassidy. Let us talk about facts. Senator
19 Carper, whom I have great respect for, to speak a little
20 bit about the individual mandate, as Senator Scott has
21 said, it disproportionately falls upon lower-income
22 Americans.

23 Over seven million Americans pay it; 5.2 [million]
24 of those Americans have an adjusted gross income of less
25 than \$50,000. My State of Louisiana, 78 percent of those

1 who pay have an adjusted gross income of less than
2 \$50,000. About 37 percent make less than \$25,000.
3 First, that is the who the burden falls upon.

4 Secondly, we must speak about the facts regarding
5 the impact of the individual mandate. Jonathan Gruber,
6 Frean and Sommers, three researchers, but Gruber is known
7 as the architect of the ACA, did research for the
8 National Bureau of Economic Research, which they
9 published, but also published a summary of in the New
10 England Journal of Medicine.

11 They found that the employer mandate did not --
12 excuse me -- that the individual mandate had no
13 significant effect upon increasing enrollment.

14 Now, the CBO may hold the position that the CBO
15 holds, but the facts are published by the researchers.
16 The CBO does not do the research, the researchers do.
17 And here, the so-called architect of Obamacare, is saying
18 that it does not increase coverage.

19 Now, I would love to work with my Democratic
20 colleagues on how we could increase coverage. I have
21 proposed, with Senator Collins, a bill that would give
22 automatic enrollment. With Senator Graham, we laid open
23 that possibility.

24 In both cases, I was not only -- not only did people
25 not agree with me, but I was demagogued.

1 So I am so open to working on a solution that will
2 expand coverage. But I will point out these articles,
3 which I will submit for the record, Mr. Chairman, if
4 there is no objection, establish the facts that the
5 individual mandate does not improve coverage.

6 As regards the issues that Senator Nelson raised
7 regarding oil companies, there was a statement made
8 earlier by Senator Stabenow in ENR [the Energy and
9 Natural Resources Committee] that these companies are in
10 tax havens and that this provision in some way benefitted
11 these companies in tax havens.

12 It is not the case. You do not produce oil in the
13 Cayman Islands or in Switzerland. You produce it
14 countries like Nigeria, and they have very high tax
15 rates.

16 The purpose of this provision is to keep American
17 companies from being taxed twice, to allow them the full
18 relief of a foreign tax credit on their U.S. tax
19 policies.

20 Lastly, I will say, just kind of in a plea for let
21 us work together, I gather that the Ranking Member
22 earlier had a chart in which he spoke of middle-class tax
23 relief, but his main complaint was that we do not make
24 them permanent.

25 Well, at least we can accept that this bill has

1 middle-class tax relief, and I would personally like to
2 work with you to make them permanent.

3 So I would suggest that if we can accept, as
4 apparently we do, that it provides tax relief for the
5 middle class, that we would work together to make them
6 permanent.

7 With that, Mr. Chair --

8 Senator. Would you yield for just a question,
9 please?

10 Senator Cassidy. I will.

11 Senator Carper. I enjoy working with our colleague
12 from Louisiana, he knows that, and I think his intentions
13 are good.

14 I had asked my staff a week or 2 ago to actually
15 reach out to Jonathan Gruber and say is the
16 characterization that we are hearing from our Republican
17 colleagues on what you are saying about the individual
18 mandate is not effective, not worth much, is that a fair
19 characterization of what you said in your paper.

20 And he said, "That is not a fair characterization.
21 That is not what I said." And when this hearing is over,
22 I am going to call him myself and take down his words.

23 But my own staff, Lynn Sha, sitting behind me,
24 talked to him last week and she was told "No, that is not
25 what my paper actually says."

1 Senator Cassidy. If I may respond to that.

2 According to the New England Journal of Medicine article
3 that he was the second author on, it says, "When we
4 assessed the mandate's detailed provisions, which
5 included income base penalties for lack in coverage and
6 very specific exemptions, we did not find that overall
7 coverage rates responded to these aspects of the law."

8 In fairness, he goes on to say, "Does it mean it had
9 no effect? Not necessarily." But it goes on after that
10 to say but he could not prove it.

11 Now, I cannot -- he may be biased, but the
12 statistical analysis said, and I just quoted it, that it
13 did not -- that coverage rates did not respond to these
14 aspects.

15 Senator Carper. I will try to get some
16 clarification from him and maybe share it with us today.

17 Senator Cassidy. That would be good.

18 The Chairman. Senator, your time is up. Your time
19 is up.

20 We are going to turn to Senator Cornyn, who would
21 like to utilize his second time.

22 Senator Cornyn. Mr. Chairman, am I recognized?

23 The Chairman. Yes, you are recognized, Senator
24 Cornyn.

25 Senator Cornyn. Thank you. Mr. Chairman, I just

1 want to respond to some of the comments that I have heard
2 being made, starting with the complaint that the
3 individual tax rates are not permanent while the business
4 tax rates are permanent.

5 I would just point out that if we were not forced to
6 do this using the budget reconciliation process and we
7 could get 60 votes for our product, we could make the
8 individual rates permanent. But it is because our
9 Democratic colleagues have chosen to go AWOL on the
10 process and forced us to use the budget reconciliation
11 process that we are only able to do this for 10 years.

12 So there is a simple solution and that is if our
13 Democratic colleagues would actually work with us to come
14 up with a bill that would get 60 votes. And we can still
15 get 60 votes on a reconciliation bill and make it
16 permanent.

17 So it is in their hands I would hope they would
18 consider that.

19 Secondly, the Ranking Member was pointing out that
20 the business and investment taxes paid by corporations as
21 permanent and there has been comments -- I think the
22 Senator from Michigan and others -- talking about
23 corporate giveaways. But, again, some of the ideas and
24 actually some of the best ideas in this bill were
25 bipartisan.

1 And referring to the Wyden-Coats bill, which would
2 reduce corporate rates to 24 percent, we embraced some of
3 those bipartisan ideas that the committee has heard in
4 the 70-plus hearings that we have had and the other input
5 that we have gotten and tried to build the best product
6 we could, again, unfortunately, without their help when
7 it comes to actually voting for any of it.

8 Then the criticism we have heard on the decision to
9 repeal the regressive individual mandate tax. This tax
10 is paid by people of low and middle income. I think
11 roughly 50 percent of the people who pay the individual
12 mandate make less than \$25,000 a year. That is because
13 they cannot afford to buy the government-approved
14 insurance policy, so they pay the penalty instead.

15 What we have decided to do is to repeal that
16 regressive tax, which burdens them at the rate of \$43
17 billion over the next 10 years, and to give them tax
18 reductions, which hopefully will allow them to keep more
19 of their hard-earned money and spend it the way they see
20 fit. If they choose to buy some other insurance policy,
21 they can use it for that. If they want to use it for
22 retirement, if they want to use it take a vacation or
23 take their family out to dinner one night a week, they
24 are free to do that.

25 But this idea that this is somehow a bad thing, I

1 think it actually is unequivocally a good thing. And
2 there are ideas out there, Senator Alexander and Senator
3 Murray have a bipartisan idea of how to stabilize the
4 individual insurance market in a way that will actually
5 cause premiums to go down and not up.

6 So to me, if we can come to a bipartisan agreement
7 on how to get premiums to go down, while repealing the
8 regressive individual mandate tax and saving low-income
9 taxpayers \$43 billion over 10 years and then plow that
10 savings back into lowering their tax obligation strikes
11 me as an important step in the right direction.

12 Finally, on the corporate tax side, of course, what
13 we are hoping is that we can become more competitive in a
14 global economy. Right now, those jobs are going overseas
15 because they are following the lower tax rates in
16 countries like Ireland and elsewhere.

17 But if we can be more competitive and see those
18 investments come back home in the United States because
19 we rationalize our corporate tax code, then we can do
20 what President Obama argued we should do in 2011 and what
21 the Democratic Leader, Senator Schumer, has advocated
22 that we do and that the Ranking Member on this committee,
23 Senator Wyden, has advocated we do by way of making our
24 corporate tax code more competitive.

25 Thank you, Mr. Chairman.

1 The Chairman. Thank you, Senator.

2 Now, we are going to go to a third round as far as
3 this s concerned. All Democrats, each of these will have
4 5 more minutes, but this will be the end.

5 Senator Wyden? And then we are going to have to get
6 into working on this bill.

7 Senator Wyden will be first, Senator Stabenow
8 second, Senator McCaskill third, Senator Warner fourth,
9 Senator Carper fifth, and Senator Cantwell sixth. And at
10 the end of those six, 5 minutes each, we are going to get
11 in and do our job.

12 I do not see how anybody could possibly find any
13 fault with how we have carried this on and allowed
14 everybody their full ability to speak. So we are
15 announcing that is what we are going to do.

16 So let us start with Senator Wyden.

17 Senator Wyden. Thank you very much, Mr. Chairman.

18 Mr. Chairman and colleagues, not long ago, I wrote a
19 universal healthcare coverage bill, with a broad
20 coalition of Democrats and Republicans, including the
21 Republican Leader at the time, Trent Lott.

22 Our proposal included a coverage requirement, even
23 though all of us had hoped it would not be necessary, and
24 we wanted universal coverage. And Republicans thought
25 that that coverage requirement was necessary in order to

1 preserve a market sector healthcare system.

2 And it was clear that it was the spinach you had to
3 eat to get millions of Americans healthcare coverage
4 without discrimination for preexisting conditions and
5 coverage that did not break a household budget or the
6 federal budget.

7 So everybody ought to be clear that a vote to
8 eliminate the coverage requirement is a vote to go back
9 to the days when good healthcare coverage was reserved
10 for the healthy and the wealthy, and the health coverage
11 you paid for could be taken away just because some
12 insurance company said you or your spouse or your child
13 just got too sick.

14 Now, members are going to keep muttering about how
15 they are voting just to do away with the coverage
16 requirement. But come election time, no honest fact-
17 checker in the world is going to dispute that an
18 affirmative vote cast on this bill is a vote to take away
19 healthcare from millions and raise the premium for
20 millions more. Nobody is going to be able to run and
21 hide from the consequences of what is being chosen.

22 So my question is a two-parter for you, Mr.
23 Barthold, and you, Ms. Woronoff.

24 What happens from a revenue and a spending
25 standpoint if the requirement to have coverage is not in

1 the bill? What would be your response, Mr. Barthold?

2 Mr. Barthold. The Chairman's modification would
3 set the penalty rate to zero. Because of that, some
4 individuals would no longer have to pay the penalty
5 because there would not be a penalty with any substantive
6 financial bite.

7 Some individuals would choose not to get coverage.
8 It may lead to other changes in the marketplace.

9 Senator Wyden. But there would be a big hole in
10 the bill. Is that not correct?

11 Mr. Barthold. If you were to eliminate --

12 Senator Wyden. To repeal it.

13 Mr. Barthold. -- the provision. Yes. I
14 misunderstood your question. Yes.

15 [Crosstalk.]

16 Senator Wyden. There would be a big hole in the
17 bill, colleagues, if you repeal it.

18 Ms. Woronoff, is not the bottom that in order to
19 provide a permanent tax cut for multinational
20 corporations, 13 million Americans will no longer have
21 health coverage and millions more are going to face
22 premium increases of 10 percent a year? Is that not the
23 bottom line?

24 Ms. Woronoff. Thank you, Senator. Yes. According
25 to CBO, 13 million Americans will no longer have health

1 coverage and each year will see a 10 percent additional
2 increase in premiums.

3 Senator Wyden. So there we are, colleagues. That
4 kind of sums it up. That is the history. When we put
5 together that universal coverage bill with the Republican
6 Leader, Trent Lott, and a big group of Democrats, my
7 seatmate here, both of my seatmates were here, and we
8 said we wanted universal coverage and Republicans said in
9 order to have a private sector delivery system, a market
10 system, you had to have a coverage requirement.

11 None of us wanted it to happen and I think people
12 ought to understand -- and we just had it confirmed, we
13 had it confirmed by Mr. Barthold that from a revenue and
14 spending standpoint, if the requirement to have coverage
15 -- and coverage repeal was not in the bill -- they would
16 have a huge hole. And as a result of that huge hole,
17 they could not give the big tax breaks to the
18 multinational corporations.

19 So that is what this is all about. That is the
20 history. And the American people are going to see that
21 if you vote to repeal the coverage requirement, which
22 Trent Lott thought ought to be a part of a universal
23 coverage bill with a serious private sector component,
24 they are going to take away coverage from millions. They
25 are going to raise their premiums even more.

1 That is what this vote is all going to be about and
2 nobody is going to be able to run away from the
3 implications.

4 The Chairman. Thank you, Senator. I guess the
5 answer is socialized medicine.

6 Senator Wyden. No, Mr. Chairman, please. Trent
7 Lott is no socialite. He voted to have a private sector
8 healthcare delivery system and he said universal coverage
9 was key to do it.

10 The Chairman. And we live in today's situation.

11 Senator Stabenow, you are next.

12 Senator Stabenow. Thank you very much, Mr.
13 Chairman.

14 First, I would ask unanimous consent to put a letter
15 in the record from 16 patient and consumer groups.

16 The Chairman. Without objection.

17 [The letter appears at the end of the transcript.]

18 Senator Stabenow. Thank you very much. American
19 Heart Association, March of Dimes, Lutheran Services of
20 America, American Lung Association, American Diabetes
21 Association, and so on, who are very, very much against
22 what is happening here.

23 There are so many different things that have been
24 said I would love to debate and do not have the time to
25 do that. I do want to reiterate, though, even though

1 what has happened is happening so quickly and things keep
2 getting changed, we do have a distinguished economist who
3 managed to look at what we were talking about yesterday
4 and what we are talking about today and has said publicly
5 that 57 percent of taxpayers would end up worse off under
6 what we are talking about today rather than what we were
7 talking about yesterday, and that 80 percent of the
8 people within \$50,000 to \$75,000 in income would end up
9 worse off with what we are talking about right now.

10 I want to take my limited time, though, to talk
11 about what we ought to be talking about, which is jobs
12 and the economy and really growing the economy without
13 creating massive debt or raising people's taxes.

14 That relates to a very important provision. It
15 relates to making things and growing things in this
16 country. I care deeply about both of those things. That
17 is what we do in Michigan. We make things and grow
18 things.

19 The farming end of it is vital to America's economy,
20 as well as the manufacturing end of what we do, but let
21 me just talk about agriculture for a minute.

22 We have over 50,000 farms that employ nearly a
23 million people and well over 90 percent of those farms
24 are family-owned, and there is a proposal here that would
25 actually raise taxes on many farmers, including co-ops,

1 and that is the repeal of Section 199 deduction for
2 American manufacturing production. In fact, it would be
3 a \$2 billion tax increase on co-ops alone and it would
4 raise taxes on farms if they are C corporations.

5 The farmers that I have heard from are very clear.
6 The rate cuts alone are not enough to make up for the
7 loss in Section 199 domestic production credit. It would
8 also impact, of course, our manufacturers.

9 I firmly believe, as I said before, we do not have
10 an economy or a middle class unless somebody makes
11 something and somebody grows something, and repealing
12 Section 199 would specifically penalize American
13 companies that are doing just that.

14 Mr. Barthold, can you explain the purpose of Section
15 199 and the objective?

16 Mr. Barthold. When Section 199 was enacted in
17 2004, the purpose was to give a reduction in the
18 effective marginal tax rate for what were labeled
19 domestic production activities. So the effect of a 9
20 percent deduction in the corporate context was to lower
21 the statutory tax rate of 35 percent to approximately 31,
22 32 percent.

23 The deduction also applies for enterprises that are
24 organized in pass-through form.

25 The Chairman's mark, as you noted, repeals that at

1 the same time that it lowers the statutory rate for
2 corporations, regardless of the type of business they are
3 engaged in, whether it be manufacturing or retail.

4 Senator Stabenow. Yes.

5 Mr. Barthold. From 35 to 20, and the pass-through
6 -- the deduction for pass-through enterprises with a
7 rate of 17.4 percent deduction on their qualifying income
8 is a larger deduction than the 9 percent deduction under
9 Section 199.

10 Senator Stabenow. I understand that. According to
11 -- though many of our farmers and manufacturers, this
12 does not make up for repealing this section, and this is
13 all about making things in America and growing things in
14 America. So I am very concerned.

15 Let me finally just say the big picture, again, is
16 the assumption is trickle-down economics will pay for
17 itself. We saw during the Bush years, the Bush tax cuts
18 supposedly were going to pay for themselves. That did
19 not happen.

20 The Treasury Department, while they did not release
21 the results of their economic modeling at the time
22 because it was so bad in terms of what was going to
23 happen, the Congressional Research Office analysis of the
24 Treasury study found that the tax cuts would only pay for
25 7 percent of their initial cost with economic growth and

1 only 10 percent over the long run.

2 So is it true, Mr. Barthold, that the Bush tax cuts
3 did not pay for themselves?

4 Mr. Barthold. It is hard to measure that because
5 there was a recession after it was enacted.

6 Senator Stabenow. There was a recession. That is
7 true. And the question would be there was a recession,
8 not a growth. There was not economic growth. There was
9 debt and a recession. Is that correct?

10 Mr. Barthold. I do not know that anyone claims
11 that the tax cuts paid for themselves, but I think most
12 people also attribute the recession to the attacks on
13 9/11.

14 The Chairman. Senator, your time is up.

15 Senator Stabenow. I appreciate. But I think it is
16 well known that the tax cuts did not pay for themselves
17 and, in fact, added to the debt. Thank you.

18 The Chairman. Senator McCaskill?

19 Senator McCaskill. Mr. Chairman, first, let me ask
20 Mr. Carasso on the CTC, the current law versus the new
21 law.

22 Currently, if I am a single mom, making \$25,000 a
23 year, refundability is what matters to me, correct?

24 Mr. Carasso. Correct, Senator.

25 Senator McCaskill. So if it is not refundable, it

1 means nothing to me, correct?

2 Mr. Carasso. Correct.

3 Senator McCaskill. So the current law, I get a
4 refund up to \$1,000, correct?

5 Mr. Carasso. Correct.

6 Senator McCaskill. And it is going to index up
7 with inflation to get to maybe \$1,100 in the new law.

8 Mr. Carasso. Yes. Starting in 2018.

9 Senator McCaskill. So meanwhile, the whole \$2,000,
10 that would benefit families that make a lot more money,
11 correct?

12 Mr. Carasso. A family would have to have
13 sufficient tax liability to be able to use the additional
14 bump-up in the credit.

15 Senator McCaskill. So the bump up to \$2,000 does
16 not really have much meaning to people who are living
17 paycheck-to-paycheck.

18 Mr. Carasso. Correct, if they do not have -- if
19 they do not owe -- if they owe little or no tax.

20 Senator McCaskill. And here is the kicker.
21 Current law, you get this child tax credit up to
22 \$110,000. I have no problem with it raising, but it is
23 going up to \$500,000 a year. Now, I do not know what
24 families are doing in other states, but the families in
25 my state that are making \$500,000 a year, they do not

1 need it like that \$24,000-a-year mom that has one child.

2 Let me move on, because I have got a bunch to ask
3 and I have only got 3 minutes and 39 seconds, and then I
4 have got to start voting on stuff. And I have got all
5 this stuff on private activity bonds, we have not even
6 touched. We have not touched what is going to happen to
7 jobs because of private activity bonds, hospitals,
8 schools, not touched; the historic credit that is going
9 to have a devastating impact on job creation in urban
10 areas and rural areas in my state.

11 But I want to get to the pass-throughs now. Ms.
12 Schaefer, \$362 billion in tax cuts for pass-throughs in
13 this bill. Correct?

14 Ms. Schaefer. That sounds right, yes.

15 Senator McCaskill. And 80 percent of all pass-
16 through income in America goes to people who make more
17 than \$1 million. Correct?

18 Ms. Schaefer. I believe that is accurate, based on
19 the Tax Policy Center Study.

20 Senator McCaskill. So 80 percent of all the income
21 in pass-throughs goes to millionaires and above. We are
22 doing a \$362 billion tax cut for them. It impacts all
23 these businesses.

24 Now, I am going to show you a picture, and I would
25 like this to be added to the record, Mr. Chairman. This

1 is a picture of a partnership.

2 And I am actually going to get to you, Mr. West. We
3 are going to get a question to you, believe it or not. I
4 wanted to get one in under the wire.

5 This is a picture of a partnership.

6 The Chairman. Without objection, we will put that
7 in the record.

8 [The picture appears at the end of the transcript.]

9 Senator McCaskill. Great. It has 50 partners,
10 only 50 partners, and 10 tiers. Is it correct, Mr. West,
11 that the IRS currently audits less than 1 percent of the
12 partnerships in the country?

13 Mr. West. I would have to check, but I believe
14 that is an accurate statement.

15 Senator McCaskill. So administering this -- and I
16 disagree that this is simpler -- the pass-through is
17 simple now because it passes through to the income you
18 have. So all this rigmarole about how we are changing
19 this for small businesses, if you are a small business
20 that makes less than \$150,000 now, Ms. Schaefer, you are
21 paying, what, in the 20 percent rate, somewhere in there?

22 Ms. Schaefer. It would be based on the individual
23 rates.

24 Senator McCaskill. Yes. So if you are a small
25 business, you are already paying much less than what this

1 real tax rate would be to the top bracket. In other
2 words, you are down in the 20s somewhere.

3 So small businesses pay less because they are small.
4 That is simple. It does not have to have a calculation
5 about whether you are a sole proprietorship. There is no
6 calculation about whether you are providing service or
7 whether you have passive income. All of this is adding
8 layers and layers of complexity to this.

9 So let me ask you this. This is modeled after the
10 1999. Correct, Mr. West?

11 Mr. West. I believe there is some technology from
12 Section 1999 that is used in there. You could talk to
13 maybe others at the table --

14 Senator McCaskill. Did the IRS not launch a
15 compliance campaign after identifying this deduction as
16 subject to risk and abuse, a special compliance campaign?

17 Senator McCaskill. It is my understanding from our
18 research that there was a specific compliance campaign
19 because of the risk and abuse associated with this
20 deduction.

21 Let me finally ask about the pass-throughs. There
22 is a limitation, Ms. Schaefer, on wages as it relates to
23 people who are actually providing services. Right? In
24 other words, how much of a deduction you can get is
25 limited by how much the wages are to a business.

1 Correct? If you are providing services.

2 Ms. Schaefer. The deduction is limited based on
3 the W-2 wages paid by the business starting at, I
4 believe, \$250,000 for a single and \$500,000 for a couple.

5 Senator McCaskill. Does that same limitation apply
6 if you are not providing services?

7 Ms. Schaefer. Yes.

8 Senator McCaskill. So it does not matter whether
9 you passively own a golf course or whether you own an
10 accounting business, it would apply to the wages of the
11 business.

12 Ms. Schaefer. That is accurate and the deduction
13 is available, whether or not you are passive or active,
14 to the business.

15 The Chairman. Senator, your time is up.

16 Senator Cardin?

17 Senator Cardin. Thank you, Mr. Chairman.

18 The last round, I started to get into, Mr. Barthold,
19 some of the problems we may have because we really have
20 not thought out some of the consequences of these changes
21 and we have not had a public hearing.

22 Yesterday you mentioned the number of those who use
23 the standard deduction before and after the Chairman's
24 mark, if it became law, and now we have a revised
25 Chairman's mark.

1 Can you just share with us the percentage of
2 taxpayers that you believe under the amended mark would
3 now be using itemized deductions?

4 Mr. Barthold. I have not recalculated that at this
5 point, but I cannot imagine, based on the changes that
6 were made, that it would have moved more than marginally
7 from 95 -- projected -- or yesterday, that 95 percent of
8 taxpayers would elect the standard deduction.

9 Senator Cardin. Currently, what is that number?

10 Mr. Barthold. Currently, 71 percent of taxpayers
11 elect the standard deduction.

12 Senator Cardin. So it is a substantial reduction
13 of those who would be using the itemized deduction. It
14 looks like you are talking about --

15 Mr. Barthold. That is correct.

16 Senator Cardin. That is 75 percent of the numbers
17 that use it today.

18 Mr. Barthold. From approximately 30 percent to
19 approximately 5 percent.

20 Senator Cardin. I want to get to the consequences
21 this could have on two major entities that depend upon
22 this deduction. One is charitable organizations, which
23 advertise frequently that by giving a gift to charity,
24 you can take a deduction on your tax returns.

25 Now that 95 percent of the taxpayers will not be

1 getting a financial advantage on their taxes by giving a
2 charitable contribution, have you determined what impact
3 that will have on charitable giving?

4 Mr. Barthold. We have not made an estimate of the
5 effect on charitable contributions from the change in the
6 after-tax price of giving to those taxpayers who now
7 elect to claim the standard deduction in lieu of the
8 itemized deduction.

9 Senator Cardin. I would just point out that this
10 committee has broad jurisdiction, including dealing with
11 a lot of the areas in which we have partnerships with the
12 private sector, and charitable foundations and groups
13 that do work along with us, whether it is affordable
14 housing, whether it is healthcare, day care, I could go
15 through the whole list, educational, et cetera, that this
16 could have a major impact on their capacity for donors.

17 We do not know. Is that what you are saying?

18 Mr. Barthold. I am saying we did not -- we have not
19 made an estimate of the effect on charitable giving.

20 Senator Cardin. I think that would be something it
21 would be nice to know before we take action that affects
22 75 percent of the people who today could deduct it and
23 tomorrow are not going to be able to. It is certainly
24 going to change the campaign strategies.

25 The second thing --

1 Mr. Barthold. The percentage is the other way.
2 Thirty percent itemize currently and it will be down 5
3 percent.

4 Senator Cardin. I was just saying a reduction. I
5 was using reduction.

6 Now, I want to get to the question Senator Isakson
7 raised a little bit earlier, and that is real estate.

8 As I understand it, now, the value of the mortgage
9 interest deduction for those who no longer can get a tax
10 deduction on it, because they are using the standard
11 deduction, is not as valuable to that individual as far
12 as owning property is concerned.

13 Now, we already changed the state and local
14 deduction, so we are not going to be able to deduct
15 property taxes.

16 Have you done any analysis as to what impact this
17 has on the value of real estate, which is, I believe,
18 still one of the largest assets that Americans own or
19 their real estate? Have you done any analysis as to what
20 impact that could have on the value of real estate?

21 Mr. Barthold. In the information that we have
22 presented thus far, we have not done a sector-by-sector
23 analysis.

24 The aggregate investment in real estate, in housing,
25 is one of the outputs that we look at when we do our

1 macroeconomic analysis.

2 Senator Cardin. I would just point out that if
3 there is a 5 percent or a 10 percent reduction in value
4 as a result of the changes in the tax code, that is a
5 dramatic impact on the balance sheets of Americans.

6 Senator Isakson. Would the gentleman yield?

7 Senator Cardin. I have 38 seconds. If the
8 Chairman gives you the time, I would be glad to yield to
9 you.

10 The Chairman. You have got 38 seconds.

11 Senator Cardin. I cannot do that then.

12 And the last point I would just point out on the
13 value of real estate, it also affects local governments,
14 because they impose property taxes based on assessed
15 value. And if assessed values go down, it is going to
16 impact on state and local abilities to raise revenues for
17 their own purpose.

18 All I m suggesting is this committee has a
19 responsibility to know the consequences of these actions.
20 I pointed out just a few. My guess is there are hundreds
21 of similar examples that it would have been nice to know
22 the consequences before we are asked to vote on it.

23 The Chairman. Senator Carper?

24 Senator Carper. Thanks, Mr. Chairman.

25 I am going to ask someone on our panel, I am not

1 sure who, but tell us again what is the best estimate of
2 revenue loss over the next 10 years if this modified
3 Chairman's mark is adopted.

4 Would that be the impact, the fiscal impact on the
5 deficit -- I'm looking for impact on the deficit.

6 Mr. Barthold. Senator Carper, JCX-57 is our
7 current estimate of the Chairman's mark, as modified, and
8 the 10-year total that we estimated is a negative
9 \$1,414,800,000,000.

10 Senator Carper. So it is between \$1.4 trillion and
11 \$1.5 trillion over 10 years.

12 Mr. Barthold. Quite close to \$1.4 trillion.

13 Senator Carper. If we were to adopt an amendment
14 to this revised Chairman's mark to maintain the status
15 quo -- I understand under current law we tax income for
16 couples making more than \$470,000 a year at about, what,
17 just under 40 percent. What is it, 39.6 percent, is that
18 right?

19 Mr. Barthold. The 39.6 percent is the top ordinary
20 tax rate. Yes, sir.

21 Senator Carper. In the mark, that would take us
22 down to 38.5 percent on income over \$1 million.

23 Mr. Barthold. For joint filers. That is correct,
24 Senator.

25 Senator Carper. Do you have any idea -- if we

1 decided just to maintain current law with respect to
2 those rates, do you have any idea what impact that would
3 have on the deficit? Not suspend it for anything else.

4 Mr. Barthold. Off the top of my head, at the
5 table, I do not, but we could estimate that for you. I
6 will ask my colleagues to provide that.

7 Would you maintain the same breakpoints or would you
8 maintain the higher breakpoint threshold of \$500,000 for
9 singles and \$1 million for joint filers?

10 Senator Carper. If we just maintain the current
11 law.

12 Mr. Barthold. Maintain current law in all
13 respects.

14 Senator Carper. Yes.

15 Mr. Barthold. I will ask my colleagues to prepare
16 that estimate. I will try and get it to you as quickly
17 as possible.

18 Senator Carper. Any idea what the federal deficit
19 was reported for the year that just ended on September
20 30?

21 Mr. Barthold. I do not. I would have to look it
22 up, sir.

23 Senator Carper. My understanding is it was close to
24 \$700 billion. Does that sound in the ballpark?

25 Mr. Barthold. Sounds close.

1 Senator Carper. I think it is close. We have seen
2 the deficit going into the Great Recession, the handoff
3 from President Bush to the Obama Administration, the
4 deficit for that year was, as I recall, \$1.4 trillion.
5 And a big part of that was the Recovery Act. We tried to
6 pump in a lot of money to stimulate the economy.

7 Then after that we saw the deficit go from \$1.4
8 trillion steadily down, down, down, down for a number of
9 years, down to under \$400 billion, which is still huge,
10 but it is a lot better than \$1.4 trillion.

11 But in recent years, it has started to trend back up
12 and last year, again, between \$650 billion and \$700
13 billion.

14 I would b interested to find out from your
15 colleagues, if we did not spend the money that we would
16 -- revenue we would not sacrifice by adopting this bill,
17 if we did not spend it, what would the impact be on
18 deficit reduction over the next 10 years?

19 Mr. Barthold. We will prepare the estimate that
20 you requested, Senator.

21 Senator Carper. I think that would be very, very
22 helpful.

23 I would just say to my colleagues, before I was a
24 congressman in my state, we had the worst credit rating
25 in America, tied for dead last with Puerto Rico. And the

1 way we would pay our bills, we would issue tax-exempt
2 revenue anticipation notes. That is how we paid our
3 bills. And Pete du Pont became governor. He is a very
4 good governor, fiscally conservative, fiscally
5 responsible, and I was the state treasurer. He provided
6 great leadership.

7 When he stepped down as governor, I think we had
8 moved up from really dog meat for our credit rating up to
9 AA. My last term as governor, we hit AAA across the
10 board. We still have it, we still have AAA. And one of
11 the things that we stopped doing was overestimating
12 revenues and underestimating spending.

13 In this case, we know if we adopt the approach that
14 is outlined in this Chairman's mark, we are going to
15 drive the deficit higher.

16 I am a big believer that when we are in a war, we re
17 in a recession or a depression, it makes a lot of sense
18 to deficit spend. I guess it is out of style, but I
19 still think that is right.

20 But we are in the longest-running economic expansion
21 in the history of the country and the idea of driving the
22 deficit \$1.5 trillion higher makes no sense to me.

23 Thank you.

24 The Chairman. Thank you, Senator.

25 Senator Cantwell, you are the last one. Then we

1 will take a 15-minute recess and then we will come back
2 and mark this bill up.

3 Senator Cantwell. Mr. Chairman, I have great
4 respect for you.

5 The Chairman. Vice versa.

6 Senator Cantwell. I just do not get what the hurry
7 is. I do not get what the hurry is. I just do not get
8 why we are moving so quickly.

9 The Chairman. Because we keep going over and over
10 and over all the things we all know.

11 Senator Wyden. Mr. Chairman, respectfully, I think
12 Senator McCaskill, Senator Cardin, a whole host of our
13 colleagues have laid out that there are a tremendous
14 array of unanswered questions. I do not want to
15 interfere with Senator Cantwell's time.

16 The Chairman. Well, we have plenty of time to
17 consider this, but we are going to move ahead.
18 Appreciate you.

19 Senator Cantwell. Mr. Chairman, just to point that
20 out, it is the international provisions, which you could
21 spend a couple of days just trying to analyze in here and
22 understand how these provisions impact businesses, or the
23 fact that today we learned that the beat may lead to most
24 international banks and domestic banks with foreign
25 operations to stop buying the low income housing tax

1 credit.

2 My colleague mentioned the historic tax credit. I
3 am hearing from places like Seattle, the museums, or the
4 Utah Heritage Foundation that supported the tax credit
5 for historic use, what is happening to that.

6 I hear from these various organizations, like
7 Vanderbilt in Tennessee and other institutions about the
8 changes in endowments, the advanced refunding bonds
9 impacting public utilities in places like Seattle or the
10 Orlando Airport.

11 So there is any number of things that are changing
12 and changing overnight and we are trying to keep pace to
13 even understand them.

14 So I do not understand what the hurry is about
15 compared to the 1986 act, which was done in a fashion of
16 collaboration over a long period of time.

17 My question. You know how much I care about
18 affordable housing and how much you care about affordable
19 housing. We both care a lot about affordable housing.

20 I am very concerned about provisions of this bill
21 that change the affordable housing opportunities in the
22 United States.

23 I would like to submit for the record, from the Tax
24 Reform Resource Center, findings about three of the
25 provisions that are in the Senate bill, to say nothing

1 about the repeal of private activity bonds in the House
2 provision, which also undermines affordable housing.

3 But in this case, my question is in this
4 relationship to a lower rate, it may be an unintended
5 consequence, but nonetheless, it is a consequence.

6 So my point is by changing these dynamics, we have
7 not even had a breath, not even just a moment to say what
8 will that do to affordable housing, the changes in a
9 chained CPI number on inflation factor.

10 So I am looking at this report and it is basically
11 saying that there will be hundreds of thousands -- well,
12 actually, there will be a million jobs lost. I am
13 looking through here. Florida, 15,000 jobs; Georgia,
14 7,000 jobs; Ohio, 22,000 jobs; my state, 14,000 jobs;
15 Texas, 20,000 jobs because affordable housing will not be
16 built.

17 Now, I am not talking about your or my idea about
18 being more aggressive. I am talking about the impact
19 that this change in code is going to have on affordable
20 housing just in the Senate bill. The House bill is going
21 to make it even worse by getting rid of activity bonds.

22 Mr. Carasso, am I correct that there are changes
23 here that have now led to these estimates on the
24 reductions in affordable housing units being built in
25 America in the next few years?

1 Mr. Carasso. Senator, yes, I believe that is
2 correct. The lower rate makes the credit less valuable
3 to would-be investors like banks. So it is going to take
4 a lot more -- it is either going to take some sort of
5 expansion of the incentive to continue the level of
6 affordable housing to be built each year or the number of
7 units is going to go down and possibly by hundreds of
8 thousands.

9 Senator Cantwell. And so we are actually going to
10 lose jobs, too, because they will not be built. So I am
11 looking at our problem in Texas and in Florida, which
12 were already exacerbated and very perverse in the amount
13 of unaffordability among residents of those states, like
14 my state, and now they get hit by a hurricane and they
15 have more devastation, and you are proposing something
16 that is going to cut a million jobs out of the U.S.
17 economy because you are not taking into consideration the
18 impacts on this bill on affordable housing in the United
19 States of America.

20 That is why I want to slow down, Mr. Chairman. I
21 want to understand and be able to make the point that I
22 do not want to go backwards on affordable housing. I
23 want to go forward. Your state has gone forward. They
24 have made great strides.

25 I want us to understand and not go backwards on

1 affordable housing.

2 Thank you.

3 The Chairman. Well, thank you, Senator. I do not
4 want to go back either and I am certainly going to try
5 and help you, as we have in the past, and we will
6 continue to work closely with you.

7 I really want to thank members for participating. I
8 think these sessions have been informative.

9 I also want to really thank Tom Barthold and his
10 staff and our staff members for their help during the
11 course of this session. You have been very patient. You
12 have been a terrific asset to the committee and to all of
13 us personally.

14 The next step will be to move to amendments, but I
15 think we can use a break and some time to discuss the
16 path forward.

17 So the committee will be in recess for the next 15
18 minutes and we will reconvene at 5:15 p.m.

19 With that, we will recess until then.

20 [Whereupon, at 5 p.m., the committee was recessed,
21 reconvening at 5:25 p.m.]

22

23

24

25

1 AFTER RECESS

2 [5:25 p.m.]

3 The Chairman. The committee will come to order.

4 The mark, as modified, is now open for amendment. I
5 will begin recognizing colleagues who have amendments to
6 offer. I believe we reached an agreement on the initial
7 slate of amendments.

8 However, before we begin, I want to remind my
9 colleagues once again that this is a tax markup. We have
10 had quite a bit of discussion about the individual
11 mandate and what that might mean for the impact of the
12 mark, but even so, the individual mandate is part of the
13 tax code. It is, by any reasonable account, well within
14 the intended scope of the markup.

15 I intend to rule any amendments that go beyond
16 changes to the Internal Revenue Code non-germane.
17 Similarly, I will rule non-germane any amendments that
18 would put the modified mark out of compliance with the
19 committee's reconciliation instruction.

20 With that, we will proceed to the consideration of
21 amendments. We are going to begin by debating two
22 amendments proposed by Senator Wyden for 20 minutes,
23 after which we will vote on both amendments.

24 Then once we have voted on those amendments, we will
25 call on two more amendments proposed by the Ranking

1 Member for 20 minutes and vote on those, as well.

2 We will go to that point and then we will see where
3 we are.

4 Senator Wyden?

5 Senator Wyden. Thank you, Mr. Chairman.

6 The two amendments that I have, 145 and 146, are
7 transparency amendments. What we have here are
8 essentially some of the materials that lay out the record
9 that was compiled for the bipartisan 1986 tax reform
10 bill.

11 There were 27 hearings. They are actually numbered
12 like the Super Bowl. They have got them in order,
13 starting with James Baker, the Treasury Secretary, and
14 contrast that with this from the Trump Administration, a
15 little bit longer than your typical drugstore receipt,
16 but not much more.

17 So the two amendments that I am offering, my sense
18 is they are about as radical as Senator McCaskill asking
19 for a summary of what was actually in this legislation.

20 The first would require a hearing. The second would
21 require a score from the Congressional Budget Office and
22 the Joint Committee on Taxation on the impact of the
23 individual mandate repeal, the number of those who would
24 be uninsured, their premiums, their out-of-pocket costs,
25 for 72 hours before the committee votes.

1 And should anyone be curious about the origins of
2 this, this is, in effect, a copy of what the late Senator
3 Bunning, a Republican and a member of our committee,
4 offered with respect to the Affordable Care Act when this
5 committee was considering it.

6 Now, colleagues, the point of this is before we
7 report a bill, we ought to have all of the essential
8 information, be able to hear from the public, be able to
9 make informed choices.

10 We learned last night, for example, that now we are
11 not even talking about real tax reform anymore. We are
12 talking about going back to yesteryear, to the crazy
13 quilt world of tax extenders, with different provisions
14 expiring at different times, all kinds of potential
15 interaction.

16 I believe the American people have a right to know
17 where does this leave middle-class taxpayers in year 5,
18 in year 10. Whether does all this mean? They sure knew
19 in 1986.

20 We also have brand new proposals released on
21 Thursday that go into the staggeringly complicated
22 subject of the treatment of so-called pass-through
23 entities and multinational corporations.

24 My view is Senator McCaskill raised some extremely
25 important questions yesterday about the pass-through

1 provisions and how there is a distinction without, to me,
2 much of a difference with respect to how people are
3 treated.

4 Yesterday and today, Senator Brown has been raising
5 questions about whether the international tax provision
6 will not improve our international competitiveness, but
7 instead, and ironically, lead to even more outsourcing,
8 colleagues.

9 Senator Cardin asked about the impact of this bill
10 on charitable giving. We know it is going to result in
11 less giving. But I think the American people would like
12 to know how much, over what time.

13 Anybody got any ideas on how to correct this result?

14 We certainly need to know the real impact on this policy
15 on individual taxpayers. We have not gotten a
16 distributional table on the modified mark. And I can
17 just look down the dais and I see a number of colleagues
18 on my side of the aisle who have asked for that kind of
19 information.

20 The fact is we have got a lot more questions right
21 now than answers. As I told the Chairman, the questions
22 we were asking were not about filibuster. They were
23 about trying to get some information.

24 What is the impact on the historic tax credit? What
25 happens to low-income folks? All over the country, we

1 have got a real crunch in terms of affordable housing.
2 Senator Cantwell has worked in a bipartisan way on it.
3 We do not know what this means for low-income housing and
4 the impact on affordable housing.

5 A lot of universities are coming through. They want
6 to know what this means for them.

7 We have not had a single hearing, not one, on these
8 proposals. This is legislative malpractice. Contrast it
9 to 1986, 27 hearings, starting with the Treasury
10 Secretary.

11 On top of all that, we have got now a proposal to
12 repeal a central provision of the Affordable Care Act.
13 The committee has not held a single hearing this Congress
14 on the ACA or on the health insurance coverage for all
15 Americans.

16 Think about that. We went through the repeal-and-
17 place bill, then Graham-Cassidy, and now the new midnight
18 repeal provision. We have not had a single hearing on
19 how any of this legislation will affect middle-income
20 Americans and their ability to get health coverage.

21 How will the late-night Affordable Care Act
22 provision affect the overall healthcare system? Have we
23 heard from people knowledgeable in the field, those who
24 advocate for the patients, the doctors, hospitals,
25 insurance companies?

1 The answer is no, zip, we have not heard from them.
2 The Chair will not even allow us to hear from our
3 nonpartisan experts at the Congressional Budget Office.
4 And as good as Tom Barthold is, and he is a real pro, he
5 acknowledged that the Congressional Budget Office has
6 expertise that the good people at the Joint Tax office do
7 not have.

8 Now, the Chairman has repeatedly said we have had 70
9 hearings on the provisions in the bill. With respect,
10 and I have stated my admiration and affection for him so
11 many times, if it was a lawsuit, they just stipulate, the
12 Chairman is gilding that lily.

13 Sure, we have had a lot of hearings on taxes, we
14 always do, but few have been related to anything
15 resembling the specifics of this bill.

16 One example, the health insurance provision.
17 Colleagues, no hearings, none, zilch. Another example,
18 the bill repeals the deduction for state and local taxes,
19 which has roots in the Federalist Papers and was the
20 first deduction included in the tax code in 1916. Not a
21 loophole, but a reflection of the appropriate
22 relationship to comity between the Federal Government and
23 state and local governments. Repealing this deduction
24 increases taxes by \$1 trillion and it is going to have a
25 profound effect on the fiscal wellbeing of state and

1 local governments, the ones that build the roads, provide
2 police, educate kids, meet the day-to-day needs of
3 Americans across the land.

4 It may be the biggest change in the fiscal
5 relationship between the federal and state governments in
6 more than a century.

7 Mr. Chairman, I have more to add, but I want to
8 yield to my friend, Senator Carper, who I do not think
9 takes a backseat to anybody in terms of being a
10 transparency -- a good government guy, and I very much
11 appreciate his interest and I yield to him.

12 The Chairman. I will be happy to recognize Senator
13 Carper under those circumstances.

14 Senator Carper. My thanks to both.

15 The Chairman. But let us at least get the Chair to
16 recognize.

17 Senator Carper. Thank you, sir.

18 If it is appropriate, I would like to ask to be
19 added as a cosponsor to the original amendment. I would
20 ask to make sure that I am a cosponsor of this amendment,
21 Mr. Chairman, without objection.

22 During a short recess we took a few minutes ago, I
23 went back to my office to meet with a couple of business
24 leaders in my office, and they had been watching the
25 proceedings of this hearing on a television within our

1 office, and hearing what was being discussed.

2 One person, one gentleman in the group said to me,
3 "We have been watching this and it seems like the roles
4 are being reversed here." I said, "What do you mean?"
5 And he said, "I heard you talking about modifying,
6 reducing somewhat the tax break that would go to high-
7 income individuals and using that just straight out for
8 deficit reduction." He said, "That is not the kind of
9 argument we normally expect to hear from a Democrat."

10 He said, "You know, the terms conservative and
11 liberal are kind of being flipped here." He said, "What
12 used to be conservative is now not, and what was a
13 liberal-progressive has changed." He said, "I do not
14 know what is going on here."

15 Well, I do not know if it is Republican or Democrat,
16 liberal or conservative to say that before we take up
17 something, legislation that affects our whole economy
18 that we have never had a hearing on -- it is one thing to
19 have hearings over the course of a year, but to say here
20 is the bill, here is our legislation, these are all the
21 many parts of it, have CBO at the table answering
22 questions, Joint Tax at the table answering questions
23 with the final product, and to give us a reasonable
24 amount of time to discuss it and to kick the tires. And
25 we are not talking about weeks or months to do that, but

1 literally a couple of days.

2 Colleagues, this is common sense. My dad was a big
3 believer in common sense. He used to say to my sister
4 and me a lot of things, but one of the things he would
5 say to us when we would do some boneheaded stunt, he said
6 just use some common sense. My dad was a Republican.
7 But if he were here today, he would say to us just use
8 some common sense. And common sense dictates to me, and
9 I would hope to you, whether you are a Republican,
10 Democrat or whatever your party preference is wherever
11 you in a political spectrum to say at least make -- put
12 yourself in a position to make informed decisions.

13 That is by having the right folks at the table -- no
14 aspersion to these folks -- and having had a couple of
15 days for us and for them to actually look through the
16 full-blown legislation.

17 I do not think that is asking for too much. I think
18 that is just using some common sense, which I think our
19 constituents across the country would want us to do.

20 I applaud the Senator from Oregon, our Ranking
21 Member, for offering this amendment. I am pleased to be
22 a cosponsor of it.

23 Thank you.

24 The Chairman. Thank you, Senator.

25 Senator Grassley is going to speak for us. These

1 are 10 minutes equally divided.

2 Senator Grassley. They are trying to make a case
3 that everything is new. There might be some things new,
4 but let me tell you, since 2011, the Finance Committee
5 has had about 70 tax hearings, most of which included
6 very in-depth discussion on ways to simplify the tax code
7 and to reform the tax code, and particularly
8 simplification.

9 In 2013, the committee produced 10 separate
10 bipartisan option papers discussing concrete policies to
11 fixing our tax code as part of a blank slate approach
12 that the committee used.

13 At the end of 2014, the committee released an
14 extensive report, more than 300 pages long, discussing
15 ideas and principles to be considered during the tax
16 reform debate, and we did that in considerable detail.

17 In 2015, we had a bipartisan working group, all of
18 which produced reports outlining the various needs and
19 opportunities for tax reform.

20 The groundwork for this legislation has been very
21 sufficiently laid and we ought to be doing today what we
22 are doing today. This effort has been underway and in
23 the works for years and the Democrats have all played a
24 part in this effort.

25 So it is hard to imagine what they expect to learn

1 in additional hearings that has not already been covered
2 in the committee's extensive work on tax reform.

3 I think that we are seeing a lot of delay and not
4 much else. They are trying to create the impression that
5 the committee is doing something wholly new with this
6 bill. That is not the case.

7 With regard to tax legislation, the committee has
8 relied on the expertise, the analysis, and the scoring of
9 the Joint Committee on Taxation. That information is
10 being provided for this markup.

11 So there is no reason that for this bill we need to
12 depart from the committee norm that has been the
13 tradition of this committee. We have followed all the
14 necessary rules and procedures with this bill.

15 This markup, while longer than most, has followed
16 the traditional order of proceedings. We do not need to
17 reinvent the committee process just to let the Minority
18 delay the reporting of the bill.

19 I yield.

20 The Chairman. Thank you, Senator.

21 I understand Senator Stabenow would like a few
22 minutes. We are going to allow 5 minutes per side.

23 Senator Stabenow. Thank you.

24 I just want to indicate that as my friend, Senator
25 Grassley said, we did have bipartisan working groups last

1 year. I was pleased to chair one of those with Senator
2 Enzi.

3 We thought we were working toward a bipartisan
4 effort to write a tax reform bill and then starting in
5 January, that all stopped. It just completely stopped.
6 The working group stopped. The efforts to put together a
7 bipartisan bill stopped.

8 Instead, we have a purely partisan effort that is
9 now moving with no hearings, no complete analysis of what
10 we are voting on, and, in fact, we do not know the impact
11 of the bill on charitable organizations or housing prices
12 or children and families, farmers, manufacturers, local
13 governments, insurance coverage.

14 So, Mr. Chairman, I believe that Senator Wyden's two
15 amendments are incredibly reasonable. And if the roles
16 were reversed, you would be asking, as well, and rightly
17 so, for this.

18 We are asking that a complete analysis of Joint
19 Committee on Taxation on the impact of this bill on the
20 economy, the whole economy. Healthcare is one-sixth of
21 the economy. The tax provisions affect everything. That
22 it be on the Finance Committee website for at least 72
23 hours, not just for us, but for the people we represent.

24 Every American ought to have the right to have a
25 look at this and give some input before we move forward,

1 and then, as well, to make sure that we are holding
2 hearings and giving input.

3 So, Mr. Chairman, I strongly support this. I think
4 this is the least that we should be doing in terms of
5 transparency and openness for the public, and the public
6 has a right to deserve no less.

7 Senator Wyden. Mr. Chairman?

8 The Chairman. Yes, Senator?

9 Senator Wyden. If I could just wrap up on this.

10 There is nobody like Senator Grassley on
11 transparency and I would really call him Mr.
12 Transparency. He and I are the co-chairs of the
13 Whistleblower Caucus and it was an honor to be his junior
14 partner.

15 I would only say, with respect to my friend, the key
16 distinction here is, yes, there have been 70 general
17 hearings, but there have not been hearings on actual
18 legislative text. So the Senate Finance Committee does
19 not have books like this like they had in 1986 when James
20 Baker came in and led off the hearings. There were 27
21 hearings on actual legislative text.

22 So it is hard to disagree with Mr. Transparency, but
23 I think that distinction is really critical and why we
24 feel so strongly about both the hearings and getting the
25 score.

1 There may be colleagues who might also want to speak
2 and, Mr. Chairman, if you could recognize them, Senator
3 Cantwell and Senator Cardin, and we will wrap up and go
4 to a vote.

5 The Chairman. Let us let Senator Grassley take a
6 crack at this first. He is going to speak for us.

7 Senator Grassley. From the standpoint of what you
8 said, you brought up the tradition of this committee, you
9 used the term legislative text. We do not operate in
10 this committee only off of our intent and then the
11 legislative text is written afterwards.

12 Senator Wyden. I would only say that these
13 hearings were on the Administration's detailed proposals.

14 So not only do we not have a detailed proposal, we
15 have got this paper which is not much longer than a
16 drugstore receipt. We do not have anything -- in fact,
17 compare this, colleagues.

18 Here is President Trump and here is President
19 Reagan. I think that says it all. And the question is
20 whether you really get to engage on specifics as they did
21 in 1986 or do you stay on generalities, and that is the
22 difference here between our view and that of the
23 Majority.

24 The Chairman. We are going to have a vote up and
25 down. The Clerk will call the roll.

1 Senator Wyden. Mr. Chairman, two colleagues want
2 to speak.

3 Senator Cantwell. Mr. Chairman, I would just say I
4 do not think Senator Grassley was here in the last hour
5 or so when I brought up the question about changes that
6 were made overnight to the Virgin Islands, and that is a
7 key example of something that was just changed last
8 night.

9 I asked the staff. Nobody could even give me an
10 answer on how it got in there, what it was about, what
11 was the effect.

12 So I know that you think that this has been a timely
13 process, but it keeps changing, the details keep
14 changing, and I have to answer to my constituents about
15 what is in this bill and why it was there and when I
16 cannot even get an answer out of staff, I think it is
17 time to have a hearing and understand the impacts of this
18 bill.

19 I thank the Chairman.

20 Senator Cardin. May I ask for 1 minute?

21 The Chairman. Senator Cardin, of course.

22 Senator Cardin. Thank you, Mr. Chairman.

23 What Senator Cantwell and Senator Wyden are saying
24 is absolutely accurate. In my time, I questioned the
25 Joint Tax as to the impact it has on charitable giving,

1 the impact it has on housing values, the impact it has on
2 local finance.

3 We really do need to understand what these changes
4 will mean for state and local government. I served 20
5 years in the state legislature. We have an obligation to
6 know how these changes are going to affect state and
7 local finance, and there is no question that it will.

8 What impact does it have on health coverage beyond
9 just the number of uninsured and the 10 percent increase
10 in premiums?

11 What effect does it have on housing values and
12 prices? We know it is going to have some effect, when
13 you affect the deductibility of property taxes and
14 interest. What impact it has on children.

15 These are just basic questions that we should take
16 the time to have a hearing and understand what we are
17 doing when you are affecting so much of our economy.

18 The Chairman. Thank you, Senator.

19 Senator Grassley. To my colleague from Washington
20 State, what she brought up was already in an amendment
21 that was out there. And I think you have got to remember
22 over a long, long period of time, there has always
23 chairman's modifications of a mark.

24 The Chairman. The Clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. No.
2 The Clerk. Mr. Crapo?
3 Senator Crapo. No.
4 The Clerk. Mr. Roberts?
5 Senator Roberts. No.
6 The Clerk. Mr. Enzi?
7 Senator Enzi. No.
8 The Clerk. Mr. Cornyn?
9 Senator Cornyn. No.
10 The Clerk. Mr. Thune?
11 Senator Thune. No.
12 The Clerk. Mr. Burr?
13 Senator Burr. No.
14 The Clerk. Mr. Isakson?
15 Senator Isakson. No.
16 The Clerk. Mr. Portman?
17 Senator Portman. No.
18 The Clerk. Mr. Toomey?
19 The Chairman. Senator Toomey no by proxy.
20 The Clerk. Mr. Heller?
21 Senator Heller. No.
22 The Clerk. Mr. Scott?
23 Senator Scott. No.
24 The Clerk. Mr. Cassidy?
25 The Chairman. No by proxy.

1 The Clerk. Mr. Wyden?
2 Senator Wyden. Aye.
3 The Clerk. Ms. Stabenow?
4 Senator Stabenow. Aye.
5 The Clerk. Ms. Cantwell?
6 Senator Cantwell. Aye.
7 The Clerk. Mr. Nelson?
8 Senator Wyden. Aye by proxy.
9 The Clerk. Mr. Menendez?
10 Senator Wyden. Aye by proxy.
11 The Clerk. Mr. Carper?
12 Senator Carper. Aye.
13 The Clerk. Mr. Cardin?
14 Senator Cardin. Aye.
15 The Clerk. Mr. Brown?
16 Senator Wyden. No instruction.
17 The Clerk. Mr. Bennet?
18 Senator Bennet. Aye.
19 The Clerk. Mr. Casey?
20 Senator Casey. Aye.
21 The Clerk. Mr. Warner?
22 Senator Warner. Aye.
23 The Clerk. Mrs. McCaskill?
24 Senator McCaskill. Aye.
25 The Clerk. Mr. Chairman?

1 The Chairman. No.

2 The Clerk will report.

3 Senator Wyden. Hold it, Mr. Chairman.

4 The Clerk. Mr. Brown?

5 Senator Brown. Aye.

6 The Clerk. Mr. Chairman, the final tally is 12
7 ayes, 14 nays.

8 The Chairman. Next amendment.

9 Senator Wyden. Mr. Chairman, this amendment would
10 require a certification by the nonpartisan scorekeepers,
11 that is, the Joint Committee on Taxation and the
12 Congressional Budget Office. They are the people that
13 are doing independent work, calling balls and strikes,
14 and that no proposal in this legislation would kick
15 Americans off their healthcare, increase their health
16 insurance premiums, and hike taxes on middle-class
17 Americans.

18 And after several days of discussion now, it has
19 become clear that some members in this room want to deny
20 the consequences of this bill that is focused
21 overwhelmingly on tax breaks for multinational
22 corporations.

23 There has been an awful lot of rhetorical
24 gymnastics, but the bottom line is a tax hike on 14
25 million middle-class Americans, I guess, is a tax cut, on

1 average, across a variety of income levels.

2 Somehow a proposal that kicks 13 million Americans
3 off their healthcare, clobbers tens of millions of others
4 with premium hikes a year after nothing has -- a year has
5 nothing to do with healthcare. It is just another tax
6 cut.

7 I have even heard some of my colleagues deny these
8 consequences outright. It is as if there is just going
9 to be a magical growth fairy that defies every economic
10 forecast and a healthcare miracle that prevents anybody's
11 premium from going up and keeps just about everybody in
12 America from even getting sick.

13 So that is what this amendment tackles. If the
14 members do not believe the harmful consequences of this
15 bill are real, this amendment puts all this to the test.
16 Let us put down some protections that this reckless,
17 hasty process is not going to hurt tens of millions of
18 Americans, particularly those who cannot afford it.

19 So the amendment requires a certification by the
20 Joint Committee on Taxation and the Congressional Budget
21 Office that no proposal in this legislation does three
22 things: kick people off their healthcare, increase their
23 health insurance premiums, hike taxes on middle-class
24 Americans.

25 If the analysis is that the bill hurts Americans

1 based on those three fundamental guardrails, this
2 proposal that we are making does not go into effect.

3 Colleagues, the committee has not had enough time to
4 consider what is on offer, especially in healthcare.
5 There has not been a hearing to walk the committee
6 through the legislation. It went straight to markup.

7 Repealing the individual mandate, the coverage
8 requirement, certainly was never the subject of a tax
9 reform hearing in this committee.

10 Let me repeat that. Repealing the individual
11 mandate certainly was never the subject of a tax reform
12 hearing in the committee.

13 So what parachuted in the other day very late turned
14 a tax bill into a healthcare bill and meant that we were
15 going to see billions cut in healthcare in order to have
16 tax breaks for multinational corporations, never
17 discussed here in this committee.

18 So this is a do-no-harm proposal. We ought to hear
19 from people who are knowledgeable, like the Budget Office
20 and the Joint Committee on Taxation, if the bill is going
21 to actually hit middle-class families hard in their
22 pocketbooks. If it is going to make their healthcare
23 worse, then this amendment says hit the brakes, come
24 together, as we have suggested, on a bipartisan basis and
25 do the job right.

1 Senator Cornyn. Mr. Chairman?

2 The Chairman. Senator Cornyn?

3 Senator Cornyn. Mr. Chairman, I cannot sit here
4 and listen to our friend misrepresent what the repeal of
5 the tax on low-income Americans -- he says it kicks them
6 off their healthcare. That is not true. That is
7 absolutely wrong.

8 What it does is it repeals a regressive tax against
9 low income Americans who cannot afford to purchase the
10 health insurance that the government mandates. And what
11 we are attempting to do is to provide a \$43 billion over
12 10 years tax cut of this most regressive tax against low-
13 income Americans for failing to purchase government-
14 mandated health coverage.

15 As far as the premiums are concerned, I think our
16 colleagues, Senator Alexander and Senator Murray, have a
17 pretty good idea of how to stabilize the individual
18 health insurance market that makes a whole lot more sense
19 than holding a gun to the head of low-income Americans
20 and forcing them to buy something they do not want and
21 then when they are unable to buy it, then taxing them for
22 it.

23 I think we well know what the individual mandate
24 does and does not do, and it certainly does not do what
25 the ranking member said, kick people off their health

1 insurance.

2 Senator Wyden. Mr. Chairman, if I could just
3 respond.

4 Senator Murray has pointed out that her bill, and we
5 support it, cannot fix the consequences that you have if
6 you repeal the coverage requirement. What they do is
7 something called cost-sharing. It does help insurers
8 pick up some copayments and deductibles for folks of
9 modest means.

10 But Senator Murray has pointed out, as she joins us,
11 vociferously, in opposing the effort to repeal the
12 coverage requirement in the Affordable Care Act, that
13 what she is talking about cannot fix this.

14 The Majority keeps wanting to quarrel with the
15 facts. The facts we have gotten are 13 million people
16 are not going to have coverage and that is in a year.
17 And then we are going to have millions more pay
18 substantially higher premiums because what we have done
19 is we have seen fewer healthy people go into the risk
20 pool.

21 Deny all the facts you want, but the facts are still
22 the facts.

23 As Pat Moynihan, one of our great predecessors,
24 said, everybody is entitled to an opinion, but you are
25 not entitled to your own set of the facts, and the facts

1 are as I have laid them out.

2 The Chairman. We still have about 2.5 minutes to
3 go. Does anybody care to talk?

4 Senator Enzi. Mr. Chairman?

5 The Chairman. Senator Enzi?

6 Senator Enzi. Mr. Chairman, there have already
7 been seven million people as of 2015 kicked off their
8 health insurance. They could not afford the insurance
9 that they were required to have. So did they not only
10 have insurance, they had to pay a tax penalty, a tax
11 penalty that the Supreme Court said was a tax.

12 So we are eliminating a tax on the lower-income
13 groups and that ought to be a reason for doing the bill,
14 not for undoing the bill.

15 Now, there is speculation about what is going to
16 happen in the future. I think there are going to be a
17 lot more people laid off if we keep that provision in
18 there. There are going to be more people losing their
19 insurance, having to pay this fine because they cannot
20 buy insurance that they are required to buy.

21 So we are hitting them twice. They are not getting
22 insurance and they are paying a penalty to the Federal
23 Government because they were required to buy more than
24 they can afford.

25 We need to settle that part of the law separately. I

1 appreciate the short-term thing that Senator Alexander
2 and Senator Murray have done. That needs to be done.
3 That prevents some immediate chaos because of what has
4 already happened.

5 But there needs to be some longer-term things, too,
6 and there are things that we could do together to make
7 sure that people do not lose their insurance. And we
8 have talked about them, but we have not had it outside of
9 this effort, which I hope is just the beginning of effort
10 between Alexander and Murray.

11 We have not seen anything yet. But there are people
12 out there that are going to have to pay a penalty that
13 they should not have to pay because they cannot afford
14 the insurance they are being required to have.

15 It does not take much of an analysis to come up with
16 that.

17 I yield the floor.

18 Senator Wyden. Mr. Chairman, if I could respond.

19 The Chairman. I am going to call on Senator Wyden.

20 Senator Wyden. First of all, my colleague from
21 Wyoming has ignored the fact that people are now signing
22 up in record numbers. That is what we are hearing on the
23 basis of the last few days. That is number one, 20
24 million have already signed up.

25 Then as far as going forward, and we would like to

1 work with Senator Enzi on it, this committee has not had
2 one hearing on one of the biggest issues going forward,
3 which is how are we going to hold down runaway
4 pharmaceutical prices.

5 So we would love to be able to talk about going
6 forward rather than fighting a rear guard action to stop
7 taking away coverage from 13 million additional Americans
8 and raising the premium 10 percent for millions more.

9 I think we are prepared to vote, Mr. Chairman.

10 The Chairman. There are two stacked votes, number
11 2, we will vote on that first, and then Wyden number 18.
12 The Clerk will call the roll on number 2.

13 The Clerk. Mr. Grassley?

14 Senator Grassley. No.

15 The Clerk. Mr. Crapo?

16 Senator Crapo. No.

17 The Clerk. Mr. Roberts?

18 Senator Roberts. No.

19 The Clerk. Mr. Enzi?

20 Senator Enzi. No.

21 The Clerk. Mr. Cornyn?

22 Senator Cornyn. No.

23 The Clerk. Mr. Thune?

24 Senator Thune. No.

25 The Clerk. Mr. Burr?

1 Senator Burr. No.
2 The Clerk. Mr. Isakson?
3 Senator Isakson. No.
4 The Clerk. Mr. Portman?
5 Senator Portman. No.
6 The Clerk. Mr. Toomey?
7 Senator Toomey. No.
8 The Clerk. Mr. Heller?
9 Senator Heller. No.
10 The Clerk. Mr. Scott?
11 Senator Scott. No.
12 The Clerk. Mr. Cassidy?
13 Senator Cassidy. No.
14 The Clerk. Mr. Wyden?
15 Senator Wyden. Aye.
16 The Clerk. Ms. Stabenow?
17 Senator Stabenow. Aye.
18 The Clerk. Ms. Cantwell?
19 Senator Cantwell. Aye.
20 The Clerk. Mr. Nelson?
21 Senator Nelson. Aye.
22 The Clerk. Mr. Menendez?
23 Senator Wyden. Aye by proxy.
24 The Clerk. Mr. Carper?
25 Senator Carper. Aye.

1 The Clerk. Mr. Cardin?
2 Senator Cardin. Aye.
3 The Clerk. Mr. Brown?
4 Senator Brown. Aye.
5 The Clerk. Mr. Bennet?
6 Senator Bennet. Aye.
7 The Clerk. Mr. Casey?
8 Senator Casey. Aye.
9 The Clerk. Mr. Warner?
10 Senator Warner. Aye.
11 The Clerk. Mrs. McCaskill?
12 Senator McCaskill. Aye.
13 The Clerk. Mr. Chairman?
14 The Chairman. No.
15 The Clerk will report.
16 The Clerk. Mr. Chairman, the final tally is 12
17 ayes, 14 nays.
18 The Chairman. The amendment is defeated. We will
19 now vote on Senator Wyden's number 18.
20 The Clerk will call the roll.
21 The Clerk. Mr. Grassley?
22 Senator Grassley. No.
23 The Clerk. Mr. Crapo?
24 Senator Crapo. No.
25 The Clerk. Mr. Roberts?

1 Senator Roberts. No.
2 The Clerk. Mr. Enzi?
3 Senator Enzi. No.
4 The Clerk. Mr. Cornyn?
5 Senator Cornyn. No.
6 The Clerk. Mr. Thune?
7 Senator Thune. No.
8 The Clerk. Mr. Burr?
9 Senator Burr. No.
10 The Clerk. Mr. Isakson?
11 Senator Isakson. No.
12 The Clerk. Mr. Portman?
13 Senator Portman. No.
14 The Clerk. Mr. Toomey?
15 Senator Toomey. No.
16 The Clerk. Mr. Heller?
17 Senator Heller. No.
18 The Clerk. Mr. Scott?
19 Senator Scott. No.
20 The Clerk. Mr. Cassidy?
21 Senator Cassidy. No.
22 The Clerk. Mr. Wyden?
23 Senator Wyden. Aye.
24 The Clerk. Ms. Stabenow?
25 Senator Stabenow. Aye.

1 The Clerk. Ms. Cantwell?
2 Senator Cantwell. Aye.
3 The Clerk. Mr. Nelson?
4 Senator Nelson. Aye.
5 The Clerk. Mr. Menendez?
6 Senator Wyden. Aye by proxy.
7 The Clerk. Mr. Carper?
8 Senator Carper. Aye.
9 The Clerk. Mr. Cardin?
10 Senator Cardin. Aye.
11 The Clerk. Mr. Brown?
12 Senator Brown. Aye.
13 The Clerk. Mr. Bennet?
14 Senator Bennet. Aye.
15 The Clerk. Mr. Casey?
16 Senator Casey. Aye.
17 The Clerk. Mr. Warner?
18 Senator Warner. Aye.
19 The Clerk. Mrs. McCaskill?
20 Senator McCaskill. Aye.
21 The Clerk. Mr. Chairman?
22 The Chairman. No.
23 The amendment is defeated.
24 We will now recognize Senator Bennet for his number
25 6 amendment.

1 Senator Bennet. Thank you, Mr. Chairman. I am
2 very grateful for your recognizing me.

3 The Chairman. Happy to do it.

4 Senator Bennet. Thank you.

5 Mr. Chairman, if the Majority's tax plan does
6 everything that you have put --

7 The Chairman. Let us have order. Let us have
8 order.

9 Senator Bennet. Thank you, Mr. Chairman.

10 If the Majority's tax plan does everything that you
11 claim, my amendment will have absolutely no effect.

12 For 40 years, the Majority has claimed that tax cuts
13 pay for themselves through economic growth. In 1981,
14 Ronald Reagan signed major tax cuts, claiming they would
15 pay for themselves. By the end of his term, our national
16 debt had risen 62 percent.

17 In the 1990s, President Clinton raised taxes and cut
18 spending to balance the budget and, as the Chairman said
19 today, with a Republican Congress. The economy boomed
20 and by 1999, the United States Senate actually held
21 hearings about what to do with the \$5.6 trillion
22 projected surplus.

23 Then George W. Bush was elected President. He
24 passed two tax cuts, prosecuted two wars without paying
25 for them, and signed a \$400 billion prescription drug

1 benefit without paying for it.

2 When President Obama assumed office, the day he was
3 sworn in, he inherited a \$1.2 trillion annual deficit and
4 an economy in freefall. Then during the worst downturn
5 since the Great Depression, Republican leaders all of a
6 sudden remembered their fiscal conservatism.

7 Now, after inheriting a booming stock market and 4
8 percent unemployment, the Majority wants to borrow
9 another \$1.5 trillion from our children to pay for more
10 tax cuts for the wealthiest people in America.

11 Still, the Majority claims these cuts will pay for
12 themselves despite everything we have seen and if they
13 are so confident, I think they should support my
14 amendment.

15 Here is what it does. If the higher revenue that
16 you are promising does not materialize for 3 straight
17 years, my amendment says that we cannot cut Social
18 Security, Medicare and Medicaid.

19 We have to fill that hole some other way, not by
20 slashing the programs millions of Americans rely on.

21 Yesterday, CBO came out with a report that said this
22 would require -- what you guys are doing would require a
23 \$25 billion to Medicare. It is unclear, I think, from
24 some comments earlier about how you are thinking about
25 PAYGO.

1 My amendment would say that if you fulfill the
2 promise you are making to the American people, then you
3 will be able to keep your tax cut. If you do not, you
4 cannot touch these vital programs.

5 I just want to say that this amendment is not
6 written out of a partisan perspective. Mike Johanns, our
7 old colleague, and I -- or our past colleague and I
8 circulated a letter in 2011, during the depths of the
9 recession and when we were all deeply concerned about
10 where we were. That letter was signed by 64 members of
11 the Senate and it was sent to Barack Obama, President of
12 the United States, and it said that meaningfully
13 addressing our deficit could not be done without tax
14 reform, without entitlement reform, and without dealing
15 with our domestic and military spending.

16 I think that is what we need to do. I think it is
17 impossible for us to solve this in a partisan way. It is
18 not possible for us to put this place back on a path of
19 fiscal responsibility and on a fiscally responsible
20 trajectory with one party doing it alone, and this bill
21 demonstrates that.

22 So I urge a yes vote on this amendment.

23 Thank you, Mr. Chairman. I yield back.

24 The Chairman. All right. We cannot cut Social
25 Security in this particular markup.

1 The Clerk will call the roll.

2 Senator Brown. Mr. Chairman, could you say that
3 again about Social Security? I could not hear you.

4 Senator Grassley. Under the Budget Act of 1974,
5 any provision that is in a reconciliation bill that deals
6 with Social Security is going to be out of order in the
7 United States Senate. So we are not going to put
8 anything in this bill about Social Security.

9 Senator Brown. Mr. Chairman and Senator Grassley,
10 I thank you very much for that.

11 I do not think that we are saying you are going to
12 cut Social Security tonight, but we did read what Martin
13 Feldstein said earlier in the year. We have read the
14 comments of Speaker Ryan and Chairman Brady and that our
15 own respected, dignified Chairman Hatch today said --
16 well, maybe that is, more or less, did not say we were
17 not going to have to cut Social Security at some point.

18 And our contention is if we do these tax cuts -- if
19 we do these tax cuts, we just are almost certain you will
20 come back a year or 2 or 3 or 4 from now and have to pay
21 for them, we have got this terrible budget deficit, and
22 go after Social Security.

23 That is our fear, Mr. Chairman, not process tonight.
24 But you set this up tonight and what happens a year from
25 now?

1 Senator Grassley. Not as long as Trump is
2 President, because he said, and I think wrongly so, that
3 we should not do anything with entitlements. So as long
4 as he is in office, he is going to veto any bill dealing
5 with Social Security.

6 Senator Brown. Well, he also said he would go
7 after the cost of prescription drugs. I do not think we
8 want to start --

9 [Crosstalk.]

10 The Chairman. Senator Stabenow? And then we are
11 going to vote on this, although I do not think we should
12 have a vote.

13 Senator Stabenow. Thank you, Mr. Chairman.

14 First of all, the Speaker of the House has said as
15 soon as tax reform is done, that the next thing is
16 entitlements. So I think that would be an interesting
17 discussion.

18 But I do think this is very relevant, because we
19 have seen this movie before with the Bush tax cuts,
20 trickle-down economics, said it would pay for itself. It
21 did not do that in 2001-2003 and President Bush came back
22 immediately and tried to privatize Social Security and
23 said, gosh, we hate to do this, but we have got a big
24 debt.

25 So that effort was tried. We fought back. It was

1 not successful.

2 But this amendment is certainly within the realm of
3 what we have seen before and the budget resolution that
4 was passed that allows a \$1.5 trillion debt to be created
5 by this tax bill; also, then instructs the Finance
6 Committee to do almost \$1.5 trillion cuts in Medicare and
7 Medicaid.

8 So this is not made up, Mr. Chairman. This is in
9 the budget resolution. It has been done before other
10 times and I would hope we would join together in voting
11 for this amendment to make sure that does not happen.

12 Senator Grassley. You can make fun of trickle-down
13 economics, but we had trickle-up economics under the
14 previous 8 years, increasing taxes \$2.2 trillion, and we
15 had 1.4 percent growth, and you are never going to solve
16 the Social Security problem with nothing more than 1.4
17 percent growth.

18 The Chairman. Let me take back --

19 Senator Stabenow. To my dear friend, I just want
20 to say that people in Michigan are still waiting --

21 The Chairman. Senator? Let me take control of the
22 committee. Look, I am getting a little tired of this
23 business of not paying attention to the Chairman. I am
24 going to turn to Senator Portman, who had his hand up,
25 and then we are going to vote on this, even though I do

1 not think we should vote on it.

2 Senator Portman?

3 Senator Portman. Thank you, Mr. Chairman.

4 The comment was made by a couple of my colleagues
5 that we have seen this movie before, and I will not
6 disagree with that. The movie we have seen is that tax
7 reform done right results in significant economic growth.

8 We say time and time again, this is the first time
9 in 31 years that we have had a chance to make fundamental
10 reforms to our tax code.

11 Everybody around this dais agrees that the tax code
12 is broken. If they do not, they have not been paying
13 attention. Certainly, our constituents feel that way.
14 But importantly, American workers are losing out every
15 single day. We have a totally uncompetitive, antiquated
16 tax code that is consigning our workers who we represent
17 to a noncompetitive position where they are competing
18 with one hand tied behind their back.

19 Every economist who looks at this says that if you
20 do the kinds of things we are talking about here, to make
21 our businesses competitive, to make our workers
22 competitive, it is going to help.

23 Now, they disagree on how much, but the economic
24 growth in this thing is very much like a movie we have
25 seen before, which was the 1986 reforms that ended up

1 with economic growth both in the 1980s and the 1990s that
2 everyone loves to take credit for, Republican and
3 Democrat alike.

4 So my hope is that we would look at this a little
5 differently, which is this is an opportunity for us to
6 work together to actually stimulate this economy and get
7 it moving.

8 The Congressional Budget Office tells us that the
9 growth over the next 10 years will be 1.9 percent. That
10 is their projection.

11 Senator Bennet. Mr. Chairman, may I just respond
12 on my amendment?

13 Senator Wyden. Mr. Chairman, we have several
14 colleagues and I would like to touch on it, too.

15 Senator Portman. I think I have the time.

16 Mr. Chairman, what is this? I mean, every time I
17 start talking, I get interrupted.

18 The Chairman. That is right.

19 Senator Portman. I mean, I am not interrupting you
20 guys.

21 The Chairman. Senator Portman?

22 Senator Portman. The Congressional Budget Office
23 says 1.9 percent growth. I do not know if any of my
24 colleagues around the table think that that is something
25 that is satisfactory, 1.9 percent growth. Are you

1 kidding? We can do better than that.

2 If we go 0.4 percent more than that, 2.3 percent
3 economic growth, this would not only be something that
4 does not affect the deficit, it then starts to actually
5 pay the deficit down.

6 I certainly think we are going to see that kind of
7 growth if we do the right things. Not every tax cut pays
8 for itself. That is, of course, true. But the right
9 kind of tax relief does.

10 I believe we have designed this thing -- by the way,
11 there has been a bipartisan consensus in the past on
12 these kind of pro-growth elements that are in this bill.

13 I have mentioned before that the Working Group on
14 International, with Chuck Schumer, this is exactly what
15 they came up with, a territorial system, a lower tax
16 rate, having some sort of provisions on base erosion,
17 that is just what we have got here.

18 This is going to create economic growth and we may
19 have a difference of how much, but our concern is not
20 that this tax reform proposal is going to cause big holes
21 in the deficit. It is that we are not going to pass it
22 so that we can begin to give our workers the ability to
23 compete and get this economy moving again.

24 We just had 3 percent growth last quarter. We had
25 3.1 percent the quarter before. Over the last 25 years,

1 the average is 2.5 percent. Is 2.4 percent too much to
2 ask for? I do not think so.

3 The Chairman. Senator, the time has run out. The
4 Clerk will call the roll.

5 Senator Wyden. Mr. Chairman, we have several
6 colleagues that would like to talk and I would like to --

7 The Chairman. We are not going to make this an
8 extended debate on every amendment.

9 Senator Wyden. This is a particularly important
10 amendment.

11 The Chairman. Regular order. The Clerk will call
12 the roll.

13 The Clerk. Mr. Grassley?

14 Senator Grassley. No.

15 The Clerk. Mr. Crapo?

16 Senator Crapo. No.

17 The Clerk. Mr. Roberts?

18 Senator Roberts. No.

19 The Clerk. Mr. Enzi?

20 Senator Enzi. No.

21 The Clerk. Mr. Cornyn?

22 Senator Cornyn. No.

23 The Clerk. Mr. Thune?

24 Senator Thune. No.

25 The Clerk. Mr. Burr?

1 Senator Burr. No.
2 The Clerk. Mr. Isakson?
3 Senator Isakson. No.
4 The Clerk. Mr. Portman?
5 Senator Portman. No.
6 The Clerk. Mr. Toomey?
7 Senator Toomey. No.
8 The Clerk. Mr. Heller?
9 Senator Heller. No.
10 The Clerk. Mr. Scott?
11 Senator Scott. No.
12 The Clerk. Mr. Cassidy?
13 Senator Cassidy. No.
14 The Clerk. Mr. Wyden?
15 Senator Wyden. Aye.
16 The Clerk. Ms. Stabenow?
17 Senator Stabenow. Aye.
18 The Clerk. Ms. Cantwell?
19 Senator Cantwell. Aye.
20 The Clerk. Mr. Nelson?
21 Senator Nelson. Aye.
22 The Clerk. Mr. Menendez?
23 Senator Wyden. Aye by proxy.
24 The Clerk. Mr. Carper?
25 Senator Carper. Aye.

1 The Clerk. Mr. Cardin?
2 Senator Cardin. Aye.
3 The Clerk. Mr. Brown?
4 Senator Brown. Aye.
5 The Clerk. Mr. Bennet?
6 Senator Bennet. Aye.
7 The Clerk. Mr. Casey?
8 Senator Casey. Aye.
9 The Clerk. Mr. Warner?
10 Senator Wyden. Aye by proxy.
11 The Clerk. Mrs. McCaskill?
12 Senator McCaskill. Aye.
13 The Clerk. Mr. Chairman?
14 The Chairman. No.
15 The Clerk will tell the result.
16 The Clerk. Mr. Chairman, the final tally is 12
17 ayes, 14 nays.
18 The Chairman. Senator Casey, you are next, I
19 believe.
20 Senator Casey. Mr. Chairman, thank you very much.
21 This amendment relates to individuals with
22 disabilities across our country. I know that in our work
23 on both sides of the aisle, we hear from people with
24 disabilities on a regular basis.
25 In a state like Pennsylvania, we have, by one

1 estimate, 9.5 percent of people under the age of 65 with
2 a disability. Based upon that number, it is well over 1
3 million people in our state, even under the age of 65,
4 that have a disability.

5 This amendment is designed to ensure we are
6 supporting and making it possible for those with
7 disabilities to have access to healthcare coverage and
8 reasonably priced healthcare premiums.

9 According to the CBO, repeal of a key provision of
10 the ACA, in this case, the shared responsibility section,
11 would cause 13 million Americans to lose their health
12 insurance coverage over the decade, with four million of
13 those in the first year, meaning 2019, and would cause
14 premiums to go up by some 10 percent per year over the
15 decade.

16 This provision, if it were to go into effect, would
17 rip coverage away from many American families, including
18 individuals with disabilities, because in addition to the
19 coverage provided by Medicaid for people with
20 disabilities, many of those with disabilities use the ACA
21 marketplaces for their health coverage.

22 They are self-employed or working at relatively low-
23 paying jobs. They use the marketplace because they have
24 too much in income to qualify for Medicaid, but not a job
25 that provides health coverage.

1 These people with disabilities are important members
2 of our country's workforce. They are often
3 entrepreneurs, service providers, and service workers.
4 They are working to be economically self-sufficient.

5 Right now, marketplace coverage ensures that these
6 same American with disabilities can buy comprehensive and
7 affordable healthcare and have equal access to much
8 needed healthcare, including examinations, therapies,
9 mental health services, and affordable medications.

10 So the amendment is two parts. Number one is, the
11 Joint Committee on Taxation and the Congressional Budget
12 Office will certify that the bill will, number one, not
13 reduce the number of Americans with disabilities covered
14 by health insurance, or, two, increase premiums for
15 health insurance for Americans with disabilities.

16 When I think of this issue and I think of the
17 individuals, I am reminded of a lot of families. One of
18 those families wrote to me at the beginning of the year.
19 It is the mom writing to me about her son, Rowan. She
20 was very worried about what would happen in the
21 healthcare debate and she talked about all the ways
22 Rowan's life was better because of Medicaid, how his life
23 has changed because of the coverage of Medicaid.

24 Well, that could be said of someone who is receiving
25 their health insurance not through Medicaid with a

1 disability, but through the exchanges.

2 Nothing in this bill -- and we ought to be able to
3 guarantee and certify that if you are an American with a
4 disability and you have coverage, health insurance
5 coverage through the insurance marketplaces, nothing in
6 this tax bill will do anything to rip that coverage away
7 from you.

8 This should be a simple yes vote by everyone.
9 Making sure that individuals with disabilities who have
10 insurance today will have it tomorrow and have it next
11 month and next year or as long as they need it, is a
12 mission worthy of a great country.

13 If we call ourselves a great country, we can
14 guarantee that or we should try like hell to guarantee
15 it. I would hope that we would have an affirmative yes
16 vote on this amendment.

17 The Chairman. The Clerk will call the roll.

18 The Clerk. Mr. Grassley?

19 Senator Grassley. No.

20 The Clerk. Mr. Crapo?

21 Senator Crapo. No.

22 The Clerk. Mr. Roberts?

23 Senator Roberts. No.

24 The Clerk. Mr. Enzi?

25 Senator Enzi. No.

1 The Clerk. Mr. Cornyn?
2 Senator Cornyn. No.
3 The Clerk. Mr. Thune?
4 Senator Thune. No.
5 The Clerk. Mr. Burr?
6 Senator Burr. No.
7 The Clerk. Mr. Isakson?
8 Senator Isakson. No.
9 The Clerk. Mr. Portman?
10 Senator Portman. No.
11 The Clerk. Mr. Toomey?
12 Senator Toomey. No.
13 The Clerk. Mr. Heller?
14 Senator Heller. No.
15 The Clerk. Mr. Scott?
16 Senator Scott. No.
17 The Clerk. Mr. Cassidy?
18 Senator Cassidy. No.
19 The Clerk. Mr. Wyden?
20 Senator Wyden. Aye.
21 The Clerk. Ms. Stabenow?
22 Senator Stabenow. Aye.
23 The Clerk. Ms. Cantwell?
24 Senator Cantwell. Aye.
25 The Clerk. Mr. Nelson?

1 Senator Wyden. Aye by proxy.
2 The Clerk. Mr. Menendez?
3 Senator Wyden. Aye by proxy.
4 The Clerk. Mr. Carper?
5 Senator Carper. Aye.
6 The Clerk. Mr. Cardin?
7 Senator Cardin. Aye.
8 The Clerk. Mr. Brown?
9 Senator Brown. Aye.
10 The Clerk. Mr. Bennet?
11 Senator Bennet. Aye.
12 The Clerk. Mr. Casey?
13 Senator Casey. Aye.
14 The Clerk. Mr. Warner?
15 Senator Wyden. Aye by proxy.
16 The Clerk. Mrs. McCaskill?
17 Senator McCaskill. Aye.
18 The Clerk. Mr. Chairman?
19 The Chairman. No.
20 Senator Nelson. Mr. Chairman, Nelson is present
21 and voting aye. Thank you.
22 The Clerk. Mr. Chairman, the final tally is 12
23 ayes, 14 nays.
24 The Chairman. Senator Stabenow, you are next.
25 Senator Stabenow. Thank you, Mr. Chairman.

1 Given the confidence that my Republican colleagues
2 have that people are not going to lose their insurance or
3 see their premiums or out-of-pocket costs go up, I would
4 hope that we could pass my amendment by a unanimous vote.

5 It simply says that no provision of the Chairman's
6 mark, as modified, would take effect unless the Joint
7 Committee on Taxation and the Congressional Budget Office
8 certify that the bill will not reduce the number of
9 middle-class Americans with health insurance coverage or
10 increase health insurance premiums or out-of-pocket
11 costs.

12 Now, we are hearing a lot of discussion about
13 whether or not this impacts real people. We know what
14 the Congressional Budget Office has said, but again, if
15 colleagues are confident that that is not the case, then
16 we should be willing to support this.

17 We know, though, that in the last number of months,
18 since the beginning of this year, most of the time we
19 have spent in the Senate is beating back efforts to
20 completely roll back our health care system.

21 In fact, in talking about low-income Americans, the
22 majority of them are in Medicaid healthcare. That is how
23 they are getting their healthcare. And over and over
24 again, that has been attacked and even in this budget
25 resolution, \$1 trillion is proposed to come out of

1 Medicaid.

2 I also think, Mr. Chairman, that is very important
3 to indicate that while people are looking for insurance,
4 if they are on the individual market, we have seen
5 nothing but the Trump Administration trying to sabotage
6 and raise costs. We are seeing them cut the sign-up time
7 in half. People are now signing up on healthcare.gov,
8 and yet the time has been cut from 3 months to 6 weeks.

9 We are told that on Sundays, that the computers will
10 be down and that is the most likely time that people are
11 at home, not working and having an opportunity to spend
12 time looking at possible healthcare options for
13 themselves.

14 We have seen the President say he is not going to do
15 the -- keep the commitments around cost-sharing that
16 address the costs for low-income people. And a couple of
17 years ago, the whole effort on reinsurance was completely
18 pulled out, which started the increases in premiums.

19 So it is very difficult to feel confident that
20 somehow after all the sabotage of the Administration,
21 undermining things administratively, the fights we have
22 gone on all year to stop the unraveling of healthcare,
23 and the budget resolution, which takes \$1 trillion out of
24 Medicaid and almost \$500 billion out of Medicare, that
25 somehow this piece would be assumed not to hurt people,

1 take away health insurance and raise costs.

2 But if, in fact, that is the case, then everybody
3 should be willing to come together and agree on this
4 amendment, Mr. Chairman.

5 Senator Grassley. Mr. Chairman?

6 The Chairman. Senator Grassley?

7 Senator Grassley. Obamacare increased taxes 21
8 different times, 21 times. We want to repeal one of
9 those tax increases and all of a sudden it becomes a
10 healthcare debate.

11 In my State of Iowa, 52,000 Iowans will benefit from
12 this because they are paying that tax, the Obamacare tax
13 penalty, and 85 percent of those people are under \$50,000
14 a year income.

15 It ought to be quite obvious that we are reducing
16 taxes to help the people at the lowest end of the income
17 scale and we should not be detracted from it by somebody
18 making a healthcare debate out of a tax bill.

19 The Chairman. Senator McCaskill?

20 Senator McCaskill. I just want to make sure. The
21 reason this is relevant, this discussion about health
22 care, is because the reason you all are doing this is so
23 you can grab the \$320 billion -- your leader said it out
24 loud yesterday to the CEO group -- so you could make the
25 corporate tax cuts permanent. You needed the money.

1 So let us just look at the document and where the
2 money comes from, because if all you were doing was
3 getting rid of a tax, then this would not get you any
4 money. Getting rid of a tax costs you money.

5 So if we were just getting rid of the tax, you guys
6 would be \$43 billion in the hole, because that is how
7 much this generates, \$43 billion.

8 So rather than being \$43 billion in the hole, you
9 have got \$320 billion to spend. Where does that come
10 from -- \$185 billion in reduced subsidies to ACA. Now,
11 the only people who are entitled to that subsidy are
12 people who make less than \$50,000 a year. And \$179
13 billion in reduced Medicaid subsidies.

14 That is \$364 billion coming directly out of
15 subsidies and Medicaid. That is where you are getting
16 your \$320 billion. That is why this debate is relevant.
17 And those numbers are CBO numbers. And that is why it is
18 important that we have this debate, because whether is
19 going to happen is those people are still going to get
20 sick, they are still going to show up at hospitals, and
21 all our constituents are going to pay the bills through
22 higher premiums.

23 The Chairman. Senator Toomey? And I would just
24 say that we are trying to get this government under
25 control. It is not under control and one reason it is

1 not is because of this continue plethora of just
2 spending.

3 Senator Toomey?

4 Senator Toomey. Mr. Chairman, the operative part
5 of this amendment asks for the Joint Committee on
6 Taxation and the Congressional Budget Office to certify
7 that the bill will not reduce the number of middle-class
8 Americans with health insurance coverage.

9 As Mr. Barthold testified earlier today, there is
10 absolutely not a word in this bill that causes anyone to
11 lose their coverage. We do not change any rules about
12 Medicare, about Medicaid, nothing of the sort.

13 What we are doing is repealing a tax on people who
14 cannot afford Obamacare policies, and that, in my state,
15 83 percent of the people who pay that tax earn less than
16 \$50,000.

17 But that is not the only way that we are saving
18 people. Working-class, middle-income Americans are going
19 to save significantly and the fact that they save
20 significantly on their tax bill is going to make health
21 insurance more affordable for them.

22 So I urge my colleagues to vote no on the amendment.

23 Senator Stabenow. Mr. Chairman, if I might just
24 close and make a comment.

25 The Chairman. Senator Stabenow, you will close and

1 then we will vote.

2 Senator Stabenow. Thank you, Mr. Chairman.

3 First of all, the folks here who can answer the
4 questions on coverage were not allowed to be here, and
5 that is the Congressional Budget Office.

6 So they are the ones that have indicated that we are
7 talking about 13 million people losing their health
8 insurance. And there is a whole range of groups that
9 know a little bit about healthcare, from the American
10 Academy of Family Physicians, AARP, American Academy of
11 Pediatrics, the American College of Physicians,
12 Osteopathic Association, Psychiatric Association, March
13 of Dimes, Heart Association, Cystic Fibrosis Association,
14 American Cancer Society, Multiple Sclerosis Society,
15 Lutheran Services of America, and it goes on and on and
16 on, who oppose this -- who oppose it why? Because they
17 know it is going to affect people losing health insurance
18 and other people seeing rate increases, and we have heard
19 this, at least 10 percent a year.

20 The bottom line with this is that people still get
21 sick whether they have health insurance or not. They
22 walk into the emergency room. We have cut in half the
23 number of people walking in that cannot pay, which has
24 stabilized the small group market in my state, the Small
25 Business Association in Michigan that has been stabilized

1 for the last 5 years.

2 We have seen things stabilize or go down in the
3 larger markets because they are not paying for folks that
4 are walking in that do not have insurance and cannot pay.

5 So this completely reverses that. And I would just
6 have to say, in Michigan right now, 97 percent of our
7 children can see a doctor. Moms and dads can take their
8 kids to the doctor. That is actually a really good
9 thing. And we are seeing a 50 percent reduction in
10 people who walk into the emergency room that cannot pay,
11 which is also a very good thing.

12 So if my colleagues believe what you are saying,
13 that this will have no impact, then this amendment should
14 not matter to you. But we would sure feel a whole lot
15 better if we knew that there was a guarantee that people
16 were not going to lose insurance and that their premiums
17 and co-pays were not going to go up as a result of this.

18 The Chairman. Thank you, Senator.

19 JCT, the Joint Committee on Taxation, has clearly
20 identified how this bill is a benefit -- basically, has
21 clearly identified how this bill is a benefit for low-
22 and middle-income earners and for small business, as
23 well.

24 So at this point, the Clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. No.
2 The Clerk. Mr. Crapo?
3 Senator Crapo. No.
4 The Clerk. Mr. Roberts?
5 Senator Roberts. No.
6 The Clerk. Mr. Enzi?
7 Senator Enzi. No.
8 The Clerk. Mr. Cornyn?
9 Senator Cornyn. No.
10 The Clerk. Mr. Thune?
11 Senator Thune. No.
12 The Clerk. Mr. Burr?
13 Senator Burr. No.
14 The Clerk. Mr. Isakson?
15 Senator Isakson. No.
16 The Clerk. Mr. Portman?
17 Senator Portman. No.
18 The Clerk. Mr. Toomey?
19 Senator Toomey. No.
20 The Clerk. Mr. Heller?
21 Senator Heller. No.
22 The Clerk. Mr. Scott?
23 Senator Scott. No.
24 The Clerk. Mr. Cassidy?
25 Senator Cassidy. No.

1 The Clerk. Mr. Wyden?
2 Senator Wyden. Aye.
3 The Clerk. Ms. Stabenow?
4 Senator Stabenow. Aye.
5 The Clerk. Ms. Cantwell?
6 Senator Cantwell. Aye.
7 The Clerk. Mr. Nelson?
8 Senator Nelson. Aye.
9 The Clerk. Mr. Menendez?
10 Senator Wyden. Aye by proxy.
11 The Clerk. Mr. Carper?
12 Senator Carper. Aye.
13 The Clerk. Mr. Cardin?
14 Senator Cardin. Aye.
15 The Clerk. Mr. Brown?
16 Senator Brown. Aye.
17 The Clerk. Mr. Bennet?
18 Senator Bennet. Aye.
19 The Clerk. Mr. Casey?
20 Senator Casey. Aye.
21 The Clerk. Mr. Warner?
22 Senator Wyden. Aye by proxy.
23 The Clerk. Mrs. McCaskill?
24 Senator McCaskill. Aye.
25 The Clerk. Mr. Chairman?

1 The Chairman. No.

2 The Clerk will report the result.

3 The Clerk. Mr. Chairman, the final tally is 12
4 ayes, 14 nays.

5 The Chairman. The amendment is defeated.

6 We are going to take a 10-minute break. So with
7 that, we will take a 10-minute break and come right back.

8 [Whereupon, at 6:27 p.m., the committee was
9 recessed, reconvening at 6:35 p.m.]

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1 AFTER RECESS

2 [6:35 p.m.]

3 The Chairman. Let us keep going. Next amendment
4 is coming from your side, I believe.

5 Senator Wyden. Senator Carper.

6 The Chairman. Senator Carper, you are up.

7 Senator Carper. Thanks, Mr. Chairman.

8 Today I am pleased to say I am going to offer
9 Amendment 233. It would be Carper Amendment Number 17.

10 I would like to make it clear right from the start,
11 Mr. Chairman, the nature of this amendment. The nature
12 of this amendment is to try to follow the advice of just
13 about every witness who testified in this room back in
14 September about how to stabilize the exchanges.

15 Everybody said among the three things we should do,
16 make clear that the cost-sharing reductions would offset
17 the cost of co-pays and deductibles, make it clear that
18 they are not going away for at least 2 years. That was
19 one thing they said to do.

20 Number two, they said to put in place a reinsurance
21 program for highly expensive patient care for particular
22 patients.

23 Number three, they said that we should retain the
24 individual mandate and if we decide not to, replace it
25 with something that is just as effective in getting a

1 good mix of young and healthy people to be part of the
2 insurance pool within the exchanges across the country.

3 The legislation before us apparently repeals or
4 proposes to repeal the individual mandate. If that
5 actually happens, that would leave us with cost-sharing
6 reduction and no reinsurance. So instead of having a
7 three-legged stool, which is what was called for by
8 governors, insurance commissioners, health insurance
9 folks, health economists, providers, they call called for
10 that three-legged stool approach to reduce the cost of
11 coverage in the exchanges.

12 So my amendment, Mr. Chairman, colleagues, focuses
13 on a reinsurance program. Those of us who were around a
14 decade or so ago when we debated and voted on the
15 Medicare Part D program to establish the drug program,
16 prescription program within Medicare, voted for a
17 reinsurance program, because some of the folks that were
18 going to be in the pool under Medicare Part D were
19 really, really expensive and there needed to be a
20 reinsurance program to make it all work, so we did that.

21 As we know, the Medicare Part D program has worked
22 very well. It comes in almost every year under budget
23 and it has favorable ratings, approval ratings that
24 certainly exceeded any of us in this room, as high as 80
25 percent, 90 percent.

1 Here is the way that this would work. My amendment
2 would create a pool, a stability fund -- a stability fund
3 of about \$120 billion and the states could use that
4 stability fund to draw down to have the resources they
5 need to set up invisible high-risk pools that a lot of
6 our Republican colleagues have said they think are a good
7 idea.

8 For states that elect not to do that, that would be
9 a backstop, and here is the way the backstop would work.
10 For 2018, 2019 and 2020, there would be a reinsurance
11 program that says for the first -- for states that do not
12 elect to set up the invisible high-risk pools, here is
13 the way it work.

14 Those 3 years, 2018, 2019, 2020, health costs for an
15 individual in a year, expensive health care costs for an
16 individual in a year between 50 and \$500,000, 80 percent
17 of that cost would be borne by the stability fund.
18 Between 2021, 2022, 2023, 80 percent of the costs between
19 -- those 3 years, between 100 and \$500,000 would be borne
20 by the stability fund. The rest would be borne by the
21 insurance companies, all that below those numbers. All
22 that above would be borne by the insurance companies.

23 What we have heard in the testimony here in this
24 room 2 months ago, by setting up a reinsurance program,
25 give the states the ability to have their own invisible

1 high-risk pools, if they choose to, along with preserving
2 CSR and along with preserving the individual mandate or
3 something at least as effective as the individual
4 mandate, the cost of premiums in exchanges would be
5 brought down by as much as 35 percent.

6 The reason why is because insurance companies would
7 decide to get into the game. They would decide that they
8 would like to compete for business in these marketplaces,
9 these exchanges across the country. And in the states
10 where there is a lot of competition in their exchanges,
11 what has happened is that they are not looking at 30, 40,
12 50 percent increases in premiums. They are looking at
13 increases, like single-digit increases because of the
14 competition.

15 Again, colleagues, we need to make it clear to the
16 insurance companies that they are not going to lose their
17 shirts and we are not interested in offering them
18 welfare. We want to make sure that they are not going to
19 lose their shirts if they do participate.

20 One of the beauties of the reinsurance program is
21 that it does that. It gives states the opportunity to
22 set up their own high-risk pools to do exactly that, and
23 it is a good -- we are all interested in federal-state
24 partnerships. This is actually a pretty good example of
25 how that might be done.

1 So I ask my colleagues to consider this. At the end
2 of the day, if we are serious about stabilizing the
3 exchanges, we need to do those three things: make sure
4 that CSRs are not going away, a reinsurance program, a
5 practical, commonsense reinsurance program, and the third
6 thing would be to make clear that if the individual
7 mandate is going to go away, what could be just as
8 effective in keeping young people participating, healthy
9 people participating.

10 Those are the three things we need to do and my
11 amendment takes care of one of them, the reinsurance
12 program.

13 The Chairman. I will rule that this amendment is
14 non-germane as it is not within the scope of the bill. I
15 rule it out of order.

16 Senator Carper. Would you want to go on and say
17 you still thought it was a pretty good idea?

18 [Laughter.]

19 The Chairman. I am not going to go that far,
20 although I usually always like everything the
21 distinguished Senator from Delaware does.

22 Senator Carper. Could I ask unanimous consent then
23 just for something to be inserted into the record, Mr.
24 Chairman?

25 Earlier today, there was some back-and-forth between

1 Senator Cassidy and I on what Dr. Jonathan Gruber said or
2 did not say, and we reached out to his office. I am
3 going to be talking to him later tonight.

4 But I just have a quote from him from earlier this
5 year on the individual mandate and I just his actual
6 words earlier this year, what he had to say. So I ask
7 that that be made part of the record.

8 The Chairman. As I understand it, Senator Cardin
9 is the next amendment.

10 Senator Carper. Mr. Chairman, I do not know if it
11 is still in order or timely, but if I want to appeal the
12 ruling of the Chair on ruling this out of order --

13 The Chairman. On this amendment?

14 Senator Carper. The amendment I just offered, my
15 amendment number 233 -- actually, Carper amendment 17,
16 amendment 233. Could I appeal the ruling of the Chair?
17 Is that still timely?

18 The Chairman. The Clerk will call the roll.

19 Senator Carper. I see some of my Republican
20 colleagues over there, they are chaffing with your
21 ruling, and they are anxious to get into the game. They
22 all wanted to be cosponsors, or most of them.

23 The Clerk. Mr. Grassley?

24 Senator Grassley. No.

25 The Clerk. Mr. Crapo?

1 Senator Crapo. No.
2 The Clerk. Mr. Roberts?
3 Senator Roberts. No.
4 The Clerk. Mr. Enzi?
5 Senator Enzi. No.
6 The Clerk. Mr. Cornyn?
7 Senator Cornyn. No.
8 The Clerk. Mr. Thune?
9 Senator Thune. No.
10 The Clerk. Mr. Burr?
11 Senator Burr. No.
12 The Clerk. Mr. Isakson?
13 Senator Isakson. No.
14 The Clerk. Mr. Portman?
15 Senator Portman. No.
16 The Clerk. Mr. Toomey?
17 Senator Toomey. No.
18 The Clerk. Mr. Heller?
19 Senator Heller. No.
20 The Clerk. Mr. Scott?
21 Senator Scott. No.
22 The Clerk. Mr. Cassidy?
23 Senator Cassidy. No.
24 The Clerk. Mr. Wyden?
25 Senator Wyden. Aye.

1 The Clerk. Ms. Stabenow?
2 Senator Stabenow. Aye.
3 The Clerk. Ms. Cantwell?
4 Senator Cantwell. Aye.
5 The Clerk. Mr. Nelson?
6 Senator Nelson. Aye.
7 The Clerk. Mr. Carper?
8 Senator Carper. Aye.
9 The Clerk. Mr. Cardin?
10 Senator Cardin. Aye.
11 The Clerk. Mr. Brown?
12 Senator Brown. Aye.
13 The Clerk. Mr. Bennet?
14 Senator Bennet. Aye.
15 The Clerk. Mr. Casey?
16 Senator Casey. Aye.
17 The Clerk. Mrs. McCaskill?
18 Senator McCaskill. Aye.
19 The Clerk. Mr. Chairman?
20 The Chairman. No.
21 The amendment is defeated.
22 Next amendment, Senator Cardin.
23 Senator Cardin. Thank you, Mr. Chairman. I would
24 ask consent to call up amendment number 13 and ask
25 consent that Senator Stabenow be added as a cosponsor.

1 The Chairman. Without objection, she will be
2 added.

3 Senator Cardin. Thank you, Mr. Chairman.

4 This amendment would snap back the corporate rate
5 reductions if the Secretary of the Treasury cannot
6 certify that the coverage for mental health and substance
7 abuse in health insurance coverage has not been
8 diminished.

9 The concern here to my colleagues is that we have
10 the resources to deal with the opioid crisis that is
11 affecting every community in our country. My concern is
12 that if you look at the underlying bill, the CBO has
13 scored it, the Congressional Budget Office has scored it,
14 and Joint Tax Committee, at a \$1.5 trillion addition to
15 our national debt.

16 My concern is that we know the casualties from the
17 opioid crisis. We know we need to have the resources in
18 order to deal with it. We know that there has been an
19 abuse of opioids in every community that has led to
20 heroin addiction and, unfortunately, the use of fentanyl,
21 which has caused significant overdoses in all of our
22 communities.

23 I have had town hall meetings and roundtable
24 discussions in all parts of Maryland, Western Maryland,
25 Eastern Shore, Hartford and Cecil County in Southern

1 Maryland, in Baltimore City, in the Baltimore and
2 Washington suburbs, and the story is the same in each one
3 of these communities. We are seeing a rise and the
4 increase of the opioid addiction.

5 We do know that having mental health and substance
6 abuse coverage is critically important in dealing with
7 this crisis. I would think all of us would want to make
8 sure that we do maintain the coverage in dealing with
9 this opioid crisis.

10 That is the purpose of this amendment, to make sure
11 that we do, in fact, have coverage.

12 Mr. Chairman, I am going to ask consent that the
13 letter from the American Psychological Association be
14 made part of our record.

15 The Chairman. Without objection.

16 [The letter appears at the end of the transcript.]

17 Senator Cardin. Thank you. Because I think this
18 really spills to one of the issues that we are so
19 concerned about.

20 The American Psychological Association and the
21 American Association of Practice Organizations expressed
22 their strong opposition to repealing the individual
23 health insurance coverage mandate as part of the tax
24 reform legislation.

25 Strong, stable health insurance markets are vitally

1 important to our members and to the millions of Americans
2 with mental health and substance use disorders. Our
3 organizations comprise nearly 115,700 members and
4 affiliates. They are clinicians, researchers, educators,
5 consultants and students.

6 The reason here is that in order to deal with the
7 opioid crisis, we need to have coverage.

8 Now, I was listening to Senator Toomey very
9 carefully as he talked about nothing in this bill takes
10 people off of Medicaid or health insurance. But then I
11 would just point out to my colleagues that the Joint Tax
12 Committee has confirmed that \$180 billion is saved in
13 eliminating the mandate from the Medicaid program and
14 \$180 billion is not only saved, it is spent by tax
15 expenditures in the Chairman's mark.

16 Why? Because there is the assumption that \$180
17 billion will not be spent in Medicaid and that people
18 were covered under Medicaid will not be covered.

19 Let me remind my colleagues that Medicaid includes
20 mental health and addiction coverage. That could very
21 well be lost. But that is half the story.

22 In addition, \$180 billion, approximately, is saved
23 for subsidies that will not be provided under the
24 Affordable Care Act.

25 Now, that is, again, spent by tax expenditures in

1 the Chairman's mark.

2 Now, that \$180 billion of savings that is spent in
3 the Chairman's mark and added to the deficit means that
4 there will be 13 million leaving Medicaid and the
5 Affordable Care Act that will not be covered by health
6 insurance, that will lose their mental health and
7 addiction coverage under their health insurance policies.

8 As was pointed out by the American Psychological
9 Association, many people, because of the 10 percent
10 increase in insurance premiums under the individual
11 marketplace, will be priced out of coverage and will not
12 be able to get mental health and addiction coverage.

13 So for all those reasons, we need to make sure that
14 we have the capacity to deal with the opioid crisis as a
15 result of the underlying bill, and my amendment will make
16 sure that at least we have some resources available if,
17 in fact, the Secretary of the Treasury cannot certify
18 that we have maintained at least the current coverage for
19 mental health and addiction.

20 I would urge my colleagues to support the amendment.

21 The Chairman. Senator, we agreed to 10 minutes
22 equally divided, 5 minutes for each side. Now, you have
23 used 4.5 minutes.

24 Senator McCaskill, I will call on you, but please
25 keep it short.

1 Senator McCaskill. I will keep it very brief.

2 I just want to point out an irony here.

3 The Chairman. Wait, wait, wait a minute.

4 Senator Grassley. We are going to yield back our
5 time.

6 The Chairman. I do not mind giving some additional
7 time, but let us not take advantage of that, because we
8 agreed to 10 minutes equally divided. Your 5 minutes has
9 long been gone.

10 Senator McCaskill. I will be very brief.

11 The Chairman. So let us go to you, Senator
12 McCaskill. And then as I understand it, you would like a
13 minute or two. But I am not going to do that on every
14 vote.

15 Senator McCaskill. I just want to make sure that
16 the irony of this situation is said out loud. At the
17 same time my colleagues want to say that the individual
18 mandate fails, that nobody comes to get insurance because
19 of the individual mandate, that it is not working, but
20 you are going to spend the money that CBO says will be
21 generated because of the people who are not coming to the
22 marketplace.

23 So in other words, what you say does not work and,
24 therefore, it is okay to get rid of, you are going to
25 say, well, wait a minute, it works pretty well because it

1 is going to be \$180 (sic) we are not going to have to
2 spend in Medicaid because people are not going to sign up
3 for Medicaid because they do not have to anymore, and we
4 are going to save \$185 billion in ACA subsidies because
5 they are not going to sign up for the ACA anymore because
6 they do not have to.

7 So I just wanted to point out that irony. What you
8 say that does not work, you cannot wait to spend the
9 money because CBO says it does work.

10 The Chairman. Senator Stabenow, just a minute or
11 2, and then we will --

12 Senator Wyden. Senator Brown, were you trying to
13 get a minute?

14 The Chairman. Senator Brown wants some time? Let
15 me just say this, from our side. The bill does nothing
16 to alter Title 1 of Obamacare, which includes all of the
17 insurance mandates and requirements related to
18 preexisting conditions and essential health benefits.

19 Title 1 of Obamacare is written in the Public Health
20 Service Act, not the Internal Revenue Code. So this
21 amendment is non-germane. And I cannot allow 10 minutes
22 for every non-germane amendment that comes up, but we
23 will do it in this case.

24 We will go first to Senator Stabenow and then we
25 will go to Senator Brown.

1 I am going to be reasonable, but, my gosh, let us
2 acknowledge that this is asking an awful lot of the
3 Majority here.

4 Senator Stabenow. Mr. Chairman, I appreciate your
5 comments.

6 I will say that what we are doing is going to impact
7 millions and millions and millions of people, and so it
8 is very serious. The whole discussion, the whole debate
9 will impact the entire economy of our country.

10 But I did want to add, Senator Cardin did a
11 wonderful job. I am pleased to cosponsor this with him.
12 But the reality is that one out of four Americans will be
13 dealing with a mental illness sometime in their life.
14 This is a critical issue for our veterans returning home
15 who have served us to keep our country safe. The opioid
16 addiction issue is touching every community I know in
17 Michigan and across the country and I think it is
18 important that we take a stand and say we are not going
19 to allow people to lose critical services.

20 Thank you.

21 The Chairman. Senator Brown, you have 1 minute
22 left.

23 Senator Brown. Thank you, Mr. Chairman.

24 I appreciate Senator Cardin's amendment. Whenever I
25 think about opioids in my state, I think of a man sitting

1 with his 30-year-old daughter in Cincinnati at the
2 Talbert House and he said if it were not for Medicaid, my
3 daughter would not be alive today, would not be sitting
4 here.

5 I think about how 200,000 in my state are getting
6 opioid treatment because they have insurance because of
7 the Affordable Care Act.

8 I think when we make these decisions, we need to put
9 a human face on them a little more than we do.

10 The Chairman. We appreciate that.

11 The Clerk will call the roll.

12 Senator Grassley. It is not germane.

13 The Chairman. I will rule it as not germane.

14 Senator Cardin. Mr. Chairman, if I might be heard
15 on that, because this amends the Internal Revenue Code.
16 It is not amending the health code. We drafted the
17 amendment consistent with your instructions and I would
18 just urge the Chair to be fair.

19 This amends the IRS code. It does not amend the
20 health code.

21 The Chairman. I have been told it is non-germane.

22 Senator Cardin. Can I ask the reason why it would
23 be non-germane if it amends the Internal Revenue Code?
24 Then I would think if this is not germane, how do you
25 amend the code to deal with the health care issue on

1 mandatory coverage?

2 Let us have some fairness here.

3 The Chairman. Well, let us put it to a vote then.

4 Senator Cardin. I am asking what the Chair's
5 ruling is.

6 The Chairman. I am ruling that even if it is
7 germane, let us vote.

8 The Clerk will call the roll.

9 Senator Cardin. What are we voting on?

10 Senator Wyden. On the merits of the amendment now.

11 The Chairman. On the merits of the amendment.

12 The Clerk. Mr. Grassley?

13 Senator Grassley. No.

14 The Clerk. Mr. Crapo?

15 Senator Crapo. No.

16 The Clerk. Mr. Roberts?

17 Senator Roberts. No.

18 The Clerk. Mr. Enzi?

19 Senator Enzi. No.

20 The Clerk. Mr. Cornyn?

21 Senator Cornyn. No.

22 The Clerk. Mr. Thune?

23 Senator Thune. No.

24 The Clerk. Mr. Burr?

25 Senator Burr. No.

1 The Clerk. Mr. Isakson?
2 Senator Isakson. No.
3 The Clerk. Mr. Portman?
4 Senator Portman. No.
5 The Clerk. Mr. Toomey?
6 Senator Toomey. No.
7 The Clerk. Mr. Heller?
8 Senator Heller. No.
9 The Clerk. Mr. Scott?
10 Senator Scott. No.
11 The Clerk. Mr. Cassidy?
12 Senator Cassidy. No.
13 The Clerk. Mr. Wyden?
14 Senator Wyden. Aye.
15 The Clerk. Ms. Stabenow?
16 Senator Stabenow. Aye.
17 The Clerk. Ms. Cantwell?
18 Senator Cantwell. Aye.
19 The Clerk. Mr. Nelson?
20 Senator Nelson. Aye.
21 The Clerk. Mr. Menendez?
22 Senator Wyden. Aye by proxy.
23 The Clerk. Mr. Carper?
24 Senator Carper. Aye.
25 The Clerk. Mr. Cardin?

1 Senator Cardin. Aye.
2 The Clerk. Mr. Brown?
3 Senator Brown. Aye.
4 The Clerk. Mr. Bennet?
5 Senator Bennet. Aye.
6 The Clerk. Mr. Casey?
7 Senator Casey. Aye.
8 The Clerk. Mr. Warner?
9 Senator Wyden. Aye by proxy.
10 The Clerk. Mrs. McCaskill?
11 Senator McCaskill. Aye.
12 The Clerk. Mr. Chairman?
13 The Chairman. No.
14 The Clerk will report.
15 The Clerk. Mr. Chairman, the final tally is 12
16 ayes, 14 nays.
17 The Chairman. The amendment is defeated.
18 We are now going to go to Wyden 1.
19 Senator Wyden. It is Wyden 157.
20 The Chairman. Wyden 157 I guess.
21 Senator Wyden. As it is being distributed, Mr.
22 Chairman, I just want to respond to my colleague from
23 Ohio, my friend who said that this is really fundamental
24 tax reform.
25 The fact is this bill is actually taking us

1 backwards. We are going back to the world of the crazy
2 quilt extenders. What we learned from Mr. Barthold today
3 is we are going to have all kinds of provisions that
4 expire at different times and all kinds of potential
5 interaction.

6 I would just say, colleagues, it really is a retreat
7 from what we did in 2015 on a bipartisan basis, when we
8 made important changes that both sides felt strongly
9 about permanent.

10 On our side, it was the earned income tax credit,
11 the American opportunity tax credit, the child credit.
12 On the Republican side, it was expensing, R&D,
13 depreciation. That was fundamental tax reform beating
14 the gun, and now based on what Mr. Barthold has told us
15 today, we are actually going backwards into the crazy
16 world of tax extenders.

17 By the way, tax extenders, it is a full employment
18 program for lobbyists, not tax reform.

19 Now, with respect to my amendment, my amendment is
20 the text of H.R. 1, as reported by the House Committee on
21 Rules. After the last few days of debate, I am sure
22 people are not surprised that I am no fan of this
23 proposal. I think it is the same basic approach taken
24 here by the Senate bill.

25 It is my view and the reason that I am offering this

1 amendment is it is important to understand the level of
2 support here in the Senate on what the full House is
3 about to vote on.

4 So if colleagues want to speak, I am very interested
5 in hearing their views on it. But I will ask for the
6 yeas and nays, because I think it is important to
7 understand the level of support here in the Senate on
8 what the House is about to vote on on this issue of
9 taxes.

10 The Chairman. This amendment serves no real
11 purpose. In fact, I do not really understand why it was
12 introduced. If I understand it, this amendment would
13 strike the mark and substitute it with the language of
14 H.R. 1, the House's tax reform bill, a bill that the
15 House has not even passed yet.

16 We have two legislative chambers for a reason. The
17 House is moving forward with their proposal and we are
18 working on ours. If both get passed, we will likely have
19 to work out some differences; not many, but a few.

20 I expect all Republicans on the committee will vote
21 against the amendment, because we are taking our own
22 course and while we wish the House luck and are generally
23 supportive of what they are doing over there, I think we
24 are all content to continue to chart our own course.

25 Now, this, to be quite honest, smells like a stunt

1 unworthy of the committee's time. I would hope the
2 Ranking Member would withdraw his amendment. But if not,
3 we are happy to vote no.

4 Senator Wyden. Mr. Chairman, I want to explain to
5 colleagues exactly why I am offering this, because I have
6 given it some thought.

7 The public is not going to get any time to see what
8 Congressional Republicans hash out in secret discussions
9 between the House and the Senate if they manage to pass
10 these bills. And because the public really is not going
11 to get a chance to see where Congressional Republicans
12 come down, because I think based on all the secrecy we
13 have seen before, it will be more of the same in a
14 conference between the House and the Senate.

15 I think this is important to have the Senate on
16 record and this is not something that I offer lightly. I
17 just do not think the public is going to get any time to
18 see what Congressional Republicans hash out in secret.

19 The Chairman. We understand that and we respect
20 you.

21 The Clerk will call the roll.

22 Senator Wyden. Mr. Chairman, I have colleagues who
23 -- the time is not even up, I do not think.

24 The Chairman. Well, it is up. You had 5 minutes.
25 You do not have 10 minutes on each one of these. You

1 have 5 and then we have 5.

2 Senator Cantwell. Mr. Chairman, there were 6
3 minutes left when the clock was turned off. So we get at
4 least 1 minute.

5 The Chairman. You have 1 minute.

6 Senator Cantwell. Thank you.

7 I would urge my colleagues to vote no for two simple
8 reasons. I do not think that you want to say tonight
9 that we should cut \$12 billion out of renewable energy
10 credits. If you are ready to say, no, you do not want
11 wind in Texas or wind in Iowa or wind in Washington
12 State, fine, then go ahead and support this proposal.

13 I do not want to cut \$12 billion out of renewable
14 energy and I also do not want to eliminate private
15 activity bonds. It will cause one million fewer
16 affordable housing units.

17 We have an affordable housing crisis. We need to
18 show our House colleagues this is an unacceptable
19 approach to the affordable housing crisis we face.

20 I urge my colleagues to vote no.

21 The Chairman. All right.

22 Senator Wyden. I am ready to go for the yeas and
23 nays, Mr. Chairman.

24 The Chairman. The Clerk will call the roll.

25 The Clerk. Mr. Grassley?

1 Senator Grassley. No.
2 The Clerk. Mr. Crapo?
3 Senator Crapo. No.
4 The Clerk. Mr. Roberts?
5 Senator Roberts. No.
6 The Clerk. Mr. Enzi?
7 Senator Enzi. No.
8 The Clerk. Mr. Cornyn?
9 Senator Cornyn. No.
10 The Clerk. Mr. Thune?
11 Senator Thune. No.
12 The Clerk. Mr. Burr?
13 Senator Burr. No.
14 The Clerk. Mr. Isakson?
15 Senator Isakson. No.
16 The Clerk. Mr. Portman?
17 Senator Portman. No.
18 The Clerk. Mr. Toomey?
19 Senator Toomey. No.
20 The Clerk. Mr. Heller?
21 Senator Heller. No.
22 The Clerk. Mr. Scott?
23 Senator Scott. No.
24 The Clerk. Mr. Cassidy?
25 Senator Cassidy. No.

1 The Clerk. Mr. Wyden?
2 Senator Wyden. No.
3 The Clerk. Ms. Stabenow?
4 Senator Stabenow. No.
5 The Clerk. Ms. Cantwell?
6 Senator Cantwell. No.
7 The Clerk. Mr. Nelson?
8 Senator Nelson. No.
9 The Clerk. Mr. Menendez?
10 Senator Wyden. No by proxy.
11 The Clerk. Mr. Carper?
12 Senator Carper. No.
13 The Clerk. Mr. Cardin?
14 Senator Cardin. No.
15 The Clerk. Mr. Brown?
16 Senator Brown. No.
17 The Clerk. Mr. Bennet?
18 Senator Bennet. No.
19 The Clerk. Mr. Casey?
20 Senator Casey. No.
21 The Clerk. Mr. Warner?
22 Senator Wyden. No by proxy.
23 The Clerk. Mrs. McCaskill?
24 Senator McCaskill. No.
25 The Clerk. Mr. Chairman?

1 The Chairman. No.

2 The Clerk will announce the vote.

3 The Clerk. Mr. Chairman, the final tally is 0
4 ayes, 26 nays.

5 The Chairman. Senator Bennet is next.

6 Senator Bennet. Thank you, Mr. Chairman.

7 I would like to call up Bennet amendment number 15
8 and offer this. Some of my colleagues here are on the
9 HELP Committee, as well as on the Finance committee. And
10 what I know about our healthcare system is that it has
11 not worked well in rural America for a longtime, before
12 the Affordable Care Act was passed, since the Affordable
13 Care Act was passed.

14 It is not working well for small town all across
15 Colorado and across this country. Competition is low,
16 prices are high, deductibles are high. Often, the plans
17 available are of little practical use to individuals and
18 their families.

19 For years, Coloradans have raised this incredibly
20 legitimate concern about our healthcare system. Over the
21 last 10 months, we should have listened to them and come
22 together to address the issues in rural America and rural
23 Colorado. Instead, we have spent all year on a partisan
24 attempt to repeal the Affordable Care Act and replace it
25 with, in effect, proposals to slash healthcare for

1 millions of Americans to finance tax cuts for those
2 making millions income.

3 All year we had tax cuts masquerading as a
4 healthcare plan. Now, we have healthcare plans
5 masquerading as a tax till.

6 According to the Congressional Budget Office, the
7 plan that is in front of us would force 13 million
8 Americans to lose coverage. It would raise premiums 10
9 percent on the individual market and we are told by CBO
10 that it is going to lead to \$25 billion in Medicare cuts.

11 This is the opposite of what I hear we need from
12 rural Colorado, where there is not enough coverage, where
13 premiums have gone up, there is not enough competition.

14 My amendment provides a backstop for rural
15 communities in my state and in the country. If rural
16 areas lose health coverage or see premium hikes as a
17 result of this plan, which is what is predicted by people
18 that have looked at this plan, the amendment would undo
19 this tax plan entirely.

20 I think that if the Majority is so confident in the
21 merits of their proposal, as they are in terms of deficit
22 reduction, they should support this amendment and provide
23 peace of mind to small towns across Colorado and the
24 country.

25 The effects of passing this bill are going to be

1 felt hardest in areas where there is little competition
2 already and where people have a hard time affording
3 insurance and where many people rely on Medicare and
4 Medicaid for their health insurance all throughout rural
5 Colorado and across the country.

6 I urge a yes vote on this amendment.

7 The Chairman. Senator, I have to rule it non-
8 germane. It is outside of the scope of this bill.

9 Senator Bennet. Well, I would argue, Mr. Chairman
10 -- I will respect your ruling.

11 The Chairman. Thank you.

12 Senator Bennet. But I would argue that it is very
13 much inside the scope of the bill since the individual
14 mandate is going to drive up insurance prices.

15 The Chairman. I understand your argument, but I
16 have to rule that it is not germane.

17 Senator Bennet. Mr. Chairman, I will relent.

18 The Chairman. I appreciate that. That means a lot
19 to me personally.

20 Senator Carper next.

21 Senator Carper. Thanks, Mr. Chairman, colleagues.

22 This would be amendment number 228 and that would be
23 Carper 12. It deals with veterans. Several of us on
24 this committee are veterans. I spent about 23 years in
25 active and reserve duty and one of my favorite days of

1 the year is Veterans Day. My favorite day of the year is
2 Veterans Day. And my guess is almost of us were back
3 home in our respective states, probably on Friday, which
4 was a federal day for Veterans Day and the Saturday,
5 Veterans organizations and those who served, with regard
6 to veterans, the real Veterans Day is the 11th month of
7 the year, 11th hour, 11th day.

8 One of the things that I spoke with -- back in
9 Delaware, as we went around the state celebrating
10 Veterans Day, talk about the kind of benefits that we
11 enjoyed in Delaware. I moved to Delaware in 1973 and was
12 eligible for the GI bill and VA healthcare.

13 At the time, we had a GI bill that gave us \$250 a
14 month. Folks coming home today who serve at least 3
15 years receive a GI bill worth -- if they want to go a
16 state university in any of our states, it is free,
17 tuition-free, books paid for, tuition paid for, tutoring
18 fees paid for, and they get a housing loan.

19 I am looking around here to see if we have anybody
20 on our committee from Idaho. We do. Senator Crapo. The
21 housing allowance for 36 months for veterans, the housing
22 allowance in Idaho, \$1,100 a month. Now, I am not sure
23 what that buys in Idaho, but that is a fair amount of
24 money.

25 In Delaware, the monthly housing allowance for 36

1 months is \$2,100. I am looking around the room to see if
2 we have anybody here from New York State. The monthly
3 housing allowance in New York State is \$4,000 a month for
4 3 years. It is a great benefit.

5 In my state, when I got to Delaware, we had a
6 Veterans hospital in northern Delaware. It was a World
7 War II relic of a hospital, not very good quality care,
8 and bad morale. And we had no community-based outpatient
9 clinics in Delaware. We had no veterans homes in
10 Delaware.

11 Today we have that World War II relic of a hospital
12 in northern Delaware is regarded by many as the gold
13 standard for healthcare delivery. We now have community-
14 based outpatient clinics in -- or the hospital in
15 northern Delaware, we have it in every county in
16 Delaware, we have a VA facility in every county in
17 Delaware.

18 I suspect we may be the only state in the country
19 where we could actually make that claim.

20 But as it turns out, not every veteran gets their
21 coverage, their healthcare coverage through the VA. A
22 lot of folks get their coverage -- a lot of veterans, as
23 it turns out, get their coverage through Medicaid and
24 Medicaid covers about two million veterans. That is
25 about one in 10.

1 As it turns out, since the Affordable Care Act went
2 into effect, the number of working age veterans who are
3 insured has decreased. I will say it again. The number
4 of working age veterans who are uninsured in this country
5 has decreased not by just a couple of percentage points,
6 but by 42 percent. And that is due, in no small part, to
7 the Affordable Care Act establishing the health insurance
8 marketplaces and expanding Medicaid.

9 Mr. Chairman and colleagues, the amendment that is
10 before us would ensure that no veterans or their families
11 see a reduction in access to their healthcare as a result
12 of this bill.

13 Let me just say that again. This amendment would
14 ensure that no veterans or their families see a reduction
15 in access to their healthcare as a result of this bill.

16 I must have heard 100 times last weekend on Veterans
17 Day, either the Friday or last Saturday, I must have
18 heard 100s of times people thanking one another for their
19 service. And I have been thanked for my service and I
20 thanked a whole lot of people for theirs.

21 How do we make real those words? How do we know for
22 sure that we really mean them? And I think one of the
23 ways we could do that is to indicate that if this
24 legislation is going to move forward, at least it is
25 moving forward with the stipulation that no veterans or

1 their families would see a reduction in access to
2 healthcare as a result of this bill.

3 I think everybody in this committee, in this room,
4 believes we have an obligation to honor our Nation's
5 veterans, to not increase costs nor reduce their benefits
6 or take away the care and the benefits they have worked
7 for and deserve.

8 The Chairman. Senator Carper, your time is up.

9 I think Senator Isakson wants to speak on this.

10 Senator Isakson. [Off microphone] recognize our
11 veterans and I was proud to be one of the 14 people,
12 along with Senator Carper, who were honored at the
13 Kennedy Caucus Room in the Russell Building last week,
14 leading up to Veterans Day.

15 As Chairman of the Veterans Committee, we have,
16 during the course of this year, passed seven of the eight
17 bills to reform and bring veterans healthcare in the
18 CHOICE bill to full fruition in the United States Senate
19 and United States House.

20 The remaining bill will be marked up on the 29th of
21 November, which is when we fully fund CHOICE and get the
22 parameters of CHOICE eligibility through so the private
23 sector multiplier is a part of the delivery system to our
24 veterans, just like the VA is now.

25 So I appreciate the credit to the veterans and I

1 share the comments and the compliments that Senator
2 Carper has made. But the Veterans Committee is doing the
3 insurance to see to it that every veteran gets the
4 benefits they were offered for healthcare, that they were
5 promised when they signed up, and everybody in this room
6 has been a part of that effort in this year.

7 So I want the Veterans Committee to continue to do
8 what it has done, and that is take care of our veterans,
9 bring the legislation to the floor to do so, and do the
10 expansion of our programs to make sure they have access
11 to affordable and accessible healthcare.

12 So I object to the amendment on those grounds.

13 The Chairman. No further Republican comment. The
14 Clerk will call the roll.

15 Senator Carper. Mr. Chairman, could I have 30
16 seconds to respond to Senator Isakson?

17 The Chairman. I will give you 30 more seconds.

18 Senator Carper. Thank you. I do not serve on the
19 Veterans Committee. I am not familiar with the
20 legislation that you just described. But we all serve on
21 this committee and we are all considering legislation
22 that is going to affect what is going on in the
23 exchanges.

24 A lot of veterans get their healthcare coverage in
25 the exchanges. And what I am simply asking for is a

1 statement that makes it clear that we do not want to let
2 anything that we are doing here unintentionally reduce
3 the access to healthcare for our veterans. That is what
4 I am trying to do.

5 I would ask for a yes vote. Thank you.

6 The Chairman. The Clerk will call the roll.

7 The Clerk. Mr. Grassley?

8 Senator Grassley. No.

9 The Clerk. Mr. Crapo?

10 Senator Crapo. No.

11 The Clerk. Mr. Roberts?

12 Senator Roberts. No.

13 The Clerk. Mr. Enzi?

14 Senator Enzi. No.

15 The Clerk. Mr. Cornyn?

16 Senator Cornyn. No.

17 The Clerk. Mr. Thune?

18 Senator Thune. No.

19 The Clerk. Mr. Burr?

20 Senator Burr. No.

21 The Clerk. Mr. Isakson?

22 Senator Isakson. No.

23 The Clerk. Mr. Portman?

24 Senator Portman. No.

25 The Clerk. Mr. Toomey?

1 Senator Toomey. No.
2 The Clerk. Mr. Heller?
3 Senator Heller. No.
4 The Clerk. Mr. Scott?
5 Senator Scott. No.
6 The Clerk. Mr. Cassidy?
7 Senator Cassidy. No.
8 The Clerk. Mr. Wyden?
9 Senator Wyden. Aye.
10 The Clerk. Ms. Stabenow?
11 Senator Stabenow. Aye.
12 The Clerk. Ms. Cantwell?
13 Senator Cantwell. Aye.
14 The Clerk. Mr. Nelson?
15 Senator Nelson. Aye.
16 The Clerk. Mr. Menendez?
17 Senator Wyden. Aye by proxy.
18 The Clerk. Mr. Carper?
19 Senator Carper. Aye.
20 The Clerk. Mr. Cardin?
21 Senator Cardin. Aye.
22 The Clerk. Mr. Brown?
23 Senator Brown. Aye.
24 The Clerk. Mr. Bennet?
25 Senator Wyden. Aye by proxy.

1 The Clerk. Mr. Casey?

2 Senator Casey. Aye.

3 The Clerk. Mr. Warner?

4 Senator Wyden. Aye by proxy.

5 The Clerk. Mrs. McCaskill?

6 Senator McCaskill. Aye.

7 The Clerk. Mr. Chairman?

8 The Chairman. No.

9 The Clerk will report.

10 The Clerk. Mr. Chairman, the final tally is 12
11 ayes, 14 nays.

12 The Chairman. The amendment is defeated.

13 We will turn now to Casey number 26.

14 Senator Casey. Thank you, Mr. Chairman.

15 Mr. Chairman, this is pretty simple. We heard
16 earlier about the process that will likely unfold if this
17 bill moves out of committee -- there will be a bill out
18 of the Finance Committee and then, of course, the House
19 is working on their bill.

20 Should the bill go to conference, this amendment
21 requires an open hearing on any measure with a revenue or
22 budget impact of greater than \$1 billion. I do not think
23 that is asking too much for openness and transparency so
24 that taxpayers know -- in this rushed process leading up
25 to a vote in the Finance Committee, which I have argued

1 and we have all on this side argued, is moving too fast,
2 this kind of drive-by tax bill.

3 Instead of being subjected to the number of hearings
4 that the Ranking Member referred to earlier in the mid-
5 1980s -- where President Reagan's 489-page proposal got
6 27 hearings and the House bill at the time got seven
7 hearings, a lot more review, a lot more scrutiny -- I
8 think this amendment is appropriate.

9 There is an old expression: open to every
10 inspection, secure from every suspicion. If we do not
11 have more transparency in this process, there will be a
12 lot of suspicion and, frankly, a lot of mistakes made.

13 I would hope we could get a yes vote on the
14 amendment.

15 The Chairman. Any further comment? Senator
16 McCaskill? You have got 2 minutes left.

17 Senator McCaskill. I have never been in a markups
18 in this committee before. I have been in lots of
19 markups, DOD, Homeland. I have never had all of the
20 Republican amendments put on the bill the night before
21 and all the Democratic amendments or even one party done
22 that way.

23 I have never seen this done before where all the
24 Republican amendments got put on in the mark and then the
25 Democratic amendments have to be brought up and voted on

1 as if there is a different set of rules for one party or
2 the other.

3 I am also curious, because we are being told -- and
4 I do not know if this is true and maybe you guys can
5 confirm it -- that this bill is going to be conferenced
6 next week; that, in fact, the House is going to vote, get
7 their bill done, and then you guys are going to
8 conference it next week, similar to the way this bill was
9 drafted, none of us were around, none of us knew what was
10 going on, nobody knew where the meetings were, nobody was
11 allowed to give input.

12 That it is going to be conferenced next week and
13 then the only bill we are going to vote on is going to be
14 a bill that has already been agreed to by the House,
15 which is why I think this amendment is so important.

16 It would be great if we could participate in a
17 conference, if we could do this somewhere close to
18 regular order. That would be terrific.

19 Thank you, Mr. Chairman.

20 The Chairman. Senator McCaskill, you need to know
21 that we took a number of Democrat amendments in the
22 modified mark.

23 Senator McCaskill. [Off microphone.]

24 The Chairman. Well, that is what we did. So that
25 is where we are.

1 The Clerk will call the roll.
2 The Clerk. Mr. Grassley?
3 Senator Grassley. No.
4 The Clerk. Mr. Crapo?
5 Senator Crapo. No.
6 The Clerk. Mr. Roberts?
7 Senator Roberts. No.
8 The Clerk. Mr. Enzi?
9 Senator Enzi. No.
10 The Clerk. Mr. Cornyn?
11 Senator Cornyn. No.
12 The Clerk. Mr. Thune?
13 Senator Thune. No.
14 The Clerk. Mr. Burr?
15 Senator Burr. No.
16 The Clerk. Mr. Isakson?
17 Senator Isakson. No.
18 The Clerk. Mr. Portman?
19 Senator Portman. No.
20 The Clerk. Mr. Toomey?
21 Senator Toomey. No.
22 The Clerk. Mr. Heller?
23 Senator Heller. No.
24 The Clerk. Mr. Scott?
25 Senator Scott. No.

1 The Clerk. Mr. Cassidy?
2 Senator Cassidy. No.
3 The Clerk. Mr. Wyden?
4 Senator Wyden. Aye.
5 The Clerk. Ms. Stabenow?
6 Senator Stabenow. Aye.
7 The Clerk. Ms. Cantwell?
8 Senator Cantwell. Aye.
9 The Clerk. Mr. Nelson?
10 Senator Nelson. Aye.
11 The Clerk. Mr. Menendez?
12 Senator Wyden. Aye by proxy.
13 The Clerk. Mr. Carper?
14 Senator Carper. Aye.
15 The Clerk. Mr. Cardin?
16 Senator Cardin. Aye.
17 The Clerk. Mr. Brown?
18 Senator Brown. Aye.
19 The Clerk. Mr. Bennet?
20 Senator Wyden. Aye by proxy.
21 The Clerk. Mr. Casey?
22 Senator Casey. Aye.
23 The Clerk. Mr. Warner?
24 Senator Wyden. Aye by proxy.
25 The Clerk. Mrs. McCaskill?

1 Senator McCaskill. Aye.

2 The Clerk. Mr. Chairman?

3 The Chairman. No.

4 Senator Stabenow. Mr. Chairman, just one question
5 that relates to the last amendment.

6 The Chairman. Wait until the vote is announced.

7 The Clerk. Mr. Chairman, the finally tally is 12
8 ayes, 14 nays.

9 The Chairman. The amendment is defeated.

10 Now, I will turn to Senator Stabenow for her
11 comment.

12 Senator Stabenow. Just a quick question. Since
13 this has been defeated to have a real conference
14 committee and hearings, I would hope the fact that the
15 entire committee voted against the House bill would be
16 what the Majority would take into the conference
17 committee, because that is a pretty strong message to the
18 House.

19 Thank you.

20 The Chairman. Thank you. We are now ready for
21 Brown number 24, I believe, on moving expenses. Senator
22 Brown?

23 Senator Brown. Thank you, Mr. Chairman. Thanks
24 for the recognition.

25 It is Brown number 24, moving expenses, as the

1 Chairman said. This amendment fixes a problem that I
2 will bet you everyone in this room has spoken out
3 against, has said that they want to fix this problem at
4 some point in their careers in their states.

5 If someone shuts down production in Lima, Ohio and
6 wants to move to Lima, Peru or shuts down production in
7 Russia, Ohio and wants to move to Russia, they get a tax
8 break. They actually get a tax break to make that move.

9 But if you are living in Cleveland and you move to
10 Salt Lake for a job, you cannot deduct the cost of your
11 own move.

12 So this fixes two problems. It, one, fixes
13 inequity. If you personally move to take a new job, you
14 cannot deduct the cost of the move against your own
15 personal taxes. It fixes that inequity.

16 But the other thing it does is it says hwy should we
17 encourage companies to move overseas. It has become too
18 often the business plan for far too many companies to
19 shut down production in Washington State or Michigan and
20 move overseas and deduct the cost of the move, set up
21 production there, and sell the product back into the
22 United States.

23 This amendment will fix that. We should do
24 something about this, Mr. Chairman. And I think this is
25 something, because so many people have spoken out about

1 it in both parties for so long, I would just ask the
2 Chairman to just accept this amendment by UC.

3 The Chairman. Any further comments?

4 Senator Brown. Senator Crapo looks very supportive
5 of this with the look on his face, and I see that look
6 often in Banking Committee when we work together.

7 The Chairman. Maybe you telegraph too much here,
8 Senator Crapo.

9 Senator Stabenow. Mr. Chairman, 1 minute, if I may.

10 The Chairman. One minute to Senator Stabenow.

11 Senator Stabenow. Thank you, Mr. Chairman.

12 I could not agree more with Senator Brown. There is
13 another way, also. A one-two punch would to accept my
14 Bring Jobs Home Act, which stops the write-off of
15 companies that are sending jobs overseas. We as
16 taxpayers actually pay for the move. If you are an
17 employee right now, you lose your job, pack things up,
18 and then as a taxpayer, you pay for the move and your
19 whole community does.

20 So what Senator Brown is talking about is a terrible
21 inequity where we are paying, as taxpayers, for jobs
22 being moved overseas, but if somebody is moving from
23 Columbus, Ohio to Detroit for a new job -- and we would
24 love as many people as possible coming from Ohio to
25 Michigan -- but they cannot deduct it, and that just

1 seems absurd.

2 Thank you.

3 The Chairman. The Clerk will call the roll.

4 The Clerk. Mr. Grassley?

5 Senator Grassley. No.

6 The Clerk. Mr. Crapo?

7 Senator Crapo. No.

8 The Clerk. Mr. Roberts?

9 Senator Roberts. No.

10 The Clerk. Mr. Enzi?

11 Senator Enzi. No.

12 The Clerk. Mr. Cornyn?

13 Senator Cornyn. No.

14 The Clerk. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Burr?

17 Senator Burr. No.

18 The Clerk. Mr. Isakson?

19 Senator Isakson. No.

20 The Clerk. Mr. Portman?

21 Senator Portman. No.

22 The Clerk. Mr. Toomey?

23 Senator Toomey. No.

24 The Clerk. Mr. Heller?

25 Senator Heller. No.

1 The Clerk. Mr. Scott?
2 Senator Scott. No.
3 The Clerk. Mr. Cassidy?
4 Senator Cassidy. No.
5 The Clerk. Mr. Wyden?
6 Senator Wyden. Aye.
7 The Clerk. Ms. Stabenow?
8 Senator Stabenow. Aye.
9 The Clerk. Ms. Cantwell?
10 Senator Cantwell. Aye.
11 The Clerk. Mr. Nelson?
12 Senator Nelson. Aye.
13 The Clerk. Mr. Menendez?
14 Senator Wyden. Aye by proxy.
15 The Clerk. Mr. Carper?
16 Senator Carper. Aye.
17 The Clerk. Mr. Cardin?
18 Senator Cardin. Aye.
19 The Clerk. Mr. Brown?
20 Senator Brown. Aye.
21 The Clerk. Mr. Bennet?
22 Senator Wyden. Aye by proxy.
23 The Clerk. Mr. Casey?
24 Senator Casey. Aye.
25 The Clerk. Mr. Warner?

1 Senator Wyden. Aye by proxy.

2 The Clerk. Mrs. McCaskill?

3 Senator McCaskill. Aye.

4 The Clerk. Mr. Chairman?

5 The Chairman. No.

6 The Clerk will announce the vote.

7 The Clerk. Mr. Chairman, the final tally is 12
8 ayes, 14 nays.

9 The Chairman. The amendment is defeated.

10 Now, we will turn to Brown number 5.

11 Senator Brown. Mr. Chairman, Brown number 5 is
12 patriot employers.

13 Some of you were at the White House -- well, I think
14 all of the Republicans were at the White House, only a
15 few of the Democrats were invited to meet with the
16 President in the Cabinet Room, and he asked us for ideas.
17 I gave him two.

18 One of them is this amendment called the Patriot
19 Corporation Act or the Patriot Employers Act. It is
20 pretty simple. If a company does the right thing, if it
21 pays good wages, if it provides decent benefits, if it
22 keeps production in the United States, they get a tax
23 benefit.

24 I heard the President -- Senator Grassley talked
25 about the President made promises he would not cut Social

1 Security. We can depend on that promise. He said that
2 40 minutes ago.

3 I know the President said he wants to help companies
4 stay in this country and punish those companies that move
5 and reward those companies that stay.

6 You all heard, again, all the Republicans here and a
7 few of the Democrats who were at the White House heard
8 the President say he liked the idea of the Patriot
9 Corporation Act. This is a chance to emphatically tell
10 the President, yes, we agree with that idea, it makes
11 sense.

12 I would close with this, Mr. Chairman. I live in
13 Cleveland, Ohio, my wife and I, in ZIP code 44105, and my
14 ZIP code in 2007 had more foreclosures than any ZIP code
15 in the United States. And that was less about Wall
16 Street, which I have pointed is often the case, but it
17 was less about Wall Street than it was declining
18 manufacturing jobs.

19 I go a quarter-mile from my house every day and I
20 see the devastation that is brought about by factory
21 closings, plant closings, companies that move overseas
22 and get those tax breaks instead of rewarding those
23 companies that stay here.

24 One of the ways to fix that is the Patriot Employer
25 Act. I would hope that this committee would agree with

1 this President, his promises, his Forbes Magazine
2 article, his comments to me in the Cabinet Room.

3 Again, I would like to, as I did on the other one,
4 Mr. Chairman, just ask the Chairman to accept this
5 amendment by UC.

6 The Chairman. Senator Brown, in your amendment,
7 what is the score and what is the offset?

8 Senator Bennet. We will get that to you, Mr.
9 Chairman. We have not scored that. I have not seen a
10 score on much of anything in this committee on this bill.

11 The Chairman. Then it is not germane. I will rule
12 it non-germane and the Clerk will call the roll.

13 The Clerk will call the roll.

14 The Clerk. Mr. Grassley?

15 Senator Grassley. No.

16 The Chairman. I call it -- yes. It is non-
17 germane.

18 Senator Brown. You started the roll, so let us do
19 the roll.

20 The Chairman. Do you want to appeal the ruling of
21 the Chair?

22 Senator Brown. No. I want to hear the roll. I
23 was so taken with Senator Grassley's emphatic no, I want
24 to see what others are going to do.

25 [Crosstalk.]

1 The Chairman. And the Chairman has a right to do
2 that. So what do you want to do? You can appeal the
3 ruling, if you want.

4 Senator Brown. I will appeal the ruling of the
5 Chair. It is naturally the tax code.

6 The Chairman. The Clerk will call the roll on the
7 appeal of the ruling of the Chair.

8 The Clerk. Mr. Grassley?

9 Senator Grassley. No.

10 The Clerk. Mr. Crapo?

11 Senator Crapo. No.

12 The Clerk. Mr. Roberts?

13 Senator Roberts. No.

14 The Clerk. Mr. Enzi?

15 Senator Enzi. No.

16 The Clerk. Mr. Cornyn?

17 Senator Cornyn. No.

18 The Clerk. Mr. Thune?

19 Senator Thune. No.

20 The Clerk. Mr. Burr?

21 Senator Burr. No.

22 The Clerk. Mr. Isakson?

23 Senator Isakson. No.

24 The Clerk. Mr. Portman?

25 Senator Portman. No.

1 The Clerk. Mr. Heller?
2 Senator Heller. No.
3 The Clerk. Mr. Scott?
4 Senator Scott. No.
5 The Clerk. Mr. Cassidy?
6 Senator Cassidy. No.
7 The Clerk. Mr. Wyden?
8 Senator Wyden. Aye.
9 The Clerk. Ms. Stabenow?
10 Senator Stabenow. Aye.
11 The Clerk. Ms. Cantwell?
12 Senator Cantwell. Aye.
13 The Clerk. Mr. Nelson?
14 Senator Nelson. Aye.
15 The Clerk. Mr. Carper?
16 Senator Carper. Aye.
17 The Clerk. Mr. Cardin?
18 Senator Cardin. Aye.
19 The Clerk. Mr. Brown?
20 Senator Brown. Aye.
21 The Clerk. Mr. Casey?
22 Senator Casey. Aye.
23 The Clerk. Mrs. McCaskill?
24 Senator McCaskill. Aye.
25 The Clerk. Mr. Chairman?

1 The Chairman. No.

2 The Clerk will report. The Clerk will report the
3 result.

4 The Clerk. Mr. Chairman, the final tally is 9
5 ayes, 13 nays.

6 The Chairman. The amendment is defeated.

7 Senator Wyden. Parliamentary inquiry, Mr.
8 Chairman.

9 The Chairman. Senator Grassley?

10 Senator Grassley. Mr. Chairman, I --

11 Senator Brown. Was Mr. Warner's name called?

12 Senator Wyden. No. We did not call proxies, did
13 we?

14 The Clerk. No, no proxies were called.

15 Senator Wyden. Parliamentary inquiry, Mr.
16 Chairman.

17 The Chairman. Sure.

18 Senator Wyden. I do not for the life of me see why
19 what Senator Brown was talking about is not germane,
20 because he sought to amend the Internal Revenue Code,
21 and, on top of that --

22 The Chairman. There is no offset provided. That
23 is why it is not germane.

24 Senator Wyden. He has been trying to get a revenue
25 estimate, as I understand it, for quite some time.

1 The Chairman. Well, he does not have it.

2 Senator Brown. Mr. Chairman, you have given us a
3 long time to consider this bill. I mean, for you to
4 penalize us because we do not have time to get any kind
5 of documentation or any kind of ruling, and --

6 The Chairman. I am not penalizing you. That is
7 the rule.

8 Senator Brown. -- you have given us -- you have
9 changed the bill every day. First, it was last Thursday,
10 then it changed, then it got more specific, then it
11 changed again, and then you changed it at midnight last
12 night.

13 This is a farce, Mr. Chairman. To say we did not
14 have a score because I did not move fast enough when we
15 are trying to get this overworked staff, who you put all
16 this work on in such a short period of time, because
17 Mitch McConnell gave you some artificial deadline, and
18 you want to jam us. Is that the idea, Mr. Chairman? Is
19 that the way this committee -- I love this committee, but
20 it is hard to love tonight.

21 The Chairman. Senator Grassley for his amendment.
22 The last one for tonight.

23 Senator Grassley. It is on my amendment, but I
24 have a parliamentary question.

25 The Chairman. Yes.

1 Senator Grassley. I do not know whether to ask you
2 or Senator Wyden, but both of you lead this committee.
3 Is it our desire to finish on Thursday, Friday or
4 Saturday?

5 The Chairman. I would like to finish tomorrow.

6 Senator Grassley. But what do you think is the
7 possibility?

8 The Chairman. I think we can. We might have to go
9 late, but we can do it.

10 Senator Wyden. Mr. Chairman and Senator Grassley,
11 I think you can see the frustration on our side -- if I
12 could just finish -- because we are raising substantive
13 issues because we are talking about making \$10 trillion
14 worth of changes in tax law on the fly, and we want to
15 get answers. We want to be able to offer real
16 amendments.

17 I think Senator Brown's last amendment was germane
18 because it is going to amend the Internal Revenue Code.

19 So my sense, Senator Grassley, is tomorrow we are
20 going to be here a while because my colleagues want to
21 raise substantive, serious issues that the American
22 people deserve, because this could be one of the few
23 opportunities to talk tax policy in the sunshine or, I
24 guess, now under the light.

25 But I am concerned about going -- that is why I

1 offered the amendment -- going into a conference and it
2 is all secret.

3 So we have serious questions to talk about and we
4 are going to talk about them tomorrow.

5 Senator Grassley. And Friday and Saturday?

6 Senator Wyden. Well, we are going to go late
7 tomorrow, is my projection, and then we will take it a
8 day at a time.

9 The Chairman. Well, we may go into Friday and
10 Saturday. Let me just say that that is your right. I
11 would be the last one to not grant your right to bring up
12 what you want to. But there is a limit to everything and
13 I think it is pretty apparent where we are.

14 So we will turn to -- I think Senator Brown has
15 number 11. We will turn to Senator Brown for his
16 amendment on opioids, I believe.

17 Senator Brown. Yes, Mr. Chairman. This is
18 amendment number 11, opioids.

19 Like many Senators here tonight, my state has been
20 devastated by the opioid crisis. More, as Senator
21 Portman and I both know, tragically, more people have
22 died in Ohio from overdose than any state in the country
23 the last 2 years.

24 We will lose 11 Ohioans to this epidemic by the end
25 of the day. More funding is needed to address this

1 situation. The Senate has acted, the House has acted,
2 but we have not really put much money behind our actions.

3 We also played defense for much of the year when
4 people were trying to cut Medicaid, knowing that 200,000
5 -- and I stand with Governor Kasich. He is a Republican,
6 I am a Democrat. I stand with him on fighting back
7 against the cuts in Medicaid that would have threatened
8 200,000 people getting opioid treatment today in Ohio
9 because they have the ACA.

10 This bill makes it harder for people to donate money
11 to local institutions who are fighting this epidemic by
12 ending the charitable giving deduction. The amendment
13 reinstates the charitable giving deduction for donations
14 made to state-certified Medicare/Medicaid-eligible,
15 nonprofit addiction treatment centers.

16 Surely that is something we can support, Mr.
17 Chairman.

18 The Chairman. Thank you, Senator.

19 Any rebuttal or any other comments about Senator
20 Brown's amendment?

21 Senator Cantwell. Mr. Chairman?

22 The Chairman. The Clerk will call the roll.

23 Senator Wyden. Mr. Chairman?

24 Senator Cantwell. Go ahead and have the vote.

25 The Chairman. If you want to say something, I

1 would be happy to take it now.

2 Senator Cantwell. It is okay, Mr. Chairman. I was
3 pointing out that -- no. Let us have the vote and then I
4 will --

5 [Crosstalk.]

6 The Chairman. I will recognize you as soon as the
7 vote is over.

8 Senator Nelson. Mr. Chairman, I want to say
9 something about the opioid --

10 Senator Wyden. About the amendment?

11 Senator Nelson. About the amendment.

12 The Chairman. About this amendment?

13 Senator Wyden. Yes.

14 Senator Nelson. Yes.

15 The Chairman. I will be happy to recognize you in
16 advance of the amendment.

17 Senator Nelson. Each of our states has a terrible
18 problem of opioids. Did you know that a pregnant woman
19 on opioids, she transfers the dependency to the unborn
20 child and when born, that child has a dependency, not
21 addiction, a dependency on opioids and the only way to
22 get them off in the hospital is 30 to 60 days on
23 morphine. That is the only way to get a child off the
24 dependency.

25 The Chairman. I am not sure of that.

1 Senator Nelson. Therefore, I certainly support the
2 Senator's amendment.

3 The Chairman. The Clerk will call the roll.

4 The Clerk. Mr. Grassley?

5 Senator Grassley. No.

6 The Clerk. Mr. Crapo?

7 Senator Crapo. No.

8 The Clerk. Mr. Roberts?

9 Senator Roberts. No.

10 The Clerk. Mr. Enzi?

11 Senator Enzi. No.

12 The Clerk. Mr. Cornyn?

13 Senator Cornyn. No.

14 The Clerk. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Burr?

17 The Chairman. No by proxy.

18 The Clerk. Mr. Isakson?

19 Senator Isakson. No.

20 The Clerk. Mr. Portman?

21 Senator Portman. No.

22 The Clerk. Mr. Toomey?

23 Senator Toomey. No.

24 The Clerk. Mr. Heller?

25 Senator Heller. No.

1 The Clerk. Mr. Scott?
2 Senator Scott. No.
3 The Clerk. Mr. Cassidy?
4 Senator Cassidy. No.
5 The Clerk. Mr. Wyden?
6 Senator Wyden. Aye.
7 The Clerk. Ms. Stabenow?
8 Senator Stabenow. Aye.
9 The Clerk. Ms. Cantwell?
10 Senator Cantwell. Aye.
11 The Clerk. Mr. Nelson?
12 Senator Nelson. Aye.
13 The Clerk. Mr. Menendez?
14 Senator Wyden. Aye by proxy.
15 The Clerk. Mr. Carper?
16 Senator Carper. Aye.
17 The Clerk. Mr. Cardin?
18 Senator Cardin. Aye.
19 The Clerk. Mr. Brown?
20 Senator Brown. Aye.
21 The Clerk. Mr. Bennet?
22 Senator Wyden. Aye by proxy.
23 The Clerk. Mr. Casey?
24 Senator Casey. Aye.
25 The Clerk. Mr. Warner?

1 Senator Wyden. Aye by proxy.

2 The Clerk. Mrs. McCaskill?

3 Senator McCaskill. Aye.

4 The Clerk. Mr. Chairman?

5 The Chairman. No.

6 The Clerk will announce the tally.

7 The Clerk. Mr. Chairman, the final tally is 12
8 ayes, 14 nays.

9 The Chairman. The amendment is defeated.

10 Let me just say I want to thank members for being
11 here. We have had a good debate. I know that emotions
12 are running high and can run high. I want to keep things
13 organized and civil.

14 Going forward, this is not going to work if people
15 do not want to be recognized before speaking. It is not
16 going to work if it we are not respectful of each other's
17 time to speak and our right to express our views.

18 Things got unruly here a few times and that is
19 inappropriate. I think all of you know I want to be
20 fair, and I will be fair and I will be accommodating to
21 everyone, but I want the committee to function, as well.

22 Tomorrow we will start again at 10 a.m. We will
23 continue with amendments and as long as the debate
24 remains productive, I am ready to go into Friday to
25 consider more amendments. I would like to finish by

1 tomorrow, but if we cannot, we will go into Friday.

2 But I just want to say how much I appreciate
3 everybody on this committee. This is not easy for any of
4 us. We all feel aggrieved in some ways with some of
5 these problems that come up.

6 People on both sides are very sincere and deserve to
7 be considered as sincere.

8 Let me turn to Senator Wyden, who would like to
9 speak.

10 Senator Wyden. No, Mr. Chairman. Senator Cantwell
11 would like to speak.

12 The Chairman. Senator Cantwell, we will turn to
13 you.

14 Senator Cantwell. To that point, Mr. Chairman,
15 what is the process for -- my colleague, probably within
16 an hour of that mark being filed last night, filed an
17 amendment and then asked for a score and then just got
18 ruled out of order because he did not have one.

19 The Chairman. Well, we are not going to --

20 Senator Cantwell. So what do we do about that in
21 this process here so that we can --

22 The Chairman. Well, we are not going to close the
23 process down because people have not been able to get
24 scores who could have asked for them a long time ago. We
25 are going to go through this process.

1 Senator Wyden. Mr. Chairman? Would the gentlelady
2 yield?

3 Senator Cantwell. Yes. Please, go ahead.

4 Senator Wyden. I think Senator Brown moved as
5 quickly as he could with the information that he had on
6 hand.

7 Senator Brown. If Senator Wyden would yield. We
8 asked for the score Thursday, before the bill was even
9 committed to paper, before we could actually see the
10 bill. We began right then. It is just asking too much
11 of the staff, when they are all working hard -- and I
12 know I have never heard one of them complain, but I also
13 know they are working hard. They cannot get everything
14 done.

15 The Chairman. We also know that --

16 Senator Brown. Because we are rushing this
17 through, Mr. Chairman, without any -- I have heard a
18 number of my colleagues talk about 1986. In 1986, they
19 actually went through regular order. They had
20 discussions, they had hearings, they had lots of time to
21 do it, they did it in a bipartisan way.

22 There has been no effort like that here. And look
23 what we are going to end up with. This bill, written in
24 the back room, in Senator McConnell's office with a bunch
25 of lobbyists and Wall Street, writing a bill like this,

1 and the American public is not going to understand it,
2 members of Congress are not going to understand it.

3 The Chairman. This is not 1986 nor have we had the
4 cooperation that they had then and we know we have to
5 move ahead and we know that is not going to please those
6 who disagree, and, frankly, we are going to move ahead
7 tomorrow. It is just that simple.

8 Senator Wyden. Mr. Chairman, I just want, as we
9 wrap up, to make it clear that we reject on our side the
10 idea that you cannot have bipartisanship. From the very
11 beginning, we said the tax code is broken. We said --
12 excuse me, if I could just finish.

13 The Chairman. Go ahead.

14 Senator Wyden. We said that we want to work in a
15 bipartisan way. We laid out principles. And by the way,
16 I just referenced 2015, where everybody just said it is
17 just going to be a bunch of extenders, and what we said
18 is, hey, both sides ought to come together to work for
19 sensible policies that, in effect, would lay the
20 foundation for arguing bipartisan tax reform now.

21 So we have shown here in the last couple of years --
22 and you remember that, because nobody thought that we
23 could get a bill with sensible policies on both sides.
24 It was principled bipartisanship. It was not about
25 taking each other's crummy ideas. That is politics. It

1 was principled bipartisanship.

2 Senator Brown. Would Senator Wyden yield to me?

3 Senator Wyden. Of course.

4 Senator Brown. I really appreciated Senator Hatch
5 a number of years ago, I had not been on the committee
6 long, setting up those five or six working groups. He
7 made Senator Crapo and me co-chairs. I appreciate he did
8 not do the Republican chair and the Democrat ranking. He
9 made us both co-chairs.

10 Senator Crapo and I were charged to do a chapter --
11 to do a proposal on savings and investment. It was the
12 beginning of our working relationship. It has helped us
13 in the Banking Committee get to know each other.

14 Put that aside, we actually came back with very
15 specific -- it was not earthshaking, but very specific
16 proposals.

17 We gave it back to you, Mr. Chairman, and we have
18 never seen any movement on that. That could have been --
19 that is not in this bill. That could have been the
20 beginning, the seed of a bipartisan effort, where we
21 would have had bipartisan legislation, bipartisan
22 language.

23 We could have grown it from there, but we have heard
24 nothing from you since then. So we have tried to be
25 bipartisan, Mr. Chairman.

1 The Chairman. I understand the Senator's argument.

2 Let me just say this.

3 Senator Grassley. It is time to go to bed.

4 The Chairman. It is time to --

5 Senator Wyden. Senator Grassley is going to be
6 running in 3 hours.

7 The Chairman. It is time to recess. Frankly, I
8 hope everybody overnight will calm down a little bit. We
9 have been very open to amendments. We have been trying
10 to do this as well as we can, and, frankly, I do not
11 think anybody has been hurt by this process.

12 So will recess until tomorrow morning at 10:00.

13 [Whereupon, at 7:40 p.m., the committee was
14 recessed.]

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I N D E X

PAGESTATEMENT OF:

THE HONORABLE ORRIN G. HATCH
A United States Senator
from the State of Utah

3

THE HONORABLE RON WYDEN
A United States Senator
from the State of Oregon

10

Stabenow Submission



16 Patient Consumer Groups: CBO Report Shows Repeal of Individual Mandate Results in 13 Million More Americans Uninsured, Higher Premiums

WASHINGTON, D.C., November 14, 2017 — *Today, a group of 16 non-partisan patient and consumer groups issued the following statement on last week's Congressional Budget Office (CBO) report. In the report, the CBO assessed the impact of a repeal of the Affordable Care Act's (ACA) individual mandate to purchase health insurance coverage:*

"The CBO's recent report estimates that 13 million fewer Americans will have health insurance if Congress repeals the ACA's requirement that all individuals carry adequate coverage. In addition, premiums would increase on average by 10 percent. Our organizations are deeply troubled that Congress is considering action that would result in coverage losses, particularly without considering corresponding ways to balance or mitigate these losses."

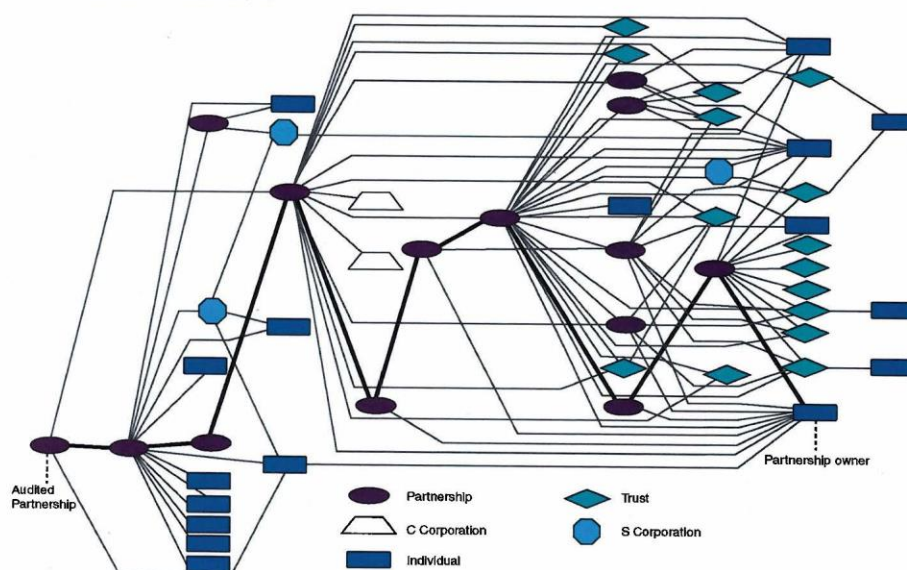
"Any changes Congress makes to our health care system should be focused upon expanding access to quality, affordable health coverage for all Americans. American families deserve no less. Legislation that reduces the number of people with coverage and increases premiums fails to meet this standard. Repealing the individual mandate without otherwise increasing access to adequate, affordable health insurance is a step backwards for individuals and families."

"We call upon all members of the House and Senate to ensure that any changes to our health care system will help stabilize the health insurance market and result in more, not fewer, Americans having adequate, affordable health insurance. Our organizations stand ready to work with Congress toward this goal, which will help secure the individual, community and economic wellbeing of our nation."

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McCaskill Submission

Figure 7: Example of Partnership Structure



Source: GAO analysis of IRS documentation, I GAO-14-732

Note: This figure, adapted from IRS documentation, illustrates a hypothetical, complex partnership structure, which shows the relationship between various types of entities. The allocation of income and losses from the audited partnership on the far left side crosses eight pass-through entities, all of which are partnerships, along the bolded line before it reaches one of its ultimate partnership owners on the right side. This figure was originally used in our report on business networks. See *Tax Gap: IRS Can Improve Efforts to Address Tax Evasion by Networks of Businesses and Related Entities*, GAO-10-968 (Washington, D.C.: Sept. 24, 2010).

While this example of a partnership structure is complex, it has only 50 partners and 10 tiers. Large partnership structures could be much more complex. In 2011, 17 large partnerships had more than a million partners. According to an IRS official, several large partnerships have more than 50 tiers.

Cardin Submission



AMERICAN
PSYCHOLOGICAL
ASSOCIATION

November 15, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Orrin Hatch
Chair
Senate Finance Committee
Washington, DC 20510



AMERICAN
PSYCHOLOGICAL
ASSOCIATION
PRACTICE ORGANIZATION

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
Washington, DC 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Hatch, and Ranking Member Wyden:

We are writing on behalf of the American Psychological Association and the American Psychological Association Practice Organization to express our strong opposition to repealing the individual health insurance coverage mandate as part of tax reform legislation. Strong, stable health insurance markets are vitally important to our members and to the millions of Americans with mental health and substance use disorders. Our organizations comprise nearly 115,700 members and affiliates, who are clinicians, researchers, educators, consultants, and students.

Congress needs to take action to increase health insurance coverage and make coverage more affordable. Repealing the individual mandate would take our country in the wrong direction on both of these goals. The Congressional Budget Office estimates that repealing the mandate will result in 13 million fewer people with health insurance coverage in 2027 than would be the case under current law. While some of these 13 million people may forgo purchasing insurance they do not believe they need, many will become uninsured because average premiums in the individual health insurance market would increase by about 10 percent, pricing needed coverage out of their reach.

Removing the individual mandate will undermine the stability of insurance markets since many relatively healthy individuals will no longer purchase insurance. We urge you to maintain the integrity and affordability of individual health insurance by retaining the individual mandate.

Sincerely,

Antonio E. Puente, PhD
President

cc: U.S. Senate

Arthur C. Evans, Jr., PhD
Chief Executive Officer

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