4-3-1984

AFL-CIO Building and Construction Trades Department (1)

Max S. Baucus

Printing, Graphics & Direct Mail
ONBASE SYSTEM
Indexing Form

Senator * or Department*: **BAUCUS**

Instructions:

Prepare one form for insertion at the beginning of each record series.

Prepare and insert additional forms at points that you want to index.

For example: at the beginning of a new folder, briefing book, topic, project, or date sequence.

Record Type*: Speeches & Remarks

MONTH/YEAR of Records*: April-1984

(Example: JANUARY-2003)

(1) Subject*: Tax

(select subject from controlled vocabulary, if your office has one)

(2) Subject* AFL-CIO Building and Construction Trades Department

DOCUMENT DATE*: 04/03/1984

(Example: 01/12/1966)

* "required information"

CLICK TO PRINT

BAUCUS

REMARKS BY SENATOR MAX BAUCUS

AFL-CIO BUILDING AND CONSTRUCTION TRADES DEPARTMENT

TUESDAY, APRIL 3, 1984

INTRODUCTION

THANKS, BOB. [GEORGINE]

IT'S AN HONOR TO ADDRESS THE CONVENTION TODAY.

Support you

Mo Udall

AND IT'S A SPECIAL HONOR TO SHARE THE PROGRAM WITH CHAIRMAN ROSTENKOWSKI AND VICE PRESIDENT MONDALE.

I UNDERSTAND FRITZ IS ALL CHARGED UP ABOUT BEING HERE.

ON THE WAY OVER, HE HEARD HE'LL BE APPEARING WITH A YOUNG DEMOCRATIC SENATOR FROM THE WEST--WHO HAS NEW IDEAS.

SO FRITZ MAY BE READY FOR ANOTHER ROUND OF THOSE PRESIDENTIAL DEBATES THIS MORNING.

BUT I ASSURE YOU. IF FRITZ ASKS ME "WHERE'S THE BEEF?" I'LL SIMPLY REPLY:

"MONTANA!"

BUT I HAVE A COUPLE OF BEEFS OF MY OWN I WANT TO TALK ABOUT THIS MORNING:

Bogane

- o A BEEF WITH STAGGERING BUDGET DEFICITS
- o A BEEF WITH OUR UNFAIR TAX CODE.
- o A BEEF WITH LAWS THAT PROTECT LUXURY CAR OWNERS BUT DON'T GIVE WORKING MEN AND WOMEN A FAIR SHAKE.

THE DEFICIT DANGER on buds as Rost mentioned

THE STATISTICS ARE FRIGHTENING.

WHEN THE FEDERAL GOVERNMENT CLOSED ITS BOOKS FOR 1983, IT WAS OVERDRAWN. BY 207 BILLION DOLLARS.

AND THAT DEBT KEEPS PILING UP.

AT THE RATE WE'RE GOING, WE'LL ACCUMULATE A nat'l DEBT OF $3 TRILLION BY ~~1990.~~ end of decade

TO PAY THIS DEBT OFF ALL AT ONCE, EVERY AMERICAN WOULD HAVE TO CONTRIBUTE $13,000.

THESE DEFICITS HURT US DRAMATICALLY:

- THEY TAKE MONEY OUT OF THE POCKET OF EACH WORKING MAN AND WOMAN.
- THEY INFLATE THE VALUE OF THE DOLLAR.
- THEY MAKE U.S. EXPORTS MORE EXPENSIVE.
- THEY MAKE FOREIGN IMPORTS CHEAPER.
- THEY DRIVE UP INTEREST RATES.
- THEY COST US about 2 million JOBS.

AND, WORST OF ALL, THESE DEFICITS MORTGAGE OUR CH~~ILDREN'S FUTU~~RE.

WE WILL FORCE THEM TO PAY FOR OUR MISTAKES.

OVER THE NEXT FEW YEARS, THE FEDERAL GOVERNMENT WILL BORROW MORE THAN HALF OF OUR NET DOMESTIC INVESTMENT CAPITAL TO FINANCE THE DEFICIT.

THERE WON'T BE MUCH LEFT FOR PEOPLE WHO WANT TO BUILD A HOUSE, A FACTORY, OR A SHOPPING CENTER.

THAT WILL SEND INTEREST RATES THROUGH THE ROOF.

And ~~THAT WILL~~ END THE CHANCE FOR A SUSTAINED RECOVERY--IN THE HOUSING AND CONSTRUCTION INDUSTRIES IN PARTICULAR.

DEFICIT REDUCTION

CLEARLY, WE CAN'T KEEP BORROWING THIS WAY.

WE'VE GOT TO REDUCE THE DEFICIT.

THE CONVENTIONAL WISDOM SAYS THAT, IN AN ELECTION YEAR, CONGRESS WON'T ACT.

BUT THE DEFICIT I tell ya IS INCREASING BY $22 MILLION AN HOUR.

WE CAN'T AFFORD NOT TO ACT.

THAT'S WHY I'VE BEEN PUSHING HARD FOR CONGRESS TO ADDRESS THE DEFICIT ~~PROBLEM~~ NOW,

NOT A YEAR FROM NOW.

AS A MEMBER OF THE SENATE FINANCE COMMITTEE, I'VE BEEN WORKING HARD ON A BILL THAT WOULD REDUCE THE DEFICIT BY $73 BILLION OVER THREE YEARS, MAINLY BY CLOSING TAX LOOPHOLES AND TIGHTENING UP SPENDING PROGRAMS.

THE BILL'S NOT PERFECT. BUT IT'S A STEP IN THE RIGHT DIRECTION.

Don done better in House than senate

IN THE HOUSE, CHAIRMAN ROSTENKOWSKI HAS DRAFTED A SIMILAR BILL.

I COMMEND HIM FOR HIS LEADERSHIP AND PERSERVERANCE.

<u>THE BUDGET FREEZE</u>

BUT IN MY VIEW WE CAN'T STOP THERE.

THAT'S WHY I'VE JOINED IN A BIPARTISAN CALL FOR A ONE-YEAR SPENDING FREEZE.

IT'S ABOUT TIME WE ASKED THE PENTAGON TO MAKE THE SAME SACRIFICES WE'RE ASKING WORKING MEN AND WOMEN TO MAKE.

IT'S ABOUT TIME WE ASKED OUR RICH CORPORATIONS TO MAKE THE SAME SACRIFICES WE'RE ASKING OUR ELDERLY TO MAKE.

IN THE LAST THREE YEARS:

- o DEFENSE SPENDING HAS DOUBLED
- o DISCRETIONARY PROGRAMS HAVE BORNE THE BRUNT OF CUTS
- o AND THE DEFICITS CONTINUE TO SKYROCKET

ladies & gent is simply

THAT'S MADNESS.

AND WE'VE GOT TO PUT A STOP TO IT.

THAT'S WHAT A FREEZE WILL DO.

IT WILL STOP THE MADNESS.

IT WILL GIVE US SOME BREATHING ROOM.

AND QUITE FRANKLY IT WILL GIVE OUR NEXT PRESIDENT, A DEMOCRATIC PRESIDENT, THE CHANCE TO BRING SOME SANITY TO THE FEDERAL BUDGET.

a

I KNOW ~~THE~~ FREEZE IS STRONG MEDICINE. I KNOW IT'S CONTROVERSIAL.

BUT OVER THE NEXT FEW WEEKS, I THINK PEOPLE WILL REALIZE THAT STRONG MEDICINE IS NECESSARY. AND I THINK THAT THE FREEZE WILL ATTRACT A LOT OF SUPPORT.

TAX REFORM

ANOTHER IDEA THAT'S ATTRACTING ~~A LOT OF~~ SUPPORT IS TAX REFORM.

PEOPLE ARE SICK AND TIRED OF A TAX CODE THAT MAKES THE RICH RICHER, WHILE IT PENALIZES EVERYBODY ELSE.

LET ME GIVE YOU TWO EXAMPLES, BOTH INVOLVING CARS.

FIRST, LET'S LOOK AT HOW THE RICH GET RICHER.

AS IT NOW STANDS, A PERSON CAN DEDUCT THE COST OF HIS BUSINESS CAR. THIS WAS INCORPORATED INTO THE TAX CODE TO COVER BASIC TRANSPORTATION NEEDS.

BUT, THE PROVISION HAS BEEN ABUSED TO COVER A LOT MORE THAN BASIC TRANSPORTATION NEEDS.

For example today

A RICH LAWYER or a rich exec CAN BUY A POSH $43,000 MERCEDES FOR TRIPS TO MEETINGS AND THE COURTHOUSE.

WITH A 6 PERCENT INVESTMENT TAX CREDIT UP-FRONT -- AND AN ACCELERATED DEPRECIATION WRITE-OFFS FOR THREE YEARS, HE'LL RECEIVE TAX SUBSIDIES WORTH TENS OF THOUSANDS OF DOLLARS.

And practically write off value of car

A CALIFORNIA IMPORTED CAR DEALER RECENTLY SENT TAX ACCOUNTANTS A TELEGRAM REMINDING THEM THAT THEIR CLIENTS COULD OBTAIN A $65,000 TAX SUBSIDY FOR A NEW ROLLS ROYCE.

FOR THE LIFE OF ME, I CAN'T UNDERSTAND WHY AMERICAN TAXPAYERS SHOULD BE UNDERWRITING THE COST OF SOME LAWYER'S ROLLS. Royce

SO, A FEW WEEKS AGO, I OFFERED A SIMPLE AMENDMENT TO THE FINANCE COMMITTEE'S DEFICIT REDUCTION BILL.

IT WOULD HAVE CAPPED THE TAX SUBSIDY AT $15,000 PER CAR.

you + I, Amer taxpayers

IT WOULD HAVE LIMITED THE SUBSIDY FOR LUXURY CARS, AND SAVED $500 MILLION OVER THREE YEARS. (clapped)

AT FIRST, THE AMENDMENT PASSED.

BUT A FEW DAYS LATER, THE FOREIGN LUXURY CAR LOBBYISTS HAD TWISTED ENOUGH ARMS TO REVERSE THE VOTE.

SO MY AMENDMENT FAILED.

THE RICH LAWYER'S ROLLS Royce IS SAFE--AT LEAST FOR NOW.

CONSTRUCTION WORK look at how rest of us get treated

BUT WHAT ABOUT EVERYBODY ELSE?

WHAT IF YOU'RE NOT A RICH LAWYER, BUT A CONSTRUCTION WORKER?

IN THAT CASE, WATCH OUT.

IF YOU WAKE UP AT 5 AM TO DRIVE YOUR CAMARO 75 MILES TO A REMOTE JOB SITE, THE IRS MAY SAY YOU'RE JUST "COMMUTING."

IF THEY DO, YOU CAN'T EVEN DEDUCT 20 CENTS A MILE!

OVER THE YEARS, COURTS HAVE SAID THAT THE COST OF COMMUTING TO A REGULAR JOB IS NOT A BUSINESS EXPENSE UNDER THE TAX CODE.

INSTEAD, the courts say IT'S A PERSONAL EXPENSE, BECAUSE IT DEPENDS ON YOUR DECISION ABOUT WHERE TO LIVE, AND YOU'RE FREE TO LIVE NEAR YOUR WORK PLACE IF YOU WANT TO.

AS A GENERAL PROPOSITION, THIS MAKES SENSE.

BUT THERE ARE EXCEPTIONS.

But we know IN SOME CIRCUMSTANCES, A WORKER CAN'T REASONABLY BE EXPECTED TO MOVE NEAR HIS WORKPLACE.

FOR EXAMPLE: CONSTRUCTION WORK.

IT'S INHERENTLY TEMPORARY.

THE WORK AT ANY GIVEN JOB SITE IS LIMITED TO THE short period TIME IT TAKES TO FINISH THE PROJECT.

THE WORK IS OFTEN SEASONAL, AND THERE'S NO GUARANTEE THAT THE PEOPLE EMPLOYED BEFORE A SEASONAL LAYOFF WILL BE THE SAME ONES EMPLOYED AFTER IT.

AND THE WORK IS OFTEN INTERRUPTED BY POLITICAL OR FINANCIAL EVENTS.

IN LIGHT OF ALL THIS, CONSTRUCTION WORKERS CAN'T SELL THEIR HOMES, PACK UP THEIR FAMILIES AND MOVE TO EVERY NEW JOBSITE.

INSTEAD, THEY TRY TO KEEP THEIR HOMES AND FAMILIES INTACT; as they should

in my state of MT

I KNOW MANY CONSTRUCTION WORKERS WHO RISE BEFORE DAWN TO DRIVE 50 MILES OR MORE TO A DISTANT JOBSITE, RETURNING HOME LATE AT NIGHT.

OR WHO TAKE ROOMS NEAR THE JOBSITE DURING THE WEEK, RETURNING HOME ONLY ON WEEKENDS.

Billings example

IN ~~EITHER~~ any CASE, THEY INCUR HEAVY EXPENSES.

BY ANY REASONABLE STANDARD, THESE EXPENSES ARE BUSINESS EXPENSES.

CONSTRUCTION WORKERS ARE NOT EXECUTIVES COMMUTING FROM QUIET SUBURBS TO SECURE JOBS DOWNTOWN.

THEY'RE SKILLED WORKERS INCURRING HEAVY EXPENSES TO EARN A LIVING AND SUPPORT THEIR FAMILIES.

BUT THE IRS still DISAGREES.

FOR YEARS, THE IRS HAS DENIED TRAVEL EXPENSE DEDUCTIONS TO THE MANY CONSTRUCTION WORKERS WHO HAVE TO INCUR THOSE EXPENSES, BECAUSE MOVING NEAR THE JOB SITE IS NOT A REASONABLE OPTION.

GIVEN THIS UNFAIR SITUATION, WE MUST AMEND SECTION 162 OF THE TAX CODE TO ESTABLISH CLEAR RULES THAT TREAT CONSTRUCTION WORKERS FAIRLY. Clapping

THAT'S WHY I along w/ SENATOR BOB PACKWOOD ~~AND I~~ many INTRODUCED S. 1352.

THIS BILL WOULD MAKE IT EASIER FOR A CONSTRUCTION WORKER TO DEDUCT THE COST OF TRAVELLING TO A JOB SITE LOCATED FAR FROM HIS HOME.

SPECIFICALLY, THE BILL WOULD PERMIT A CONSTRUCTION WORKER TO AUTOMATICALLY DEDUCT TRAVEL EXPENSES FOR THE FIRST TWO YEARS HE WORKS AT A JOB SITE MORE THAN 30 MILES FROM HIS PERMANENT HOME.

AFTER THAT, HE COULD CONTINUE TO DEDUCT TRAVEL EXPENSES, ~~AS LONG AS~~, GIVEN HIS SPECIFIC CIRCUMSTANCES, THE JOB IS TEMPORARY RATHER THAN PERMANENT. IRS could not use current 1 yr rule

THESE CHANGES ARE SIMPLE. THEY DON'T FUNDAMENTALLY ALTER THE EXISTING RULES. THEY JUST MODIFY THEM TO REFLECT THE SPECIAL NATURE OF CONSTRUCTION WORK. THAT WAY, THEY MAKE THE RULES CLEAR AND FAIR.

AS A RESULT, MOST CONSTRUCTION WORKERS PROBABLY WOULD BE ABLE TO DEDUCT THEIR TRAVEL EXPENSES.

CALL FOR ACTION

WE INTRODUCED S. 1352 LAST YEAR, SHORTLY AFTER CONGRESSMAN PETE STARK INTRODUCED AN IDENTICAL BILL IN THE HOUSE.

SINCE THIS BILL WOULD FLATLY REVERSE A STRONGLY HELD IRS POSITION, IT WON'T BE AN EASY BILL TO PASS.

ahead of us
THAT MEANS WE HAVE A LOT OF WORK ~~TO DO~~.

FIRST OF ALL, WE NEED SUPPORT. THAT'S WHERE YOU COME IN. TELL YOUR
House members
CONGRESSMEN TO SUPPORT H.R. 700. AND TELL YOUR SENATORS TO SUPPORT S. 1352.

SECOND, WE NEED SENATE HEARINGS. Danny mentioned
we need more help to push thru sen
I'VE ASKED THE SENATE FINANCE COMMITTEE TO HOLD HEARINGS ON S. 1352 THIS YEAR. AT THESE HEARINGS, WE CAN DEMONSTRATE THAT THIS BILL IS A TAX REFORM BILL, THAT MUST BE PART OF ANY TAX REFORM PACKAGE.

CONCLUSION

THE "LUXURY CAR" BILL AND THE "CONSTRUCTION TRAVEL" BILL THAT I HAVE DISCUSSED WITH YOU TODAY ARE LAWS THAT OUGHT TO BE PASSED.

AND QUICKLY.

PASSED BECAUSE THEY DIRECTLY ATTACK SOME OF THE most UNFAIR~~EST~~ PROVISIONS OF OUR TAX CODE.

WE SIMPLY MUST CONTINUE OUR ATTACK ON THAT UNFAIRNESS in the tax code

UNFAIRNESS THAT SUBSIDIZES MERCEDES BENZ AND ROLLS ROYCE.

UNFAIRNESS THAT PENALIZES THE WORKER TRYING TO GET TO A CONSTRUCTION SITE.,

ultimately in

UNFAIRNESS THAT UNDERMINES OUR FAITH IN THE TAX CODE AND IN OUR

form of

GOVERNMENT.

THAT'S MY BEEF.

I KNOW IT'S YOUR BEEF TOO.

~~LET'S NOT DROP THE BALL.~~

Let's

~~LET'S BEEF UP OUR EFFORTS... A~~ND TAKE UP THE CHALLENGE.

IF WE WORK TOGETHER, WE CAN LOWER THE DEFICIT AND WRITE FAIRER TAX LAWS.

THANK YOU.