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## AFL-CIO Building and Construction Trades Department (1)

Max S. Baucus

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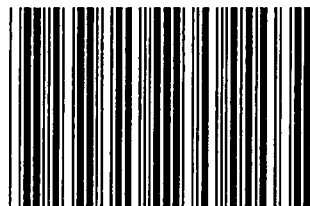
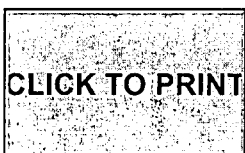
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(2) Subject\* **AFL-CIO Building and Construction Trades Department**

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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*

*no 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:

- Reagone*
- 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 most 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.

*end of decade 1990.* AT THE RATE WE'RE GOING, WE'LL ACCUMULATE A DEBT OF \$3 TRILLION BY *not 1*

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

THESE DEFICITS HURT US DRAMATICALLY:

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

AND, WORST OF ALL, THESE DEFICITS MORTGAGE OUR CHILDREN'S FUTURE.

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.

*I tell ya*  
BUT THE DEFICIT 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 PERSISTENCE.

### THE BUDGET FREEZE

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

*address & get it 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*

*or a rich exec*  
A RICH LAWYER 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.



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

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 "COMMITTING."

IN THAT CASE, WATCH OUT.

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

BUT WHAT ABOUT EVERYBODY ELSE?

CONSTRUCTION WORK look at how not of us get treated

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

SO MY AMENDMENT FAILED.

ENOUGH ARMS TO REVERSE THE VOTE.

BUT A FEW DAYS LATER, THE FOREIGN LUXURY CAR LOBBYISTS HAD TWISTED

AT FIRST, THE AMENDMENT PASSED.

MILLION OVER THREE YEARS. (clipped)

IT WOULD HAVE LIMITED THE SUBSIDY FOR LUXURY CARS, AND SAVED \$500

you + I, Mrs. Taxpayers

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

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

*the courts say*

INSTEAD, 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 <sup>*short period*</sup> 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 NJ*  
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.

*Business example*

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

BY ANY REASONABLE STANDARD, THESE EXPENSES ARE BUSINESS EXPENSES.

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

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

*still*  
BUT THE IRS <sup>^</sup>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. *Clipping*

*It* along w/  
THAT'S WHY SENATOR BOB PACKWOOD <sup>has</sup> ~~AND~~ 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.

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

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 <sup>*MOST*</sup> 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.,

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

GOVERNMENT.

THAT'S MY BEEF.

I KNOW IT'S YOUR BEEF TOO.

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

*Lets*

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

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

LAWS.

THANK YOU.