

# GOP Whip Team Goes To Work On Thomas Corporate Tax Bill

■ By Martin Vaughan

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## TAXES

THE HOUSE GOP whip team and Ways and Means Committee members launched an educational campaign Wednesday aimed at generating enough support to pass a corporate tax bill by the end of the year.

But defiant **Small Business Chairman Manzullo** has taken on an impassioned campaign to rid the bill of tax cuts on the overseas income of U.S. multinational firms.

At Wednesday's weekly House GOP Conference meeting, Manzullo spoke out against the Thomas bill and indicated he would be crafting an alternative slightly different from the bill he co-sponsored with **Ways and Means Trade Subcommittee Chairman Philip Crane**, R-Ill., and **Ways and Means ranking member Charles Rangel**, D-N.Y., GOP sources said.

In a brief interview, Manzullo struggled to contain his emotions as he described the closure of three plants in his district — one owned by Motorola and two Textron-owned fastening plants — in the past two weeks alone, resulting in the loss of 1,200 jobs.

"These people, the blue-collar people out there that don't have a voice — they're the ones I spoke on behalf of," he said.

However, observers were puzzled about what Manzullo's intent was with respect to an alternative, since House leaders never allow floor amendments to tax bills.

Manzullo said he has communicated to **House Speaker Hastert** that his ideal legislation would include the manufacturing and small-business rate cuts plus the small-business expensing and depreciation provisions in the Ways and Means bill — without any of the international tax provisions.

In addition, the 3 percent manufacturing rate cut should be expanded so that it could also benefit S-corporations and partnerships, the ways most small businesses are structured for tax purposes, he said.

Manzullo's resistance stands in contrast to sometime-ally Crane, who spoke enthusiastically in favor of the Thomas tax bill in the Conference meeting, saying it was an improvement on the Crane-Rangel alternative, according to GOP sources.

It remains unclear if Manzullo can hold enough GOP members to be in a position to force negotiations to alter the Ways and Means proposal before it comes to the floor. A few of the 10 GOP members who joined Manzullo in a letter opposing the Thomas bill indicated Wednesday they might be persuaded to vote for it, pending a closer look at the legislation.

**Reps. Thomas Petri** of Wisconsin and **Virgil Goode** of Virginia said they had signed the letter because they wanted to see a greater focus on domestic manufacturing over benefits for firms operating offshore, but they said they would not make a final decision on how to vote until they had seen the details of the Thomas proposal.

"Whether it makes sense to regroup at this point, or send something to conference, even if it is not ideal, with the hope that it will move in the direction we are looking for — I don't know yet," said Petri.

Nonetheless, GOP boosters of the Thomas tax bill said they were taking Manzullo and his sympathizers very seriously. "His opposition could get legs to it," said **Rep. Clay Shaw**, R-Fla.

"They're not going to move off their position early because they have established their position through a letter," said **Rep. Rob Portman**, R-Ohio. But Portman said when GOP members were confronted with choosing between the Thomas bill and the revenue-neutral Rangel substitute, they would back Thomas, because his bill contains more tax cuts for U.S. manufacturers in absolute dollar terms.

While Thomas has dramatically scaled back the scope of tax breaks on foreign income from his original proposals, Manzullo claims they still would lower operating costs for U.S. firms that have moved manufacturing offshore,

and he will vehemently oppose them.

Ways and Means staff circulated a paper rebutting those claims. "When U.S. companies can compete in the global market, they will make more U.S. export sales, manufacture more goods in the United States to export and hire more workers in the United States and do more research in the United States to support the increased exports," according to the paper.

Thomas held a "message" session Wednesday morning with Republican committee and whip team members. They face a possible revolt, not only from members concerned about manufacturing, but from GOP moderates concerned about the deficit.

**Rep. Michael Castle**, R-Del., said Wednesday his staff was still reviewing the bill, but he had concerns about it. He would prefer to see a revenue-neutral bill, and he has questions about whether the bill would have a positive impact on jobs.

## Graham To Announce Plans Early Next Week

■ **SEN. BOB GRAHAM** OF FLORIDA, WHO took himself out of the Democratic presidential race earlier this month, will announce whether he will seek re-election no later than next Tuesday, according to a memo obtained by *CongressDaily*.

"Please know we are entering a period of great speculation, 'chatter,' and rumor over Senator Graham's re-election decision," said the memo, dated Wednesday, to the senator's Washington- and Florida-based staff from Graham Chief of Staff H.W. (Buddy) Menn.

The memo said Graham would announce his decision publicly on or before next Tuesday, one year prior to the 2004 general election. Meanwhile, the *Associated Press* reported Wednesday night that the announcement would come Monday in Tallahassee, Fla.

Graham, 66, has said that he would make a decision "soon," but has declined to elaborate.