

TAXES

Thomas Plans a Second Markup to Cut the Cost of His Corporate Tax Package

BY JILL BARSHAY, CQ STAFF WRITER

Attempting to jump-start his stalled corporate tax bill, the chairman of the House tax-writing committee plans a second markup session next week in hopes the House can pass the measure by April 2.

"I'm listening to people who have constructive suggestions on what would be better policy, and conscious of the price of putting that package together," Ways and Means Chairman Bill Thomas, R-Calif., told reporters after his weekly luncheon with Republican members of his panel.

GOP leaders still appear to be about a dozen votes short of assembling a majority to pass the corporate tax bill (HR 2896) on the House floor.

Thomas said the committee will consider additional revenue-raising measures next week that would reduce the net cost of the bill's corporate tax breaks from \$60 billion over 10 years to \$4 billion. The offsets would include changes in the highway trust fund and, possibly, curbs on leasing and abuse of charitable deductions.

Thomas said he will not reopen sections of the bill the committee approved last October. The tax package's main provisions would replace a current \$50 billion export



Bill Thomas

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tax break with \$61 billion in tax cuts for manufacturers, along with a \$36 billion assortment of breaks for the overseas operations of U.S. multinationals.

The European Union has imposed 5 percent

duties on some U.S. products in retaliation for the United States' failure to eliminate the export tax break the World Trade Organization has ruled an illegal subsidy.

House passage of Thomas' bill has been blocked by 25 other Republicans, led by Small Business Chairman Donald Manzullo, R-Ill., who say the package includes too many tax breaks for multinational corporations and not enough for manufacturers.

Asked if he is working with Manzullo's group to revise his bill, Thomas replied: "That would probably be a 'no.'"

Manzullo said through his spokesman, Rich Carter, that he is offering suggestions to the GOP leadership to "fix the Thomas bill."

"Right now our belief is that there is too

much international tax relief and we should be focusing on manufacturers and bringing jobs back to the United States," Carter said.

It does not appear that Thomas' willingness to write a less costly bill is winning over House Democrats.

"A lot of Democratic objections were based not just on cost but also on content: the incentives to companies who create jobs overseas," said Stacey Farnen, a spokeswoman for Minority Whip Steny H. Hoyer, D-Md.

House Democratic leaders are asking rank-and-file lawmakers to sign a discharge petition that would force floor action on a rival bill (HR 1769). Successful use of a discharge petition requires the signatures of 218 House members. So far, 80 lawmakers, including 17 conservative Democrats from the Blue Dog Coalition, have signed on behalf of the measure that would limit the benefits of its tax cuts to manufacturers.

The Senate is scheduled to resume floor debate on its version of the corporate tax bill (S 1637) on March 22. Senate Finance Chairman Charles E. Grassley, R-Iowa, is trying to persuade colleagues to drop efforts to attach unrelated amendments to the bill. ♦