



## **A Congressman's Work is Never Done: What the 109<sup>th</sup> Congress Needs to Deliver for Taxpayers NTU Issue Brief # 158**

By Kristina Rasmussen

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As students head back to the classroom, Congress is entering its own version of "exam crunch time." With campaigning already well underway and the November 7 midterm election date looming, the House and especially the Senate will need to cram in a variety of bills waiting for final approval if they want to avoid the "Do Nothing" moniker.

Of course, being labeled a "Do Nothing *Important* Congress" isn't that helpful either, so you won't be seeing any superficial bills like the Horse Slaughter Act on **NTU's Taxpayer Wish List** for the remainder of the 109<sup>th</sup> session:

### **Senate Action Required:**

- *Estate Tax Repeal (HR 8, HR 5638, HR 5970)*

The Senate has twice failed to move House-passed estate tax reform bills. While the first try was for full repeal, the second attempt focused on a controversial "trifecta" package that linked partial estate tax repeal with an extension of expiring tax credits and a minimum wage hike. Taxpayers are looking for a third try that will finally bury the death tax and won't concede on other issues critical to continuing economic growth.

- *Telecommunications Modernization (HR 5252)*

Telecom reform has been on the drafting board for the last two years, and on June 28 the Senate Commerce, Science and Transportation Committee approved an extensive bill that largely meets the standards set by taxpayer advocates. The House has already passed a decent telecom reform bill, so getting a pro-taxpayer package through the Senate is the next critical step. Senators should retain provisions for a cell phone tax moratorium and a franchise overhaul while keeping out any Internet regulations in the form of "net neutrality."

- *Legislative Line Item Veto (HR 4890, S 3521)*

The House approved a legislative line item veto on a vote of 247 - 172. All eyes now turn to the Senate, where floor action on this Bush Administration priority needs to take place before Congress adjourns this fall. While some Senators would like to stymie this proposal to protect their pork-barrel spending, it's clear that taxpayers need the legislative line item veto sooner rather than later.

- *Eminent Domain Reform (HR 4128)*

More than one year after the United States Supreme Court struck a blow against property rights in the infamous *Kelo v. New London* decision, the Senate is still dragging its feet over passing legislation to stop federally-sanctioned eminent domain abuse. While the House passed a bill last November preventing states and localities from using federal funds to bankroll abusive development projects, the Senate hasn't even scheduled a committee hearing on this important taxpayer priority. The Senate needs to pass this vital legislation before the clock runs out on property owners.

- *Flood Insurance (HR 4973)*

Taxpayers aren't thrilled that the main flood-policy legislation passed by the House raises the National Flood Insurance Program's borrowing limit to \$25 billion (even though the program only takes in about \$2 billion a year in premiums). Still, the bill does include limited reforms that would start the process of eliminating taxpayer subsidies for vacation homes, second homes, and nonresidential properties. The Senate needs to adopt a stricter version of the bill that would require property owners to pay actuarially-based flood insurance premiums.

- *Tax Extenders (HR 5970)*

The House included the extension of a number of tax breaks (including the deduction for college tuition payments, the research and development credit, and the deduction for state sales taxes) in its "trifecta" package, which the Senate failed to pass. Given that many of these provisions have expired or will be expiring soon, the Senate will need to pass another round of extensions. Better yet, Congress could make the credits and deductions permanent.

### **House Action Required:**

- *Government Contract and Grant Database (HR 5060, S 2590)*

After bloggers and taxpayer activists rooted out the "secret" Senators who'd placed a hold on legislation to create a user-friendly database for government contracts and grants, the Senate approved the bill unanimously. A similar House-enacted bill does not include contracts in its database (opting only for a grants-only approach), but the chamber is likely to pass another version of the bill which includes both grant AND contract funding information.

- *Earmark Reform (HR 1642)*

The House has had little success in pushing comprehensive earmark reforms via legislation, but the leadership has committed to adopting protections against this form of pork-barrel spending via changes in the chamber's rules of operation.

- *Business Activity Tax Simplification Act (HR 1956)*

The House was scheduled to consider the Business Activity Tax Simplification Act in July, but postponed the bill for consideration at a later time. Essentially, the bill would establish a clear test to ensure that only businesses having employees or property physically present within a jurisdiction are subjected to business activity taxes in that jurisdiction. The legislation ensures fairness, minimizes litigation, and creates a more predictable legal climate that encourages companies to invest and expand interstate commerce.

- *Independent Peer Review of Corps of Engineers Projects (HR 2864, S 728)*

Both chambers have approved different versions of the Water Resources Development Act (WRDA), which authorizes water-related development projects and provides policy for the U.S. Army Corps of Engineers. While the House passed the WRDA bill before Hurricanes Katrina and Rita exposed the severe planning deficiencies in Corps' public works projects, the Senate passed a post-hurricane version which includes a strong "independent peer review" amendment that would help improve the Corps' project planning and oversight. Conferees will soon be meeting to iron out WRDA's legislative text, and the House should adopt the taxpayer-friendly independent peer review changes.

### **Better Left Untouched:**

- *Postal Reform (H 22, S 662)*

Although both the House and the Senate have passed harmful "postal reform" measures, no clear progress has been made on reconciling the bills in conference. This is good news for taxpayers, as the packages would further expand the monopoly powers granted to the United States Postal Service (USPS) and do nothing to bring needed market discipline to the agency. To make matters worse, the bills would transfer the cost of billions of dollars in pension benefits for prior military service to American taxpayers, despite the fact that these costs are owed by USPS.

- *Asbestos Trust Fund (S 852)*

The Senate has postponed any plans to create a \$140 billion federally-administered trust fund to compensate asbestos exposure victims. The legislation – the so-called Fairness in Asbestos Injury Resolution Act – fails to adequately protect taxpayers from billions in future liabilities, and from the prospect of a bailout. The last thing we need is to load another expensive entitlement program onto the backs of taxpayers.

- *Lobbying Regulations (S 2128)*

The drive to pass much-ballyhooed lobbying regulations has largely lost steam, and that's not necessarily a bad thing. In addition to increasing onerous reporting requirements that do little to stop real abuses of power, the "reform" bill under consideration would have tied up the very grassroots groups that champion "the little guy" in regulatory knots. Throw in crippling 527 campaign finance regulations, and the result is a bill that's better consigned to the waste bin.

Some would consider the unfinished business described above as too long and controversial to be resolved in the weeks ahead. But for taxpayers, the items add up to a common-sense agenda whose enactment would win Congress high marks.

### *About the Author*

Kristina Rasmussen is Senior Government Affairs Manager for the National Taxpayers Union, a non-profit, non-partisan organization founded in 1969 to work for lower taxes, smaller government, and economic freedom at all levels. For further information, visit [www.ntu.org](http://www.ntu.org).