



UNITED STATES SENATE
BUDGET COMMITTEE
RANKING MEMBER CHUCK GRASSLEY

Opening Statement by Senator Chuck Grassley of Iowa
Ranking Member, Senate Budget Committee
Hearing titled, “Making Wall Street Pay Its Fair Share: Raising Revenue, Strengthening Our
Economy”
Wednesday, June 12, 2024

Mr. Chairman,

Initially, I thought today’s hearing related to federal revenues was a nice change of pace, particularly when compared to the 19 hearings we’ve had in this committee on global warming.

As I said last year at our first hearing concerning tax issues, “Congress should regularly examine tax incentives, just as we should review spending programs, to ensure they’re working as intended.”

Unfortunately, as is evident from today’s politically oriented hearing title, an objective review of our tax laws isn’t what this hearing’s about.

As a former chair and ranking member of the Finance Committee, I assure you passing legislation to close loopholes or shutdown abusive tax avoidance strategies isn’t easy.

It requires much more than these kinds of hearings or appealing to a never-defined “fair share” of taxes.

It requires building a bipartisan consensus for action and understanding issues that often can’t be boiled down to Wall Street versus Main Street.

After all, most Americans, not just the wealthy elite, own stock either directly or indirectly as part of retirement plans.

I just learned recently that in the last ten years, the number of people holding stock has increased from 52 percent to 62 percent.

I fondly recall working with my friend Senator Baucus to identify and enact bipartisan measures to **close abusive tax loopholes**, regardless of which one of us was chairman of Finance.

We held bipartisan hearings to better understand the law at issue and take account of both policy and political concerns that might arise.

In contrast, I suspect that today’s majority will demagogue complex issues and deride Republicans for protecting Wall Street.

Well, I’ve got this news for my colleagues on the Left: the reason many of the proposals we’re likely to hear about today aren’t law is because of Democrat opposition, not Republican opposition.

Take carried interest as just one example.

Concerns about carried interest became prominent in the 2000s as private equity and hedge funds grew in prominence.

In response, Senator Baucus and I called **bipartisan hearings** to study the issue.

However, our review was immediately met with resistance – and not just from those you might expect.

I recall Senator Baucus informing me about strong pushback he received privately from certain Democrats, which ultimately led to shelving a proposal that we were actively considering.

Despite this, Democrats publicly and continuously blast carried interest as a loophole for the rich and blame Republicans for its existence. Yet, when they've had full control of the levers of power, they've repeatedly failed to eliminate it.

To date, the only legislative action taken to limit the use of carried interest was enacted by Republicans as part of the 2017 tax law.

At the time, Democrats roundly criticized Republicans for not going far enough on carried interest. Yet, when they had the opportunity to address it as part of their so-called Inflation Reduction Act, they failed.

This led to the left-wing publication Jacobin **writing**, “Democrats pretended they were cracking down on private equity moguls. The truth: Dems were actually protecting them, perhaps because private equity firms are major Democratic donors.”

Carried interest isn't the only area where the majority says one thing but legislates another way.

The majority regularly decries corporate handouts and large corporations paying little or no tax. But, again, their so-called Inflation Reduction Act proves otherwise.

Included in this partisan tax and spending bill are hundreds of billions of dollars in new or expanded tax incentives for favored “green” companies.

The law also includes novel new tax features, such as “direct pay” and “transferability,” that actually make it easier for corporations, banks and even private equity firms to pay little or no tax.

Thanks to the Inflation Reduction Act and other legislation passed under President Biden and the Democrat Majority, corporate tax benefits are now 92 percent higher than they were under President Trump. That's based on an analysis of our own Department of Treasury's tax expenditure projections.

I'm all for examining perceived loopholes and looking for ways to improve the fairness of our tax code.

As past chairman of the Finance Committee, I actually got important reforms passed into law.

But, despite all the handwringing, that's not a path my colleagues on the other side are taking.

Thank you, I look forward to hearing from our witnesses.

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