

MEMBER DAY

HEARING

BEFORE THE

COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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Corrected Timing



United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

FOR IMMEDIATE RELEASE
September 7, 2023
No. FC-13

CONTACT: 202-225-3625

Chairman Smith Announces Member Day Hearing

House Committee on Ways and Means Chairman Jason Smith (MO-08) announced today that the Committee will hold a Member Day hearing on **Thursday, September 14, 2023, at 9:30 AM in 1100 Longworth House Office Building.**

Members of the public may view the hearing via live webcast available at <https://waysandmeans.house.gov>. The webcast will not be available until the hearing starts.

In view of the limited time available to hear the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMSubmission@mail.house.gov.

Please ATTACH your submission as a Microsoft Word document in compliance with the formatting requirements listed below, **by the close of business on Thursday, September 28, 2023**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with

Corrected Timing

these guidelines will not be printed but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Please indicate the title of the hearing as the subject line in your submission. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

ACCOMMODATIONS:

The Committee seeks to make its facilities accessible to persons with disabilities. If you require accommodations, please call 202-225-3625 or request via email to WMSubmission@mail.house.gov in advance of the event (four business days' notice is requested). Questions regarding accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the Committee website at <http://www.waysandmeans.house.gov/>.

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MEMBER DAY

THURSDAY, SEPTEMBER 14, 2023

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC.

The committee met, pursuant to call, at 9:39 a.m. in Room 1100, Longworth House Office Building, Hon. Jason T. Smith [chairman of the committee] presiding.

Mr. SMITH of Nebraska [presiding]. The committee will come to order, and good morning. Thank you for gathering with us here this morning.

The Ways and Means Committee has made it a priority to meet with Americans in their communities to learn about challenges as well as solutions that various folks think Congress should consider for the future. Already the committee has traveled more than 7,000 miles to hear directly from Americans who are affected by our policies: workers, families, farmers, ranchers, small business owners, just to name a few.

We have heard about high food prices. We have heard about supply chains and the challenges that manufacturers face, small and large—the challenges small and large and manufacturers small and large. We have heard from real concerns coming from workers, families, farmers, and so many different perspectives.

Earlier this year the committee approved a jobs package, the American Families and Jobs Act. And that is a direct answer to what we have heard from working Americans. It is the actual rescue plan for those who need relief from high prices created by Washington spending, and it gives small businesses a fighting chance to expand and make America more competitive with China.

In just 2 years we will face a \$3 trillion tax hike from the expiration of the Tax Cuts and Jobs Act. Families making under \$500,000, the exact same folks that President Biden promised not to raise taxes on, will be hardest hit. We welcome ideas for avoiding this looming fiscal disaster for families and small businesses.

I might remind folks that TCJA left the House on a permanent basis with permanent policy that didn't quite survive the policy—or the process, so we will have to address that moving forward.

We have got a lot of challenges—China and their desire to undermine our economic activity here in America—and I am glad that we have various folks here today—members, colleagues—who are focusing on solutions.

Mr. SMITH of Nebraska. So I will begin by recognizing Mr. Thompson, the ranking member for Ways and Means today.

Mr. THOMPSON of California. Thank you, Mr. Chairman, and I want to thank all of our colleagues for being here today, both on the dais and at the witness table. This is an important chance for all of us to hear directly from our colleagues about their priorities.

Our committee has an extremely wide mandate: taxes, trade, Medicare, Social Security, retirement, and other things. So, I look forward to hearing from all of you and the other members who are scheduled to come in throughout today's hearing.

Mr. THOMPSON of California. And I yield back.

Mr. SMITH of Nebraska. Thank you, Mr. Thompson.

We will begin today in recognizing Mr. Collins from Georgia here to perhaps carry the family mantle. His father once served on the committee.

We are glad you are here, Mr. Collins. Please begin.

**STATEMENT OF THE HON. MIKE COLLINS, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF GEORGIA**

Mr. COLLINS. Thank you, Chairman Smith, and thank you, Ranking Member Thompson.

You know, earlier in the year, when I made the comment in that field hearing in Georgia that you all let me attend, and I said I feel like I need to be over there on the witness side more than over here, I didn't know you all were going to take that literally. Next time I see you, I am sitting over here. But that is all right.

I want to talk to you about a bill that we have that is dealing with the aviation industry, or which is actually five percent of the GDP, 125 trillion in revenue is what they provide. And it is obvious, I think most of you probably fly in and out of D.C. and you realize that—the shortage and the aircraft delays and the flight delays. And we are addressing that shortage with what we call the Aviation Workforce Act, H.R. 1818.

And why is that important? I mean, just because we have a shortage. Well, everybody knows the demand is up. More people are flying, more cargo is being moved around the country by air. And we have more pilots and aircraft mechanics today that are retiring faster than ever. And so we have to address that.

And normally, recruitment keeps up with that. But it is not. And there is two main reasons for that that we see. One is military recruitment is down, and it has been down, and it will continue to be down because of the socialistic agenda and objectives that the military is pushing in their hiring and recruiting process. And the other problem that we see out there is just the barrier to entry, the cost problem that we have. You know, it costs \$90,000 to \$100,000 at least to go out there and get a commercial pilot certificate.

So what we have done—as a matter of fact, I want to interject this—as a matter of fact, yesterday I spoke to the Chamber of Commerce. And when we got through speaking, the very first question they asked was, “What are you all going to do about the pilot shortage and the problems that we are having with aircraft not being able to even function when we get to the airport?” And so I was able to tell them about H.R. 1818, and how we were going to testify today in front of Ways and Means to see if there is an avenue to get this out.

It is just a common-sense, simple bill that deals with the 529 savings plan, which I am sure you all are well aware of. And all we are doing is taking and injecting into those degrees and certificates, now that trade schools are allowed to be in that part of that program, and just putting in there commercial airline pilot certificate and aviation aircraft mechanic certificates. That is all, and allowing people to use that money for their children to get that.

As a matter of fact, one of the aviation schools contacted us here recently because they knew about it, and somehow parents are finding out about it. And they said they did a survey and over 50 percent of the people are already inquiring, "Can I use my 529 plan to put this child and get this certificate?"

So it is already out there, you all. We have 139 cosponsors, very bipartisan. As a matter of fact, we have 8 members of the House Ways and Means, or 19 percent of the committee, that are already cosponsors of this bill.

So I encourage you, please take a hard look at it. We would love to have this bill passed out of the House Ways and Means, got on the floor. We have got somebody sitting in the Senate right now with it, ready to take this thing up and get this thing passed. It would be a good bill, not just for the House, it would be a good bill for America and for the American people.

[The statement of Mr. Collins follows:]

Ways and Means Testimony – Key Points

Opening: Chairman Smith, Ranking Member Neal, and members of the Ways and Means Committee.

- Thank you for the opportunity to testify before you today on a dire threat to the American economy.
- There is a shortage of commercial pilots and aviation maintenance technicians, and I have an idea before you to help address the problem.

Talking points:

- A strong commercial aviation industry requires a steady supply of new pilots and aircraft mechanics.
- The high cost of training in these fields deters Americans from choosing these vital careers.
- That's bad news for passengers and anyone expecting to receive deliveries on time.
- Demand for seats and cargo space increases every year.
- Pilot and mechanic recruitment simply aren't keeping up.
- **That's a huge problem for the economy. Commercial Aviation drives 5% of America's GDP - \$1.25 trillion in 2022.**
- We have all felt the effects recently. As air travel goes back to pre-pandemic levels, delays and cancelations are on the rise, and the passenger experience is declining.
- Commercial aviation is a critical part of the U.S. economy, so it's important that we develop and grow the aviation workforce.

WHAT CAN WE DO?

- Pass the Aviation Workforce Development Act (H.R. 1818)!
- This commonsense legislation helps address aviation workforce shortages by allowing Americans to utilize 529 College Savings Plans to attend FAA-certified commercial pilot and aviation maintenance technician schools.
- As this committee is aware, 529s are a tax-advantaged investment account made up of a taxpayer's own money.
- Often, parents and guardians open them for children to save for a post-secondary education.
- Initially, 529s could only be used at four-year universities, but in recent years, Congress expanded eligibility to apprenticeships in the trades as part of the SECURE Act, which originated in this committee.
- Further expanding 529s to include flight training and mechanic programs would give millions of Americans with 529s the ability to choose a career in aviation, and aspiring aviators another way to save and achieve their dreams.
- **Americans want this! According to the National Flight School Association, most prospective students for pilot programs ask if schools can accept 529s. Federal law says most of them cannot.**
- **That is a serious problem, because the cost to obtain a commercial pilot license and an ATP license often exceeds \$100,000.**
- Middle and low-income Americans are being priced out of vital – and lucrative – careers that keep our economy running.
- All the while, the aviation industry is short tens of thousands of pilots and mechanics according to data from the FAA, DOT, and Department of Labor.

- More are retiring every day.
- **Folks, the Aviation Workforce Development Act has 137 bipartisan cosponsors, including 8 members of this committee.**
- It is endorsed by the entire aviation industry. Airlines large and small, passenger and cargo, pilot and mechanic unions, flight training associations, aircraft manufacturers, and more.
- A large coalition of members of this House and stakeholders agree that it is time to give those who want to pursue a career in aviation, on the ground or in the air, the same tools as those seeking four-year degrees.
- The boarding door is open. It's time to fly!

Mr. COLLINS. And with that I yield back and I thank you for your time, Mr. Chairman.

Mr. SMITH of Nebraska. Thank you, Mr. Collins. I appreciate your work on this issue. These workforce issues are certainly acute. The needs are so, so deep. And I appreciate your focus on this and focus on solutions.

Next we will have Mr. Barr from Kentucky.

You are recognized.

STATEMENT OF THE HON. ANDY BARR, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY

Mr. BARR. Thank you, Chairman Smith and Ranking Member Thompson.

I have the privilege and responsibility of representing central Kentucky in the Congress. And it may not surprise you all that I am going to talk about horses and bourbon, because that is what I represent, the horse industry, the thoroughbred horse industry, and the Kentucky whiskey industry. And Iowa corn goes into that bourbon.

So let me first talk about horses. This is a \$6 billion industry for our country. And we need to update some of our tax laws to continue to encourage that investment.

So first, the Racehorse Cost Recovery Act is before this committee. The legislation makes permanent the modification of accelerated depreciation allowance for racehorses to allow a three-year recovery period for a racehorse. The default is seven years, but the useful life of that asset is three years, and we need to make that permanent law. That is before the committee. We would encourage you to look at that because that encourages investment in these very valuable racehorses, and it would encourage more investment that would, again, very much accelerate this dynamic industry.

Also, the Racehorse Tax Parity Act would shorten the holding period for racehorses to be considered eligible for the long-term capital gains treatment. Oddly, if you realize a capital gain with a racehorse, you have to hold that asset for 24 months, as opposed to the 12 months. This makes no sense. We need just to level the playing field on that asset class, make it a 12-month holding period in order to get that capital gains treatment.

On bourbon, Mr. Thompson, Ranking Member Thompson, we are trying to replicate the wine industry. The bourbon tourism is exploding in Kentucky, just like Napa and Sonoma. We want to do what you have done, Mr. Ranking Member, and we want to continue to attract that kind of tourism to central Kentucky the way you have in Northern California.

And so one of the ways to do that is to fix some of these tax problems with the bourbon industry. One is the Duty Drawback Clarification Act. This bill would clarify that all whiskey products are commercially interchangeable and eligible for the drawback program by creating a single, eight-digit harmonized tariff schedule for whiskeys. Under the current HTS, spirits categories such as whiskeys have several different HTS numbers at the eight-digit level.

For example, Scotch whiskey and bourbon have their own HTS codes at the eight-digit level, meaning that these products are not

commercially interchangeable for purposes of drawback. So when we import Scotch whiskey, that has a separate and different eight-digit code. We need to make sure that bourbon whiskey, a uniquely American spirit—again, a multi-billion dollar industry growing every day—has that interchangeability with our imported whiskeys. We can—when we can compete on a level playing field, Kentucky bourbon will definitely get into that market share in Europe and Asia. But we are punishing ourselves because we have this duty drawback disadvantage.

And then finally, the rum cover over. So the rum cover over has expired, and the Virgin Islands and Puerto Rico's rum distilleries work in tandem with many of our U.S.-based spirits companies. The territories, as well as the companies, all rely on the cover over to meet their fiscal obligations. Making the cover over part of a tax package looking back to 2021 as well as forward would be the responsible course to cover. And if you want to help American spirits, American Kentucky bourbon, extending that rum cover over would be helpful not only to the territories, but also to the Commonwealth of Kentucky.

I see I have about 45 seconds left, and let me just take that opportunity to encourage the committee to fix this R&D tax credit. We have got a lot of manufacturers in central Kentucky. We need to eliminate the five-year amortization requirement for R&D, and we need to continue expenditures in the taxable years in which they are occurred. That is going to make sure that we can compete with China in manufacturing.

Also, I would also encourage you all to look at this Opportunity Zones Enhancement Act. The bill would create a tax exemption on interest income earned by taxpaying banks from loans extended to qualified businesses operating in opportunity zones. I know that you all have updated and provided some enhancement to the Opportunity Zones in the most recent tax package. From the position of the Financial Services Committee, taxpaying banks want that level playing field with credit unions. Give them a tax exemption to deploy private capital into these Opportunity Zones to help distressed areas.

[The statement of Mr. Barr follows:]

Rep. Barr – Testimony

Equine Tax Items:

- H.R. 2926 – Race Horse Cost Recovery Act
 - This legislation makes permanent the modification of the accelerated depreciation allowance for racehorses to allow a three-year recovery period for any racehorse.
- H.R. 2927 – Racehorse Tax Parity Act
 - The Racehorse Tax Parity Act would shorten the holding period for racehorses to be considered eligible for long-term capital gains treatment from 24 months to 12 months.

Bourbon Tax Items:

- H.R. 40773 – Duty Drawback Clarification Act
 - This bill clarifies that all whiskey products are commercially interchangeable and eligible for the drawback program by creating a single 8-digit Harmonized Tarriff Schedule code for whiskeys.
 - Under the current HTS, spirits categories such as whiskeys, have several HTS numbers at the 8-digit level. For example, scotch Whiskey and Bourbon each have their own HTS codes at the 8-digit level, meaning these products are not “commercially interchangeable” for purposes of a drawback claim.
- EU Trade Tariffs
 - We must secure the permanent return to zero-for-zero tariffs on spirits with the EU before the scheduled reintroduction of the 25% retaliatory tariff on American Whiskeys on Jan. 1, 2024.

Other Tax Items:

- H.R. 4055 – Opportunity Zones Enhancement Act of 2023
 - This bill would create a tax exemption on interest income earned by a taxpaying bank from loans extended to qualified businesses operating in Opportunity Zones. This legislation also incentivizes future investment in Opportunity Zones by limiting the maximum deduction to match the taxpaying banks retained earnings up to \$5 million.
- H.R. 2673 – American Innovation and R&D Competitiveness Act of 2023
 - This bill eliminates the five-year amortization requirement for R&D expenditures, thus allowing continued expensing of such expenditures in the taxable years in which they are incurred.

CMSCA:

- My bill, HR 760 the Chinese Military and Surveillance Company Sanctions Act of 2023, will combat the rise of the Chinese Communist Party (CCP) and obstruct its desire to usurp the United States as the world’s preeminent economic, military and technological power.
- Specifically, the bill applies financial and property blocking sanctions to prevent any U.S. capital from going to companies in China that are classified by the United States Treasury as Chinese military and surveillance companies with ties to the People’s Liberation Army—the military wing of the Chinese Communist Party.
- OFAC has a long track record of successfully leveling sanctions against malign actors. This bill does not create some new onerous regime, but instead uses existing authorities to target Chinese companies operating in the military and surveillance space that threaten US national security.

Mr. BARR. And with that I will yield.

Mr. SMITH of Nebraska. Mr. Kelly.

Mr. KELLY of Pennsylvania. No, Andy, let's get together on that. You understand a lot of this stuff, and I think one of the difficulties when you get to Congress is you find out that people are making policy that have never been involved in the actual policy they are trying to make.

When you talked about fine wines, Mike Thompson, right? He knows everything about it. When you are talking about banking, there is—I don't think there is enough depth of knowledge and experience, but there is the talent to understand what you want—what you are talking about. I would like to spend some time with you privately when you have an opportunity to do a little deeper dive on this so that I can understand it better. But I know you are on the right track.

Mr. BARR. Thank you, Congressman Kelly. And yes, indeed. So when your credit unions come and talk to you, and your banks come and talk to you about the disparity in the tax treatment, this is a way to help level the playing field for banks, taxpaying banks. Give them an incentive to deploy private capital and not have to pay taxes on those loans, those—that private capital deployed to small businesses in Opportunity Zones. And this is the way to supercharge Opportunity Zones and also help those taxpaying banks.

Mr. KELLY of Pennsylvania. Come to Erie, Pennsylvania. I will show you—

Mr. BARR. Okay.

Mr. KELLY of Pennsylvania. I will show you that whole thing in action. One of the most successful pieces that we did, of course, with the Opportunity Zones, that city and what they have done with the policy that we gave them that allowed them, through private investment, not taxpayer investment, to complete—they did a 180. A thing that was falling apart now is a place of beauty and a place where business is thriving.

So come with me to Erie some time. You don't have to come in the summer. Well, wait. You better not come in the winter, unless you bring snowshoes with you. But we are on the right track. Thank you.

Mr. BARR. Thank you.

Mr. SMITH of Nebraska. Thank you. Thank you, Mr. Barr. You mentioned a variety of issues here, and I am—I appreciate your engagement, and look forward to working with you in the coming months.

Next we have Mr. Johnson from Ohio, a member of one of the newer committees in the House, the Energy and Commerce Committee. [Laughter.]

Mr. SMITH of Nebraska. Mr. Johnson, you are recognized.

**STATEMENT OF THE HON. BILL JOHNSON, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO**

Mr. JOHNSON. Well, good morning, and thank you, Mr. Chairman, for giving me an opportunity to speak this morning. I come to you and the committee with a plea for help on behalf of the people of East Palestine.

As many of you know, I represent the village of East Palestine, Ohio, the site of the train derailment and subsequent fire and chemical spill on February 3 of this year, which has completely upended the lives of the residents there through no fault of their own.

I have spent a significant amount of time in East Palestine since the derailment. The national media, for the most part, has left and the story has faded from the national news. But that doesn't mean that the problems are solved. Far from it. I have continued to be there every chance I get, meeting with residents and small business owners. Later this month I will be hosting an Energy and Commerce Environment, Manufacturing, and Critical Materials Subcommittee field hearing in the village, where we will hear from the EPA officials, community leaders, and the railroad regarding what happened, the ongoing cleanup efforts, and actions being taken to address environmental and health concerns.

As you would expect, many residents have taken a financial hit due to this disaster. We in Congress have an opportunity to play a meaningful role in helping them out. Back in March I introduced H.R. 1270, a bipartisan piece of legislation called the East Palestine Tax Relief Act. Cosponsored by two members of this committee, this bill ensures those that were thrust into this unfortunate situation will not have to pay taxes on any relief payments they have already rightfully received or will receive in the future relating to the accident. This includes direct payments from the railroad, any subsidiary insurer, or agent of Norfolk Southern, or any local, state, or Federal agency.

I believe this is the right thing to do. I urge my colleagues to support the residents of East Palestine by holding a vote on H.R. 1270 in the coming weeks, and I thank the committee.

[The statement of Mr. Johnson follows:]

Good morning, and thank you, Chairman Smith for giving me this opportunity to speak today.

As many of you know, I represent the village of East Palestine, Ohio – the site of the train derailment and subsequent fire and chemical spill on February 3rd of this year, which has completely upended the lives of the residents there, through no fault of their own.

I've spent a significant amount of time in East Palestine since the derailment. The national media, for the most part, has left and the story has faded from the national news. But that doesn't mean the problems are solved. Far from it.

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I believe this is the right thing to do.

I urge my colleagues to support the residents of East Palestine by holding a vote on H.R. 1270 in the coming weeks. Thank you.

Mr. JOHNSON. I yield back.

Mr. SMITH of Nebraska. Thank you, Mr. Johnson. Certainly, the issues that you raise are important, and always trying to have a good tax policy and responsive tax policy in mind.

Mr. Thompson.

Mr. THOMPSON of California. Thank you for testifying today. As you know, this is an issue of great interest to a number of us in the House and on this committee.

I think in the next panel or one of the later panels, Mr. LaMalfa from up in Butte County is going to testify. He and I have legislation dealing specifically with folks who received payments and are being taxed on those payments, payments that don't even hold them harmless. And it is terrible. That particular bill, I was the lead author in the last Congress, and we passed it out of this committee, and it passed out of the House and went over to the Senate. And as you know, the—Senator McConnell said no to all tax bills in the final—in the eleventh hour.

So hopefully, we will be able to put these together, we will be able to move—all these disaster bills, we will be able to move them over to the Senate and we will get more cooperation. Because like you, I have constituents that are really hurting. And it is not just in Ohio and California; it is in states across the country. And we have a responsibility to help those people.

So thanks for being here.

Mr. SMITH of Nebraska. Thank you. Thank you, Mr. Johnson, for your input today.

Next we have Dr. Dunn. Dr. Dunn is here to share his insight. Please proceed.

STATEMENT OF THE HON. NEAL DUNN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Dr. DUNN. Thank you very much, Mr. Chairman and Ranking Member Thompson.

As a member of the China Select Committee, it has become clear that strategic competition with China is one of the defining issues of the 118th Congress. Reducing American reliance on China is a shared policy goal of many across the bipartisan political spectrum, as well as many American companies.

In July Mr. Auchincloss and I, joined by 64 Members of Congress, including every single member of the China Select Committee, sent a letter to this committee underscoring the necessity of legislation to facilitate the supply chain shifts out of China, specifically the renewal of the generalized system of preferences on tariffs.

And thank you very much, Mr. Chairman, for your attention to this and your staff's attention to this letter.

The GSP is one of America's oldest and largest trade agreements. It has been renewed by both Democrat and Republican administrations since 1974, 59 years we have never failed to renew this until 2020 when we failed on December 31, 2020. So it has lapsed for that long. The GSP boosts economic development by removing tariffs on non-sensitive goods from 119 different developing countries, all of them putative friends of America. China is not a qualified country. But thanks to our gridlock, the GSP expired in 2020 and

the last vote, I would note, on the GSP renewal was 400 to 2. So, I mean, this is a very popular bill.

I am confident that GSP renewal legislation will be delivered under the Chairman—chair's leadership and—on Ways and Means Committee. And without it, billions of dollars in additional costs from current tariffs will be transferred to American companies and consumers. Right now American companies are forced to choose between hiking prices, absorbing the profit cuts, or finding cheaper places to manufacture, places like China. Our failure to renew this GSP moves international manufacturing to China.

In addition, China exploits U.S. trade laws, gaming our de minimis system. With a tax and duty-free threshold for all imports set at \$800, China plays trade games at our expense.

I am proud to co-lead H.R. 4148, the Import Security and Fairness Act, with Mr. Blumenauer of this committee. This bill would have the effect of removing Russia and China from receiving de minimis benefits.

Why do communist and authoritarian countries who seek to undermine the United States get a non-reciprocal trade subsidy at the same time some United States businesses and workers struggle to make ends meet in today's economy? The CCP and Russian exporters receive American charity that they do not deserve.

I encourage my colleagues on this committee and throughout Congress to support the Import Security and Fairness Act, and please put an end to this. I am confident we can do that.

[The statement of Dr. Dunn follows:]

Ways & Means Member Day Remarks – Congressman Neal Dunn (FL-02)

Thank you, Mr. Chairman.

It has become clear strategic competition with China is one of the defining issues of the 118th Congress. Reducing U.S. reliance on China is a shared policy goal of many across the political spectrum, as well as many American companies.

In July, Mr. Auchincloss & I, joined by 64 other members of congress, sent a letter to this Committee, underscoring the necessity of legislation to help facilitate supply chain shifts out of China. Specifically, this addressed renewal of the Generalized System of Preferences (GSP) program. Thank you, Mr. Chairman, for you & your staff's attention to this letter.

GSP is one of America's oldest and largest trade agreements that has consistently been renewed by both Democrat and Republican administrations since 1974. GSP boosts economic development by removing tariffs on non-sensitive goods from 119 developing countries. China is not a qualified country. Thanks to D.C. gridlock, GSP expired on December 31, 2020. However, the last vote on GSP renewal passed by a vote of 400-2 in the House.

I am confident that GSP renewal legislation will be delivered under Chairman Smith's leadership on the Ways & Means Committee – without it, billions of dollars in additional costs from current tariffs will burden American companies.

Right now, American companies are forced to choose between hiking prices for consumers, absorbing the profit cuts, or finding a cheaper place to manufacture, like China. In our competitive race with China, GSP is a valuable tool to help American companies find non-CCP suppliers. China has never qualified for GSP benefits, but many of its competitors do.

GSP can result in tariff savings averaging 5% on all products, & frequently rising to 20%. Nearly all GSP eligible products are also subject to Section 301 tariffs when imported from China, so GSP can provide tariff advantages as high as 45% for key products compared to imports from China.

GSP benefits for consumer goods help American families stretch their paychecks further. Renewal also would demonstrate U.S. trade leadership to GSP partner countries and allies around the world.

We want to unleash American prosperity & economic potential. Renewing this program will keep businesses open at home and abroad, instead of moving to China, a direct economic competitor. Thank you for the opportunity to speak before this committee.

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Dr. DUNN. And with that, Mr. Chairman, I yield back.

Chairman SMITH [presiding]. Thank you, Mr. Dunn, for coming to our committee today.

I am pleased to recognize Mr. D'Esposito from New York.

Mr. D'Esposito, I appreciate your opportunity to come here and to talk about an issue I know that is extremely important to you.

STATEMENT OF THE HON. ANTHONY D'ESPOSITO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. D'ESPOSITO. Well, I appreciate you, Mr. Chairman.

Good morning to not only Chairman Smith, but other members of the Committee on Ways and Means. Thank you for giving me and all of us the opportunity to speak here today, and to advocate for Congress to lift the current cap on the State and Local Tax deduction, also referred to as SALT.

Mr. Chairman, I also appreciate your open-door policy to hear concerns of members from one end of this country to the other.

My constituents from New York's 4th Congressional District sent me to Congress to provide meaningful tax relief to local families. And one way I plan to deliver that relief is by removing the current SALT cap. Americans are suffering from sky-high inflation, rising gas and grocery prices, and out-of-control spending from the Biden Administration. Removing the cap is one way House Republicans can provide Americans with financial support.

I am proud to serve as the current vice chair of the House SALT Caucus, a bipartisan group of representatives determined to bring real relief to the districts we represent by lifting the \$10,000 SALT cap currently in place for taxpayers filing their federal income returns.

Since I came to Congress in January, I have advocated for the lifting of the cap. I joined my fellow Long Islanders, Congressman Andrew Garbarino and Congressman Nick LaLota, in sponsoring the amendment to the Fiscal Responsibility Act, which would have restored the SALT cap to pre-2017 levels for majority of Americans.

I am also a proud cosponsor of the SALT Fairness and Deficit Reduction Act, which would significantly raise the SALT cap, and would require an annual inflation adjustment to the increased amount beginning after 2023 and extending to 2032, the period during which the limitation is in effect.

New York House Republican members are working hard to deliver this needed relief not only for New Yorkers, but for all Americans, especially those in high-tax states. Raising the SALT cap will not just benefit high-income earners in New York, as many would want you to believe. In fact, a study conducted by the Government Finance Officers Association using IRS data found that nearly 40 percent of tax filers making between 50,000 and \$75,000 in 2015 claimed the deduction. That is nearly 7.6 million households in the United States of America.

If House Republicans are serious about reducing the burden of President Biden's fiscal policies, then I urge all of my colleagues to join me in supporting a lift to the SALT cap.

[The statement of Mr. D'Esposito follows:]

Ways and Means Member Day Hearing

Testimony of Congressman Anthony D'Esposito (NY-04), as prepared September 14, 2023

Good morning, Chairman Smith and other members of the Committee on Ways and Means. Thank you for giving me the opportunity to speak here today and to advocate for Congress to lift the current cap on the State and Local Tax Deduction, also referred to as SALT.

My constituents from New York's 4th Congressional District sent me to Congress to provide meaningful tax relief to local families, and one way I plan to deliver that relief is by removing the current SALT cap. Americans are suffering from sky-high inflation, rising gas and grocery prices, and out of control spending from the Biden Administration. Removing the cap is one way House Republicans can provide Americans with financial support.

I am proud to serve as the current Vice-Chair of the House SALT Caucus, a bipartisan group of representatives determined to bring real relief to the districts we represent by lifting the \$10,000 SALT cap currently in place for taxpayers filing their federal income returns.

Since I came to Congress in January, I have advocated for the lifting of the cap. I joined my fellow Long Islander Congressman LaLota in sponsoring his amendment to the Fiscal Responsibility Act, which would have restored the SALT cap to pre-2017 levels for a majority of Americans.

I am also a proud co-sponsor of the SALT Fairness and Deficit Reduction Act, which would significantly raise the SALT Cap and would require an annual inflation adjustment to the increased amount beginning after 2023, and extending through 2032 the period during which the limitation is in effect.

New York House Republican members are working hard to deliver this needed relief for not only New Yorkers but for all Americans.

Raising the SALT Cap will NOT just benefit high income earners in New York as many would want you to believe. In fact, a study conducted by the Government Finance Officers Association using IRS data found that nearly 40% of tax filers making between \$50,000 and \$75,000 in 2015 claimed the deduction. That is nearly 7.6 million households.

If House Republicans are serious about reducing the burden of President Biden's fiscal policies then I urge all my colleagues to join me in supporting a lift to the SALT cap.

I thank you all again for letting me speak to the Committee today and I yield back.

Mr. D'ESPOSITO. Chairman, I thank you again for letting me speak to the committee, and I yield back my time.

Chairman SMITH. Representative, thank you for coming and sharing your opinion. The SALT issue is quite interesting, as it impacts areas of our nation much differently.

I do want to highlight that your fellow colleague from New York, Ms. Malliotakis, has definitely—when we were marking up the American Families and Jobs Act, she was—she is, I believe, one of the members of your SALT Caucus, as well. She was a huge advocate, and shared a lot of very good points.

So I appreciate you being here.

Mr. D'ESPOSITO. I appreciate it, Chairman. Thank you for your time.

Mr. NEAL. Mr. Chairman.

Mr. HERN. Mr. Chairman.

Mr. NEAL. Mr. Chairman.

Chairman SMITH. Yes, Mr. Ranking Member.

Mr. NEAL. I want to thank the gentleman for his informed comments on the SALT deduction. We have had that conversation here for a considerable period of time. The one thing that I think everybody has come to recognize, there is hardly an easy solution for the issue, although we crafted one at one time. And I hope that you will have a chance to weigh in with members of the committee.

Mr. D'ESPOSITO. I appreciate that, Mr. Ranking Member.

Mr. HERN. Mr. Chairman, Mr. Chairman, may I ask a question?

Chairman SMITH. Mr. Hern.

Mr. HERN. Congressman, colleague, has there been an update to that since 2015, on the impact of SALT on the American people?

Mr. D'ESPOSITO. I believe there has. I don't have the numbers on me, but I am happy to get it to you.

Mr. HERN. If you could get that, it would be great.

Mr. D'ESPOSITO. Absolutely.

Mr. HERN. If you could get it post-TCJA, that would be awesome.

Mr. D'ESPOSITO. You got it.

Mr. HERN. Thank you.

Mr. THOMPSON of California. Mr. Chairman.

Chairman SMITH. Mr. Thompson.

Mr. THOMPSON of California. I too want to thank you for raising this issue. But as Mr. Neal said, we crafted a response to this that would help, and it was not the Democrats that put SALT removal on the books. So, I think you would be better served to take the partisan edge off of this issue. There are folks on both sides who are working hard to address this. Thank you.

Mr. D'ESPOSITO. Well, I appreciate your comments, but I wasn't here when this was put into place. I came to office in January, and that is what I am going to focus on.

Mr. THOMPSON of California. I realize that. But there is a history to this. I was here. I know that history.

Mr. D'ESPOSITO. I have read the books, as well.

Mr. D'ESPOSITO. Thank you.

Mr. THOMPSON of California. It is better to take the partisan edge off trying to address this issue.

Chairman SMITH. Mr. D'Esposito, thank you.

Mr. D'ESPOSITO. Thank you, Mr. Chairman.

Chairman SMITH. I want to thank the testimonies of all the individuals on the first panel, and you all are dismissed, and the clerk will please set up panel two.

[Pause.]

Mr. Nunn, I believe you are the first one up.

[Pause.]

I will now recognize Mr.—Representative Zach Nunn, the gentleman from Iowa. Mr. Nunn is a 6th generation Iowan, and served for 2 decades in the U.S. Air Force, and is currently in the Air Force Reserves.

Mr. Nunn.

STATEMENT OF THE HON. ZACH NUNN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. NUNN. Well, Chairman Smith and members of the Ways and Means Committee, thank you incredibly for taking the time to hear from us, all members of this august body on both the Democrat and Republican side, to be able to fight for our communities back home.

You, obviously, are tasked with one of the most challenging aspects of Washington, D.C. in making sure that our tax dollars are well-invested, and they are returned to our communities in a way that is both meaningful but helps to care for so many in our community.

Mr. Chairman, I also want to commend you for your leadership on not just this committee, but, importantly, on making sure that wasteful spending in D.C. is put to a halt, ensuring that our families and small businesses can be successful and, like so many of you, that our farm families have the tools they need to succeed.

As a father of six kids, we have brought on two foster children into our family. Recently, this year, we were able to adopt both Jayna and Aliya, two half-sisters that came to our family.

I am privileged to co-chair the Congressional Caucus on Foster Youth. I have first-hand experience navigating this system, and have realized through painful experience how challenging it can be for so many families in our community.

In April my wife, Kelly, and I brought these two young ladies into our family, and we have been blessed ever since. But it was a long and difficult road. This adoption opened our eyes to the challenges and shortcomings that exist within the system, despite great efforts by those trying to help this happen. And while we were fortunate to bring our daughters to their forever home, many never get that opportunity.

Indeed, learning firsthand through the court experience, we saw grandmothers who tried to adopt their own grandchildren, but found the cost was just too high and too expensive, watching their own family be stuck in foster long-term. Agency attorney fees, as well as additional expenses, prevent far too many families in America today from being able to adopt a child. The average cost to adopt can go anywhere from a minimum of \$8,000 up to \$40,000 just to be able to provide a loving home. Oftentimes, grandparents, aunts, and uncles wanting to adopt their own biological grandchildren find it nearly impossible to access the financial assistance

necessary to bring their grandchildren home. And this isn't even just amongst biological families, but people who want to do the right thing.

To help with these high expenses, the Federal Adoption Tax Credit provides families with up to \$14,890 per child. This qualified adoption expense includes everything from adoption fees, court fees, attorney fees, travel expenses, but, even more tangible, the mental health, the reunification, the cost of bringing a new child into a family, oftentimes with other children.

However, as currently written, this credit benefits only those who have a high federal income liability, making it difficult for retirees, low-income, and middle-income families to adopt, let alone to be able to keep a foster child in their family.

According to the U.S. Administration for Children and Families, there are over 400,000 children in foster care, and over 100,000 waiting for adoption right here in the United States. Of this, nearly half a million children do not have a home or a family, causing instability and inconsistency and lack of care. These numbers will continue to grow if families here in America can't afford to bring them into their home, and costs both the taxpayer and these families even more.

And so that is why, Mr. Chairman, I have been proud to introduce H.R. 2510, the Fight for Families Act. This bill would amend the Internal Revenue Code of 1986 and make federal adoption tax credits permanent and fully refundable to families who adopt disadvantaged children. This includes children who cannot return to their parents' home, as well as children in which the state has determined that certain factors, such as their background, age, or medical condition, would prevent a family from adopting them without financial assistance.

Mr. Chairman, I would like to submit to the committee for the record a graphic from the Congressional Research Service 2020 Report on Adoption Tax Benefit.

Chairman SMITH. So ordered.

[The information follows:]

- the child is a citizen or legal resident of the United States. (This last rule generally excludes any international adoptions from being considered special needs adoptions.)

Data on the Adoption Tax Credit

As shown in Table 2, 76,126 taxpayers—0.05% of all taxpayers—received the adoption tax credit in 2018. The average credit was more than \$5,000—\$5,076—which was 37% of the maximum credit amount of \$13,810 in 2018.

The largest share of adoption tax credit recipients—slightly less than one-third of adoption tax credit recipients—had adjusted gross income (AGI) between \$100,000 and \$200,000. Relatively few taxpayers with AGIs of more than \$200,000 received the credit as a result of the credit phase out. (As previously discussed, in 2020 the credit amount phases down proportionally if a taxpayer's income is between \$214,520 and \$254,520.)

The greatest share of adoption tax credit dollars—more than half—were received by taxpayers with AGI between \$100,000 and \$200,000. In contrast, almost no taxpayers with AGI under \$30,000 received the credit. This likely reflects the nonrefundability of the credit, which results in taxpayers with little to no tax liability receiving little if any amount of the credit.

Table 2. Number of Taxpayers Claiming the Adoption Tax Credit and Total and Average Credit Amount, by AGI, 2018

Adjusted Gross Income	Tax Returns with the Adoption Credit					
	Share of All Tax Returns	Number of Returns with Credit	Share of Returns With Tax Credit	Total Credit Dollars (millions \$)	Share of Credit Dollars	Average Credit Amount per Return
Under \$30k	39.9%	1,304	1.7%	\$0.6	0.1%	\$422
\$30k to under \$50k	17.9%	5,995	7.9%	\$7.3	1.9%	\$1,224
\$50k to under \$75k	14.0%	26,074	34.3%	\$63.7	16.5%	\$2,444
\$75k to under \$100k	8.9%	12,089	15.9%	\$59.1	15.3%	\$4,891
\$100k to under \$200k	13.8%	28,863	37.9%	\$234.1	60.6%	\$8,112
\$200k and over	5.6%	1,801	2.4%	\$21.5	5.6%	\$11,950
Total	100%	76,126	100%	\$386.4	100%	\$5,076

Source: Internal Revenue Service, *Statistics of Income*, Table 3.3.

Note: Items may not sum due to rounding.

As illustrated in Figure 2, the number of taxpayers receiving the adoption tax credit each year generally increased between 1997 (when the credit was first in effect) and 2010, then decreased in 2011 and 2012, increased again in 2013 and 2014, fell again in 2015, then increased in 2016 and 2017, and fell in 2018.

Mr. NUNN. Thank you, sir.

According to CRS, families with an annual adjusted growth rate of \$100,000 and above receive roughly 66 percent of all Federal Adoption Tax Credit dollars, yet families with an AGI of 50,000 or under, those middle-income Americans, received just under two percent of all credit tax dollars. The majority of those receiving this credit can already afford to adopt.

The Fight for Families Act incentivizes adoption for all families to ensure that the families of diverse backgrounds and kids have access to the Federal Adoption Tax Credit. This small change in our tax code will have a positive impact on making sure families are able to stay together in an extended biological sense, but also to make sure that more people have the opportunity to bring a child into their forever home.

With that, I want to thank the committee today for their stellar leadership on all before us. And I urge my colleagues on both sides of the aisle to help more children find their forever home by supporting this fundamental bipartisan legislation.

[The statement of Mr. Nunn follows:]

HOUSE WAYS & MEANS COMMITTEE MEMBER DAY
REP. NUNN TESTIMONY: HR 2510 FIGHT FOR FAMILIES ACT

- **Thank you, Chairman Smith and Ranking Member Neal, for providing a forum for non-Ways and Means Committee members, like myself, to articulate policy priorities within the Committee's jurisdiction.**
- Mr. Chairman, I also want to commend you for your leadership on this important Committee and your efforts to put wasteful spending to a halt, ensuring our families, small businesses, and farmers have the tools they need to succeed.
- **As a dad of six, a foster and adoptive parent, and a co-chair of the Congressional Caucus on Foster Youth, I have firsthand experience in navigating the difficult and costly foster care and adoption systems.**
- On April 5, 2023, my wife, Kelly, and I adopted our two youngest daughters, Aliya and Jayna, after a lengthy process. Their adoption opened our eyes to the challenges and shortcomings each family encounters throughout the adoption process. While we were fortunate to bring our daughters to their 'forever home', many never get the opportunity.
- **Agency and attorney fees as well as additional expenses prevent many families from adopting a child. The average cost to adopt can reach anywhere from \$8,000 to \$40,000. Oftentimes, grandparents who wish to adopt their biological grandchildren find it nearly impossible to access the financial assistance necessary to bring their grandchildren home.**
- To help with high expenses, the Federal Adoption Tax Credit provides families with up to \$14,890 per child (in FY22). Qualified adoption expenses include adoption fees, court and attorney fees, traveling expenses, and more.

- **However, as currently written, this credit benefits only those who have a high federal income liability – making it difficult for retirees and low – to middle-income families to adopt.**
- According to the U.S. Administration for Children and Families, there are over 400,000 children in foster care, and over 100,000 waiting for adoption. 400,000 children do not have a home or family to call their own, causing instability, inconsistent care, and more. These numbers will continue to grow if families cannot afford to adopt due to financial circumstances.
- **That is why I introduced HR 2510, the *Fight for Families Act*. This bill would amend the Internal Revenue Code of 1986 to make the Federal Adoption Tax Credit permanent and fully refundable to families who adopt disadvantaged children. This includes children who cannot return to their parents' home as well as children in which a state has determined that certain factors such as ethnic background, age, and medical conditions prevent families from adopting without financial assistance.**
- Mr. Chairman, I'd like to submit to the Committee for the record, a graph from the Congressional Research Service's (CRS) 2020 report on Adoption Tax Benefits.
- **According to the CRS, families with an annual Adjusted Growth Income (AGI) of \$100,000 and above received roughly 66% of all Federal Adoption Tax Credit dollars. Yet families with an AGI of \$50k and under received just 2% of all credit dollars. The majority of those who received this credit, can already afford to adopt a child.**
- The *Fight for Families Act* incentivizes adoption for all families and ensures families of all backgrounds can adopt kids and have access to the Federal Adoption Tax Credit. This small change in our tax code will have a positive impact on children and families for many years to come.

- **Thank you, again, for the opportunity to appear before you today and I urge my colleagues on both sides to help more children find their forever home by supporting this bipartisan legislation.**
- I yield back the balance of my time.

Mr. NUNN. I yield back my time, Mr. Chair.

Chairman SMITH. Thank you, Mr. Nunn. I would like to highlight that there is a lot of interest on this committee in regards to looking at the refundability of Adoption Tax Credits. Our ranking member, Mr. Danny Davis, has a piece of legislation for all in regards to adoption tax credits. It is cosponsored by Republicans and Democrats on this committee. So there is a huge interest. Thank you for being here.

But I believe Mr. Kelly has a question, as well.

Mr. KELLY of Pennsylvania. Yes, Mr. Nunn, I want to thank you for bringing that forward.

I have always believed so strongly in the pro-life issues, and I always hoped that the pro-choice people would choose life. I know there is times in people's lives when the opportunity to give birth is not in the right time at the right place. But if you can give people an option, if you can give people an option through adoption or foster care, I don't think there is any greater message that we can send to the world of who it is that we are. So thank you so much for doing that.

And I don't want to get into a discussion about abortion because it becomes something that is a political football, just that the basics of my beliefs is that life should always be the first consideration. If we can give people the option, and we can incentivize that and help them to bear the burden of what it is that some people face, why don't we look that way? That would be an incredible opportunity for this nation to really shine a light on who it is that we are.

So I really thank you for what you are doing, and I think all our members—well, sometimes we can't talk about it politically. I know in our hearts we know what is right. So thank you so much.

And Chairman, thank you for allowing me to speak.

Chairman SMITH. Anything for the chairman of the Tax Committee. This is important.

So thank you, Mr. Nunn. We will now move on to recognize Representative Chuck Edwards, the gentleman from North Carolina.

Mr. Edwards serves North Carolina's 11th Congressional District, and currently sits on the House Budget, T&I, and Oversight.

And also, a late happy birthday. I know your birthday was yesterday. So please proceed, Mr. Edwards.

STATEMENT OF THE HON. CHUCK EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. EDWARDS. Thank you, Mr. Chairman, Ranking Member, and committee members. I really appreciate the opportunity that you are providing me and us to address a committee that we normally don't get an opportunity to have exposure with.

I would like to take this opportunity to speak on a couple of issues that are important to the citizens of North Carolina's 11th Congressional District, and issues that I believe are critical for the workforce and the economy of our nation.

Today I would like to bring to your attention an issue with unemployment law that has played a role in the \$163 billion of unemployment fraud estimated by the Department of Labor since 2020,

and something that continues to plague business leaders in my district.

In 2012 Congress established nationwide work search requirements for unemployment claimants. These requirements established the well-known mandate that a claimant must be available, able, and actively seeking work to be eligible for unemployment benefits. This provision has commonly been interpreted to mean a claimant must search for and accept work, but it leaves out the single most important part of a meaningful job search, and that is interviewing for the job.

You see, many states conclude that if an unemployment claimant completes an application, that claimant has met the work search requirement. And if that claimant turns down work, they may no longer be eligible for unemployment benefits. But the fault in this process is if a claimant completes an application but does never appear or respond to a job interview request, they cannot be offered a job to accept or to turn down.

I continue to hear from upset business owners who share their frustration with the constant scheduling of interviews, only for an applicant to not show up. For one business that I am aware in NC-11, and for one position alone, they had 30 candidates apply and schedule an interview within a 60-day period, with only one candidate actually showing up to the interview. These no-call, no-show interviews are draining critical resources for small businesses, and are undoubtedly linked to the unprecedented unemployment fraud that we have seen over the last three years.

Another employer in my district asks job applicants when they come in whether they would like an application or whether they would like a job. If they simply want to fulfill their weekly work search requirement, the claimant is given a yellow application, and the employer knows not to waste any time with that applicant. But if a claimant actually wants a job, they receive another color application so the employer knows to give them serious consideration for employment.

It is time that we stand up for American small businesses and the integrity of our unemployment system. That is why I am working on a bill to finally codify showing up to an interview as a mandatory part of the job search while on unemployment, and to strengthen audit requirements so that we can better prevent ourselves against the further abuse of our unemployment system.

As we approach the halfway point of the 118th Congress, I strongly encourage you to stand beside me for much-needed unemployment reforms to help more Americans experience the dignity of work, and to help employers find the workforce that they so desperately need.

Lastly, I would be remiss not to take this opportunity to mention the importance of ensuring distressed census tracts, including brownfields and Superfund sites, be included in any extension of the Tax Cut and Jobs Opportunity Zone tax incentive, especially the rural Opportunity Zone tax incentive proposed in the recent American Families and Jobs Act tax package.

Complex contamination footprints frequently leave brownfields and Superfund sites, like a particular property in my district, to sit undeveloped for decades. This vital inclusion of contaminated sites

in any future Opportunity Zone programs will help to guarantee the tax incentive has the furthest reach possible and will achieve the goal of sparking economic development across all census tracts and rural communities that are in need.

Thank you again for allowing me this opportunity to testify before you today.

[The statement of Mr. Edwards follows:]



September 13, 2023

Chairman Jason Smith
House Ways and Means
1139 Longworth HOB
Washington, DC 20515

Re: Member Day Hearing Testimony

Mr. Chairman and Committee Members, I want to thank you for providing me with this opportunity to speak on issues that are important to the citizens of North Carolina's 11th Congressional District, and issues that I believe are critical for the workforce of our nation.

Today, I would like to bring your attention to an issue with unemployment law that has played a role in the \$163 billion in unemployment fraud estimated by the Department of Labor since 2020, and something that continues to plague business leaders in my district.

In 2012, Congress established nationwide work search requirements for unemployment claimants. These requirements established the well-known mandate that a claimant must be able, available, and actively seeking work to be eligible for unemployment benefits. This provision has commonly been interpreted to mean a claimant must search for and accept work, but it leaves out the single most important part of a meaningful job search – interviewing for the job.

You see, many states conclude that if an unemployment claimant completes an application, that claimant has met the work search requirement; and if that claimant turns down work, they may no longer be eligible for unemployment benefits. The fault in this process is: If a claimant completes an application but does not appear for a job interview, then they cannot be offered a job to accept OR turn down.

I continue to hear from upset business owners who share their frustration with the constant scheduling of interviews only for an applicant to not show up. For one business in NC-11 and one position alone, they had 30 candidates apply *and* schedule an interview within a 60-day period, with only one candidate actually showing up to the interview. These no call, no show interviews are draining critical resources for small businesses and are undoubtedly linked to the unprecedented unemployment fraud we've seen over the last 3 years.

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yellow application and the employer knows not to waste their time with the applicant; but if the claimant actually wants a job, they receive another color application, so the employer knows to give them serious consideration for employment.

It's time we stand up for American small businesses and the integrity of our unemployment system. That's why I'm working on a bill to finally codify showing up to an interview as a mandatory part of the job search while on unemployment, and to strengthen audit requirements so that we can better prevent against the further abuse of our UI system.

As we approach the halfway point of the 118th Congress, I strongly encourage you to stand beside me for much-needed unemployment reforms to help more Americans experience the dignity of work and to help employers find the work force they so desperately need.

Lastly, I would be remiss not to take this opportunity to mention the importance of ensuring distressed census tracts, including Brownfields and Superfund sites, be included in any extension of the Tax Cut and Jobs Act Opportunity Zone tax incentive, especially the Rural Opportunity Zone tax incentive proposed in the recent American Families and Jobs Act tax package. Complex contamination footprints frequently leave Brownfields and Superfund sites, like the Ecusta Mill in my district, to sit undeveloped for decades. This vital inclusion of contaminated sites in any future Opportunity Zone programs will help to guarantee the tax incentive has the furthest reach possible and will achieve the goal of sparking economic development across *all* of the census tracts and rural communities that are in-need.

Thank you again for letting me testify before you today. I yield the remainder of my time.

Mr. EDWARDS. And I yield the remainder of my time.

Chairman SMITH. Thank you, Mr. Edwards.

I am pleased to recognize Congresswoman Jenniffer González-Colón, the gentlelady from Puerto Rico.

Mrs. González-Colón is the delegate from Puerto Rico, the first woman to do so. And she was previously the youngest member ever elected to serve in the Puerto Rico House of Representatives.

So it is a pleasure to have you before our committee.

STATEMENT OF THE HON. JENNIFFER GONZÁLEZ-COLÓN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF PUERTO RICO

Mrs. GONZÁLEZ-COLÓN. Thank you, Mr. Chairman, and thank you, all members of this committee, for having us today, and for the opportunity to discuss how this committee can have an important impact in economic growth and development of the island.

Early this year I reintroduced H.R. 3146, a bipartisan, bicameral legislation that will modify the amount of money transferred to Puerto Rico and the U.S. Virgin Islands from the excise taxes collected on rum that is produced in or imported into the rest of the United States from the two U.S. territories.

Puerto Rico's rum industry is one of the major drivers of our economy, producing more than 70 percent of the rum that is consumed in the United States and 80 percent of the rum that is consumed around the world. It results in more than \$330 million for Puerto Rico every year, which has been vital to supporting critical services including health care, education, public safety, and environmental, and other conservation initiatives.

Traditionally, excise tax collections on imported rum have been transferred to Puerto Rico and the U.S. Virgin Islands at the rate of \$13.25 per proof gallon. However, only \$10.50 per proof gallon is on the permanent law, which—the remaining \$2.75 per proof gallon, requiring periodic reauthorization by Congress, a practice that has been taking place for the last 100 years.

My legislation makes permanent the \$13.25 per proof gallon to be covered by law, eliminating uncertainty that both territories have experienced, including funding cliffs on several occasions, and ensuring resources continue reaching our communities and enhancing our long-term sustainable economic growth.

This legislation will also require that a portion of the funds be transferred to the Conservation Trust on the island.

Congress last extended the rum cover over for 5 years as part of the Bipartisan Budget Act of 2018, which expired in December 2021. As such, I ask you consider attaching my bill to the forthcoming disaster relief legislation or any base bill.

As the Congressional Task Force on Economic Growth in Puerto Rico made clear in this recommendation to Congress, and I quote, "Failure to extend the provision will cause harm to Puerto Rico's fiscal condition at a time when it is already in peril."

Another bill is H.R. 376, the Puerto Rico Film, Television, and Theater Production Act. The IRS incorrectly considers Puerto Rico as a foreign jurisdiction for purposes of federal incentives available to producers of films, television shows, and theater performances,

making this incentive unavailable for works produced by American taxpayers in Puerto Rico.

Another bill is H.R. 4026 that will make available in territories certain tax credits and deductions for the expenses incurred in complying with the Americans with Disabilities Act. That law allows a deduction for expenses incurred in removing barriers and making alterations to make businesses, facilities more accessible to people with disabilities, and for the elderly.

To help businesses comply with these requirements, current laws allow small businesses to take credit on federal income tax return if they incur it for removing architectural communication, physical, or transportation barriers that prevent a business from being accessible or usable by people with disabilities. Although the ADA is applicable in the territories, all these credits and deductions are not available to the territories, as well. H.R. 4026 seeks to address this situation and improve the quality of independent life of people with disabilities in the territories by making the credits and deductions available to taxpayers in the territories.

I will be submitting an addendum to this writing that includes some of other bills such as H.R. 378, which will make all Puerto Rico eligible for Opportunity Zones, and H.R. 447, which will incentivize domestic medical manufacturing in economically distressed areas across our nation, which is a bipartisan and bicameral bill.

I will close by marking an open invitation to the committee to come to Puerto Rico to examine the impact of all this legislation under your jurisdiction, and hear directly from residents and stakeholders about this.

[The statement of Mrs. González-Colón follows:]

Member Day Hearing
Statement by Rep. Jenniffer González-Colón
House Committee on Ways and Means
September 14, 2023

Thank you, Chairman Smith, Ranking Member Neal and Members of the Committee, for the opportunity to discuss how you can have a positive direct impact on Puerto Rico's growth and economic development.

Earlier this year, I reintroduced H.R. 3146, bipartisan, bicameral legislation that would modify the amount of money transferred to Puerto Rico and the U.S. Virgin Islands from the excise taxes collected on rum that is produced in or imported into the rest of the United States from the two U.S. territories.

Puerto Rico's rum industry is one of the major drivers of our economy, producing more than 70% of the rum that is consumed in the U.S. and 80% of the rum consumed around the world. It results in more than \$330 million for Puerto Rico every year, which has been vital to supporting critical services, including healthcare, education, public safety, and environmental and other conservation initiatives.

Traditionally, excise tax collections on imported rum have been transferred to Puerto Rico and the U.S. Virgin Islands at the rate of \$13.25 per proof gallon. However, only \$10.50 per proof gallon is in permanent law, with the remaining \$2.75 per proof gallon requiring periodic reauthorization by Congress, a practice that has been taking place for over 100 years. My legislation makes permanent the \$13.25 per proof gallon to be covered by law, eliminating uncertainty that both territories have experienced, including funding cliffs on several occasions, and ensuring resources continue reaching our communities, and enhancing our long-term sustainable economic growth.

My legislation would also require that a portion of the funds transferred to Puerto Rico are used to support the Puerto Rico Conservation Trust. This private, nonprofit organization – created in 1970 by the U.S.

Department of the Interior and the Government of Puerto Rico – is critical in supporting the conservation of natural areas on the island, including through sustainable agricultural efforts, projects that promote the reforestation and restoration of Puerto Rico’s natural habitats, and the development of educational programs that foster the protection of natural areas on the island.

Congress last extended the rum cover over for five years as part of the Bipartisan Budget Act of 2018, which expired in 2021.

As such, I ask you consider attaching my bill to the forthcoming disaster relief legislation or any must pass bill. As the Congressional Task Force on Economic Growth in Puerto Rico made clear in its recommendations to Congress, “[f]ailure to extend the provision will cause harm to Puerto Rico’s... fiscal condition at a time when it is already in peril.”

Another bill is H.R. 376, the Puerto Rico Film, Television, and Theatre Production Act.

The IRS incorrectly considers Puerto Rico a foreign jurisdiction for purposes of federal incentives available to producers of films, television shows, and theater performances, making these incentives unavailable for works produced by American taxpayers in Puerto Rico.

Puerto Rico has a robust, but limited, local film production incentives program which provides a 20% - 40% transferable tax credit for labor costs and qualified expenditure. This has attracted over 150 productions in the past 20 years including Black Panther: Wakanda Forever, Captain America: Civil War, Pirates of the Caribbean 4, Fast Five, the recent Fantasy Island reboot, and Marvel’s Agents of S.H.I.E.L.D.

This program would greatly benefit if American taxpayers could take advantage of existing federal tax incentives on the Island. Given Puerto Rico’s diverse ecology, it would allow us to keep American films in American soil and creating American jobs.

Another bill, H.R. 4026, would make available in the territories certain tax credits and deductions for expenses incurred in complying with the American with Disabilities Act.

To help businesses comply with these requirements, current law allows small businesses to take a credit on the federal income tax return of 50% of reasonable expenses—up to \$10,250 annually—incurred for removing architectural, communication, physical or transportation barriers that prevent a business from being accessible or usable by people with disabilities.

The law also allows a deduction—up to \$15,000 per year—for expenses incurred in removing barriers and making alterations to make business facilities more accessible to people with disabilities and for the elderly.

Although the ADA is applicable in the territories, these credits and deductions are not available.

Over 50,000 businesses in Puerto Rico— which account for 98% of all businesses in the Island— are small businesses. The financial burden of retrofitting old buildings to make them more accessible and the costs of contracting the services required for effective communication are usually too much for these individuals.

H.R. 4026 seeks to address this situation and improve the quality of independent life of people with disabilities in the territories, by making the credits and deductions available to taxpayers in the territories.

I will be submitting an addendum that includes some of my other bills such as H.R.378, which would make all of Puerto Rico eligible for Opportunity Zones, and H.R. 447 that would incentivize domestic medical manufacturing in economically distressed areas across our nation.

I will close by making an open invitation to the Committee to come to Puerto Rico to examine the impact of legislation under your jurisdiction and hear directly from residents and stakeholders about these.

Thank you.

Mrs. GONZÁLEZ-COLÓN. Thank you, and I yield back.

Chairman SMITH. Congresswoman, thank you for your testimony before our committee. Thank you for your hard work, dedication, and advocacy for the good folks of Puerto Rico.

I now recognize Representative Burgess Owens, the gentleman from Utah. Mr. Owens is a former NFL draft pick, and was a Super Bowl champion for my team's rival, the Oakland Raiders. He is founder of Second Chance for Youth, a non-profit dedicated to helping troubled and incarcerated youth.

Mr. Owens.

**STATEMENT OF THE HON. BURGESS OWENS, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH**

Mr. OWENS. Thank you so much, Chairman Smith, Ranking Member Neal, and members of the committee. Thank you for the opportunity to testify today. I am here today to support legislation which is in the jurisdiction of both this committee and the Committee on Education and Workforce on which I serve. I appreciate the time provided so I can be heard on this bill.

I am here today to support H.R. 531, Educational Choice for Children's Act, or ECCA, which I introduced along with Congressman Adrian Smith of Nebraska. I first introduced this bill in the 117th Congress with our late colleague and friend, Jackie Walorski. Jackie was a joyful champion of policies to ensure every child had the resources and education they needed to succeed. This bill will be a fitting tribute to her legacy.

As the child of two educators, I was raised in a family who believed strongly in the gift of education, its power to create greater socioeconomic mobility by offering parents and students more educational options to increase the opportunities to succeed, to empower the generations to come, to make their American dream a reality.

Our bill is based on popular state-level policies which has been proven to work, like the Children First Education Fund in my home state, and is designed to address the critics of direct government funding of scholarships. Because ECCA provides a refundable tax credit to support scholarships, it diverts no existing funding away from public school systems. It can be compared to other existing tax programs such as Low-Income Housing Tax Credit and New Market Tax Credit.

In order to ensure that no governmental participation in rewarding scholarships for attendance at religious schools, ECCA tax credits and scholarships are directed through independent scholarship granting organizations, or SGOs. These SGOs will both allocate the non-refundable credits to donors, and select families to receive the scholarships.

To ensure students in all parts of the country, not just cities and suburbs, can participate, SGOs may also offer assistance to supplemental educational assistance and supplies for families in need, not merely school's tuition.

Ignorant and free can never be, to paraphrase, speaks to the understanding of our founders of the imperative nature of education. The right to life, liberty, and pursuit of happiness summarizes our nation's mission statement and the visions of a Heavenly Father

that puts value on every life, regardless of race, creed, color, or zip code. It is time for us to look for innovative ways to ensure that every child has access to our nation's promise, regardless of zip code, income status, color, or creed.

Unfortunately, for too many and for far too long, our children have been denied these rights. In a 2017 report out of the state of California, 75 percent of the black boys in the state of California could not pass standard reading and writing tests. In Baltimore, across 23 schools, 0 percent of students showed proficiency in math. In Memphis, Tennessee this year, 75 percent of third graders were not proficient in reading. Only one percent was held back.

Not being able to read, write, think, or to believe in our country that thrives on success, hard work, merit, risk, failure, and second chances makes the pursuit of life, liberty, and the pursuit of happiness impossible. We are fighting today for the heart and soul of our nation. We cannot accept that intellectual and educational failure of our own children is the norm.

This legislation gives a win-win in this approach, an all-in in this process, a win for the parents and particularly the poor minorities, to see their child reach their potential; a win for educational communities to allow competition and meritocracy, incentivizing innovation increasing value; a win for the caring citizen donors with tax write-offs; and a win for our most precious product, our children, to become happy, visionary, and productive citizens for our communities and our country.

I look forward to working with our colleagues on both sides of the aisle to give these options of H.R. 351 to parents and children throughout our country. Thank you.

[The statement of Mr. Owens follows:]

Chairman Smith, Ranking Member Neal, and members of the committee – thank you for the opportunity to testify today. I am here today to support legislation which is in the jurisdiction of both this committee and the Committee on Education and the Workforce, on which I serve. I appreciate the time provided so I can be heard on this bill.

I am here today to support H.R. 531, the Educational Choice for Children Act, or ECCA, which I introduced along with Congressman Adrian Smith of Nebraska. I first introduced this bill in the 117th Congress with our late colleague and friend Jackie Walorski. Jackie was a joyful champion of policies to ensure every child had the resources and education they need to succeed, and this bill is a fitting tribute to her legacy.

As the child of two educators, I was raised in a family that believed strongly in the gift of education and its power to create greater socio-economic mobility. By offering parents and students more educational options, we increase opportunities to succeed ... and to empower generations to come to make their American Dream a reality.

Our bill is based on popular state-level policies which have been proven to work, like the Children First Education Fund in my home state, and is designed to address critiques of direct government funding of scholarships.

Because ECCA provides a “refundable” tax credit to support scholarship, it diverts no existing funding away from our public schools. It can be compared to other existing tax programs such as the Low-Income Housing Tax Credit and the New Markets Tax Credit.

In order to ensure there is no governmental participation in awarding scholarships for attendance at religious schools, ECCA tax credits and scholarships are directed through independent Scholarship Granting Organizations, or SGOs. These SGOs will both allocate the non-refundable credits to donors and select the families who receive scholarships.

To ensure students in all parts of the country – not just cities and suburbs – can participate, SGOs may also offer assistance with supplemental educational assistance and supplies for families in need – not merely school tuition.

“Ignorant and Free can never be” speaks to the understanding by our founders of the imperative nature of education. The right to life, liberty and the pursuit of happiness summarizes our nation's mission statement and the vision of a Heavenly Father that puts value on every life regardless of race, creed, color, or zip code. It is time to look for innovative ways to ensure that EVERY child has access to our nation's promise regardless of zip code, income status, color or creed.

Unfortunately, for too many and for far too long, our children have been denied these rights. A 2017 report for the state of California concluded that 75% of Black boys in the state of California could not pass standard reading and writing tests. In Baltimore, across 23 schools, 0% of students showed proficiency in math. In Memphis, Tennessee, this year, 76% of third-graders were not proficient in reading - ONLY 1% were held back.

Not being able to READ, WRITE, THINK or to believe in a country that thrives on success, hard work, merit, risk, failure, and second chances makes the pursuit of life, liberty, and happiness impossible. We're fighting today for the heart and soul of our nation. We cannot accept that the intellectual & educational failure of our own children is the NORM.

This legislation gives us an "ALL IN" approach to assure a WIN/WIN/WIN/WIN. A **Win** for the parent, in particular the poor minority, to see their child reach their potential. A **WIN** for the educational community to allow competition and meritocracy to incentivize innovation and increase value. A **WIN** for caring citizen donors through tax write-offs. And a **WIN** for our most *precious product* - Our children - to become happy, visionary, and productive citizens for their community and our country.

I look forward to working with colleagues on both sides of the aisle to give these options of HR 531 to parents and their children throughout the country.

Mr. OWENS. And I yield back.

Chairman SMITH. Thank you.

I would like to recognize the gentleman from Nebraska, Mr. Smith.

Mr. SMITH of Nebraska. Thank you, Mr. Chairman.

Just briefly, thank you, Mr. Owens, for your work on this bill. Obviously, I am a little biased, as well, in favor of the legislation. But thank you for emphasizing students, the achievement of students and the empowerment of families.

And in so many communities around the country, I have been pleased to see the engagement from stakeholders around the country, namely students who are gathering, who are telling us themselves, with their families, what the needs are. And I am glad that we are able to work together on these solutions.

Mr. OWENS. Thank you. I appreciate it.

Chairman SMITH. Mr. Owens, education freedom is an important priority for this committee. And we, over the next couple of months, will be having hearings in regards to this, and hopefully your legislation will be a part of that. So thank you for being here today.

Mr. OWENS. Thank you, Chairman. I appreciate it.

Dr. FERGUSON. Mr. Chairman.

Chairman SMITH. Yes, Mr. Ferguson.

Dr. FERGUSON. Thank you.

Mr. Owens, thank you for bringing this forward. I think what we have seen over the past couple of years is that parents want a say in their children's education, okay? And that is going to take a lot of different forms. And this bill provides some options that parents don't currently have right now.

I think it is important to do this, because when you tell parents that they aren't in charge of their children's education it sends the wrong signal, okay? And it just flies in the face of the things that we love the most, which are our children. And so I applaud you for bringing this forward.

You know, I am glad to hear the chairman say that, as we will make this a priority and move forward, that we hope that this will be part of that. It certainly seems like something that we can get behind and support.

So thank you for bringing it forward, Mr. Chairman. Thank you for your consideration of it.

Chairman SMITH. Thank you, Mr. Ferguson.

Mr. OWENS. Thank you.

Chairman SMITH. I now will recognize Representative Dan Meuser, the gentleman from Pennsylvania.

Mr. Meuser is the former secretary of revenue in Pennsylvania. So he knows the responsibility of tax collection.

So I am pleased to have you before the Ways and Means Committee.

**STATEMENT OF THE HON. DAN MEUSER, A REPRESENTATIVE
IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA**

Mr. MEUSER. Thank you, Chairman. Thank you very, very much. And I also want to thank the Ranking Member Neal and all

members of the House Ways and Means Committee for giving me this opportunity to testify here.

I would like to discuss my bill, the USA Batteries Act, H.R. 1594, which would repeal a recently imposed tax on domestic manufacturers, which, of course, hurts good-paying American jobs and provides an unfair advantage to, frankly, cheap imports from countries with very weak environmental and labor laws.

The United States is the world leader currently in lead battery manufacturing. Unfortunately, the recent change to tax policy has given foreign manufacturers of such lead batteries an unfair advantage. As part of the Infrastructure Investment and Jobs Act, a Superfund tax was levied on 42 chemicals, including lead oxide, sulfuric acid, and antimony, which are the primary inputs for lead batteries. These excise taxes, which had not existed for more than 25 years, suddenly returned at twice the previously enacted level alongside the Superfund chemical tax, which has forced American-led battery manufacturers to pay significantly higher prices for raw materials than foreign competitors.

Mr. Chairman, this is squeezing domestic manufacturers, which, of course, forces Americans to buy from countries that, frankly, have very questionable labor laws.

Additionally, these manufacturers are also faced with unprecedented economic pressures that I don't need to list here, supply chain disruptions and workforce challenges.

Lead batteries are used in everything from vehicles, telecommunications, defense, energy generation, and the list goes on.

The battery industry is composed of many small businesses, employing 38,000 Americans across 38 states, with an annual economic output of \$33 billion. Pennsylvania's 9th Congressional District that I represent is home to two leaders in lead battery—in the lead battery industry, East Penn and EnerSys, which, combined, employs more than 20,000 in my district in Pennsylvania. So battery manufacturers, as well, can be found across the country in Missouri, Tennessee, and Washington.

Lead batteries are a sustainable, perhaps even renewable energy source, as 99 percent of lead batteries are recycled for use in new batteries or other products. These batteries also provide 60 percent of the rechargeable battery market, and are often used in a variety of green applications.

So we must take steps to ensure that the U.S. battery manufacturers have a fair playing field compared to foreign manufacturers that are mainly located in China. Currently, China accounts for 45 percent of the world's total production capacity of lead batteries, and 75 percent of the world's total production of lithium ion batteries. Placing burdens on American battery manufacturers puts us at a distinct disadvantage with our foreign counterparts, obviously, causing the U.S. to cede ground in yet another important industry.

To correct this disparity, I respectfully ask the Ways and Means Committee to advance the USA Batteries Act, which would simply eliminate the Superfund chemical tax on lead oxide, antimony, and sulfuric acid, the main inputs in lead batteries. This would make the raw materials and batteries more affordable for American manufacturers, doing away with the unfair advantage, as stated, for foreign counterparts.

In addition to my USA Batteries Act, I would be remiss if I did not mention the need to restore full R&D tax credit. In 2021 alone, the U.S. battery industry invested \$113 million in R&D to pursue the next generation of battery technologies. I was glad to see the restoration of the full R&D tax credit, including the Ways and Means-passed Build It in America Act, and encourage my colleagues to continue efforts to restore this important provision for small businesses.

Additionally, bonus depreciation is set to decrease 20 percent annually through 2027, as you are well-aware. And as you also know, we need to act soon because private-sector innovation, especially within the small business economy, is at stake, and could be hamstrung if we—if they are not able to fully invest in R&D.

So I want to thank you very much for this opportunity to testify, and I would certainly be happy to answer any questions.

[The statement of Mr. Meuser follows:]

I want to begin by thanking Chairman Smith, Ranking Member Neal, and Members of the Ways and Means Committee for giving me the opportunity to testify before you today as you consider various tax, trade, and health care legislative items. I am here today to discuss my bill, the *USA Batteries Act*, which would reverse a tax on domestic manufacturers that hurts good paying American jobs and provides an unfair advantage to cheap imports from countries that hurts good American jobs and provides an unfair advantage to cheap imports from countries with lax environmental and labor laws.

The United States is the world leader in many industries, including technology, aerospace, aviation, agriculture – and up until recently, lead batteries. Unfortunately, a recent change to tax policy has given foreign manufacturers of lead batteries an unfair advantage over American battery manufacturers. As part of the Infrastructure, Investment and Jobs Act, a superfund tax was levied on forty-two chemicals including lead oxide, sulfuric acid, and antimony, which are the primary inputs in lead batteries. This excise tax, which had not existed for more than twenty-five years, suddenly returned to twice the previously enacted level. Alongside the Superfund Chemical Tax, which has forced American lead battery manufactures to pay significantly higher prices for raw materials than their foreign competitors. These manufactures are also faced with unprecedented economic pressure, supply chain disruptions, and workforce challenges.

Lead batteries are used in everything from vehicles, telecommunications, defense, and energy generation. The battery industry is composed of many small businesses employing 38,000 Americans across thirty-eight states with an annual economic output of \$33 billion.

Pennsylvania's 9th Congressional District is home to two leaders in the lead battery industry, EastPenn and EnerSys, whose combined employees a total of 20,000 people in Pennsylvania.

Alongside my district, battery manufacturers can be found across the country including in Missouri, Tennessee, and Washington.

Lead batteries are also a truly sustainable energy source, as ninety-nine percent of lead batteries are recycled for use in new batteries or other products. These batteries also provide sixty percent of the rechargeable battery market and are often used in a variety of green applications.

Congress must take steps to ensure that U.S. battery manufacturers have a fair playing field compared to foreign manufacturers that are mainly located in China. Currently, China accounts for forty-five percent of the world's total production capacity of lead batteries and seventy-seven percent of the world's total production of lithium-ion batteries. Placing burdens on American battery manufacturers puts them at a distinct disadvantage with their foreign counterparts causing the United States to cede ground in yet another important industry.

To correct this disparity, I respectfully ask the Ways and Means Committee to advance the *USA Batteries Act*, which would simply eliminate the Superfund Chemical Tax on lead oxide, antimony, and sulfuric acid, the main inputs in lead batteries. This would make the raw materials in batteries more affordable for American manufactures, doing away with an unfair advantage for foreign counterparts, making the industry more competitive.

In addition to my *USA Batteries Act*, I would be remiss not to mention the need to restore the full R&D tax credit. In 2021 alone, the U.S. battery industry invested \$113 million in R&D expenses to pursue next generation battery technology. I was glad to see the restoration of the full R&D tax credit included in the Ways and Means passed Build It in America Act and encourage my colleagues to continue efforts to restore this important tool for small businesses. Additionally, bonus depreciation is set to decrease twenty percent annually through 2027. As you

all know, unless Congress acts soon, private sector innovation, especially within the small business economy, will be hamstrung and unable to fully invest in R&D.

It is critical that we encourage investment in and protect American manufacturing and jobs.

Thank you for the opportunity to testify before you today, and I look forward to working with the Committee to find a solution to this critically important issue.

Mr. MEUSER. Thank you, Mr. Chairman.

Chairman SMITH. Thank you, Mr. Meuser. We appreciate your testimony in regards to a lot of the tax priorities that we are trying to hopefully get past the finish line before the end of the year.

But I appreciate all the members of this panel. We will now dismiss it and then move to panel three.

[Pause.]

Mr. THOMPSON of California. Mr. Chairman, would it be in order to move to approve Mr. LaMalfa bill by acclamation? [Laughter.]

Chairman SMITH. You know, it is a priority, but I don't think that would be in order at this moment.

Mr. THOMPSON of California. All right.

Chairman SMITH. We will now proceed, with that note, to Mr. LaMalfa.

You see that you have some friends on both sides up here.

But Mr. LaMalfa, he manages his family-owned farming business in Northern California, and is a former member of the—and he is leaving. [Laughter.]

Mr. THOMPSON of California. He heard nothing that we said about him.

[Pause.]

Chairman SMITH. He is a former member of the California State Assembly.

And you can proceed when you are ready.

STATEMENT OF THE HON. DOUG LAMALFA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LAMALFA. Thank you, sir. I was just at a family farm conversation that was going on as I was coming up here, so my paperwork was in a different spot.

So thank you, Mr. Chairman, Ranking Member, and our committee members. I really appreciate the opportunity to sit down with you and talk about the many priorities that we all have here today, and I know that the committee has an intense scope of work to take on. So I do appreciate this time you have allotted for us here.

So I want to talk to you about a really important piece of legislation for not just myself, but for my neighboring colleagues and others around the country that have added on from the initial bill that I introduced with my colleague, Mr. Thompson. And it really boils down to H.R. 4970, that we are entitled to Protect Innocent Victims of Taxation After Fire Act. It has been drafted to halt the imminent taxation of disaster aid for wildfire victims and survivors of which we have had so many cases of this in northern California, in my district and Mr. Thompson's district, and some of our other neighbors, as well, in the West.

So we have these amazing folks that I get to represent, these resilient survivors of multiple wildfires across Northern California. From 2015 to 2018 these fires were sparked, in some cases, by electrical transmission lines that have destroyed nearly 30,000 structures, injured hundreds of residents, and killed more than 130 of our constituents.

In the aftermath, survivors received disaster assistance from FEMA. So many on this committee probably know under the Internal Revenue Code of IRS, Section 139, this assistance is tax free. In fact, the tax code offers a multitude of additional forms of tax relief to disaster for victims, including Section 121 for excluding property losses, Section 165 for deducting casualty losses, Section 1033 for deferring involuntary conversions, Section 213 for deducting personal medical care costs. Those are a few, but I think you can see that the current established intent of the U.S. tax policy is to exclude disaster losses from taxation.

So I bring up these other sections because survivors of the fires from 2015 to 2018 I mentioned earlier were also recipients of disaster aid payments from a special settlement trust created in 2020 when the power utility who caused these wildfires ultimately went bankrupt. Now, unlike disaster aid from FEMA, payments from this settlement are interpreted by IRS to be fully taxable as income. Fire victims will be taxed on these awards they have received from the utility is the way—is the direction things are going to go here.

And on top of that, the real insult to the injury, I guess, would be, despite court-approved lawyers receiving 20—between 25 and 33 percent of each payment of these awards, the recipients will pay the amount on the lawyers' income on this. They will pay the full amount on the lawyers' portion of the income. Unbelievable. Can you imagine what that is like for the fire victims?

So even then, the effects of this do not stop at the—they do not end at the taxation component. If the disaster aid is registered as income, survivors could also face a significant loss of federal benefits. Supplemental security income, SNAP benefits, WIC benefits could all be almost eliminated in nearly these cases if they are interpreted as that their income is too high to now receive these.

Health care subsidies would be dramatically reduced for those on the lower-income scale. And believe me, many of these folks living in this area, these fire victims, are not on the high-income scale. They are in homes that they could afford to live in that are, you know, 50 years old or 70 years old that—they are going to have a hard time, very hard time replacing, especially since many of them were under-insured for modern building costs.

So veterans' benefits could be—especially on co-pays for prescriptions, those could be curtailed. If there was a possibility of seeking federal student loan, they will have to some—they will have to look somewhere else.

So if this disaster aid is treated as income, the federal government's entire social safety net will bail out on these survivors, again, many of them who are on the low-income scale.

So it is not just exclusive to northern California with my district and my neighbor's districts there. It has happened again in both Colorado and in Oregon. Protection offered by H.R. 4970 extends the guaranteed relief and ease of mind to wildfire survivors anywhere in the U.S.: California, Colorado, Oregon, New Mexico, Utah, Arizona, Texas, and even now Hawaii.

So it is a pretty simple piece of legislation. These payments, though not coming from FEMA, are disaster aid. Survivors don't

have the resources to navigate our tax code. They deserve the simple, singular tax exclusion given to all other forms of disaster aid.

Notably, the bill includes a no double benefit clause, which will allow survivors with the resources or knowledge necessary to use existing tax benefits to do so.

Now, I do want to put a timeline on this is that IRS did a good and helpful thing in that many of my counties in California that have suffered disaster, the people in those particular counties were designated by the IRS delayed their filing from April 15th until October 15th this year. So there are many folks that are awaiting the legislation here, hoping that this could be complete before they have to decide upon filing October 15.

Are they going to have to include this benefit as income, or will it be non-taxable? So if they don't include it and it ends up remaining taxable, then they are going to have penalties and interest and all that. And if they do pay it, then they will have to wait for a possible refund of that if it turns out to be a non-taxable event. So either way, you got folks who are really caught in the lurch on this thing with deciding.

I appreciate that the IRS did indeed move that time back to October 15, but it would be really, really helpful for folks to be able to have this decided by October 15 in some fashion or another, so this committee listening to this today is very important to me, very important to those constituents.

[The statement of Mr. LaMalfa follows:]

Statement of
Representative Doug LaMalfa

House Committee on Ways and Means
Member Day
Thursday, September 14, 2023
9:30AM

Chairman Smith, Ranking Member Neal, and Members of the United States House Committee on Ways and Means, thank you for organizing this Member Day and allowing us a few moments to discuss our priorities within the Committee's jurisdiction.

This morning, I would like to bring H.R. 4970, the Protect Innocent Victims Of Taxation After Fire Act to your attention. In partnership with my California colleague, Tax Policy Subcommittee Ranking Member Mike Thompson, this bill has been drafted to halt the imminent taxation of disaster aid for wildfire victims and survivors.

Ranking Member Thompson and I have the distinct honor of representing the resilient survivors of multiple wildfires across Northern California. From 2015 to 2018, devastating fires sparked by electrical transmission lines destroyed nearly 30,000 thousand of structures in our Congressional Districts, injuring hundreds, and killing more than 130 of our constituents.

In the aftermath, survivors received disaster assistance from FEMA. As many of you on this Committee probably know, under Internal Revenue Code Section 139, this assistance is tax free.

In fact, there are a multitude of other provisions in our tax code which offer tax relief to disaster victims: Section 121 for excluding property losses, Section 165 for deducting casualty losses, Section 1033 for deferring involuntary conversions, Section 213 for deducting personal medical care costs, and several more Sections throughout the code.

However, survivors of the fires from 2015 to 2018 were also recipients of disaster aid payments from a special settlement trust created in 2020 when the power utility went bankrupt. Unlike disaster aid from FEMA, payments from this settlement will be fully taxed as income. Worse: despite court-approved lawyers receiving between 25% and 30% of each payment, recipients will pay taxes on the full amount.

This series of events is not exclusive to Northern California: it has happened again in both Colorado and Oregon. The protection offered by H.R. 4970 extends guaranteed relief and ease of mind to wildfire survivors anywhere in the United States – California, Colorado, Oregon, New Mexico, Utah, Arizona, Texas, and even Hawaii.

This legislation is simple. These payments – though not coming from FEMA – are disaster aid. Survivors don't have the resources to navigate our tax code. They deserve the simple, singular tax exemption given to all other forms of disaster aid. Notably, the bill includes a 'no double benefit' clause which will allow survivors with the resources or knowledge necessary to use existing tax benefits, to do so.

Disaster relief through changes to tax policy has been a common Congressional approach for the past two decades. In some form, Congress has passed disaster-related tax relief in 2002, 2005, 2008, 2017, 2018, 2019, 2020, and 2021.

Once again, thank you for your time this morning. I am happy to answer any questions you may have regarding this legislation.

Mr. LAMALFA. And with that, I will yield there. So thank you, Mr. Chairman.

Chairman SMITH. We are glad to have you here.

Mr. Thompson from California.

Mr. THOMPSON of California. Thank you, Mr. Chairman.

Mr. LaMalfa, thank you for bringing your priority bill before our committee. And as you know, I share in this with you.

This committee and the House passed this bill in the last Congress. It was my bill then, and now with the majority change it is your bill this time. We worked well together on that last time. And as I mentioned, it is a priority for both of us this time. And I have talked to the chairman, the ranking member, and I think you have tremendous support on this committee.

This is a tragedy that has been multiplied for thousands of constituents of ours and other districts across our great country. The idea that you would lose a loved one, you would lose your business, you would lose your house, and then you get a settlement that doesn't even pay to make you whole, and then they tax you for that, it is absolutely outrageous. And we owe it to every American to address this.

So thanks for bringing it before us, and I will keep pushing on the committee. And I know you will, too.

And thank you, Mr. Chairman, for your commitment to work on this.

Mr. LAMALFA. Thank you so much, Mr. Thompson. It has been a real pleasure to work with you on this.

And as you know, we have 85 deceased people in the Paradise Camp Fire. And now, as we take on the situation with the horrible tragedy we have in Lahaina here, that I hope we can get this rectified for whatever the effects will be.

So thank you so much, committee members, Mr. Chairman. I appreciate it.

Chairman SMITH. Thank you, Mr. LaMalfa. I do know Mr. Thompson and also Mr. Steube definitely care about the disaster tax relief, and it is something that we hope to get resolved before the end of the year.

I now recognize Dr. Julia Letlow, the gentlelady from Louisiana. Ms. Letlow is the first woman to represent Louisiana in the House in 30 years, and is the former director of education and public safety at Tulane University School of Medicine.

Ms. Letlow.

STATEMENT OF THE HON. JULIA LETLOW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Ms. LETLOW. Thank you, Mr. Chairman, for having me, and Ranking Member. It is an honor to be here with you all.

I usually don't speak extemporaneously at things like this, but I just wanted to come and try to share my heart and the heart of my constituents.

I serve 24—we call them parishes in Louisiana instead of counties, and that is a lot of geography to get to. And I have to share with you that wherever I go, wherever small town I am in, I hear about this complaint more than anything else, and it is the wind-fall elimination provision and the government pension offset.

And so what I have learned in my brief tenure here, a little over three years, is that sometimes we can implement things with the most wonderful intentions at heart, but sometimes those lead to unintended consequences that we never saw coming. And so I would like to share with you some of the stories that I hear from my constituents. And these are public servants, and it affects 17 states across this country. But in Louisiana alone it is close to three million people.

So when you think about public servants, I think about my teachers who are teaching our children, I think about our firefighters or police officers. They are not bringing home huge salaries, so you can imagine their retirement pension is not this huge number. These are not wealthy executives coming to me, sharing their heart with me. These are people like Kevin, who is a firefighter for his whole career. And you can imagine, so this penalty has been in place for as long as I have been alive, a little over 40 years.

So he comes to me. He was making close to 20 to \$30,000 a year annually for his salary. So he did the right thing for his family. He sought supplemental income. He went to the private sector and also worked, and put in 40 quarters, paid into Social Security the whole time. And so then he goes to retire, and goes to collect his benefits from Social Security, and finds that they have been slashed by 60 percent. These are our public servants.

I would also like to share with you a handwritten letter that I received from Carla from Bunkie, Louisiana. She also included a picture of her husband that she lost at 60 years old to cancer. Now, this hit home to me, because I am also a widow. And when you are widowed, the first thing that comes to your mind is how am I going to support my family?

And so, because Carla chose in her life to be a teacher in the public school system, she gave of her time to teach our children. Simply because of that, she was not eligible to receive two-thirds of her survivor benefits from her husband's death through Social Security. Two-thirds. Carla would have done better by just staying at home and not serving our children.

I can't tell you—that is 2 of the 40,000 Louisianans and the 52,000 alone—those are all the stories that I hear of every day. And so I just want to share them with you. I can share countless others.

But I also want to work with you to try to find a solution. I know that something that we implemented over 40 years ago, that when we put our brilliant minds together, that we can come up with a solution to fix this for the people that are suffering, truly. And so I will do anything, please just let me know. But you all have the means and the wherewithal to fix this for my constituents and for countless others.

And I know it doesn't affect every state, but Americans are hurting. And that is—I believe they send us to Congress to fix problems just like this. And so thank you for giving me the time to share my heart and share the heart of countless other Louisianans.

And if I may transition to one other thing, I also want to plug this amazing bill, the Educational Choice for Children Act from Adrian Smith and Burgess Owens. I am so excited about this bill.

It is the next step for the parents' bill of rights because it encourages school choice for our parents and gives that tax credit. So I also wanted to plug that coming from—higher education is my background, and I don't understand why—in higher ed we attach money to the student, why are we not doing that for elementary education? So I also wanted to plug that.

I forgot to mention too that I also wanted to plug H.R. 82. It goes back to WEP and GPO. So we finally just got 291 cosponsors to that bill. So I am hopeful that maybe you will bring it up in this committee. Congressman Garret Graves and Congresswoman Abigail Spanberger are leading that charge. I know my constituents and I would be so grateful if you would also consider H.R. 82.

[The statement of Ms. Letlow follows:]

**Prepared Remarks for Congresswoman Julia Letlow (LA-05)
Ways and Means Committee Member Day Hearing: Panel #3
Thursday, September 14, 2023, from 10:50-11:20 a.m. in 1100 Longworth**

Thank you, Mr. Chairman, for providing the opportunity for me to share priorities that are in the jurisdiction of this Committee.

I am here on behalf of so many public servants such as police officers, firefighters, educators, and other public sector workers who are penalized by the Windfall Elimination Provision and Government Pension Offset, also known as WEP and GPO. These provisions hurt nearly 2.5 million Americans, including 49,000 alone in my home state of Louisiana, by unfairly reducing or eliminating their social security benefits.

In January of this year, I became an original cosponsor of the bipartisan, H.R. 82, the Social Security Fairness Act of 2023, led by Representatives Garret Graves and Abigail Spanberger. This bill aims to eliminate the WEP and GPO, and since reintroduction, it has gained 289 cosponsors, both Democrats and Republicans.

Over the last two years, I have traveled across the Fifth District of Louisiana, listening to stories from my constituents, I can tell you today, this remains a top concern from hardworking Louisianans who have been unjustly penalized.

I received a letter from Carla Moreau, a teacher from Bunkie, Louisiana, who retired after spending 23 years as a public servant in the classroom.

Two years ago, Carla lost her husband Gerard to cancer at age 60. However, due to WEP and GPO, she is ineligible to receive her husband's Social Security survivor benefits, simply because she was a teacher. If Carla had chosen any other profession outside of public service, she would automatically receive those benefits.

Carla's story is just one of many from across my district and our country, and each one is heartbreaking. Not a single day goes by that I don't hear from a constituent who is impacted.

WEP/GPO provisions impact our public servants, the teachers who educate our children and the firefighters and police officers who keep our communities safe. This not only impacts those who are retired but is a disincentive for so many who would enter these fields at a time when our country faces teacher and law enforcement shortages.

Often, our public servants are not aware of these arcane provisions and are blindsided by the reductions when they retire. I've heard of constituents that must work part time jobs to help cover living costs because of WEP/GPO.

While WEP/GPO doesn't impact all states, we still should do the right thing for over 2.5 million Americans and address the problem. Honest Americans who have worked their whole lives by serving and keeping our communities safe should be able to retire with their full Social Security benefits.

I understand that this problem wasn't created by us since it started in the 1980's, but it's incumbent upon us to fix it. These are real people losing their earned benefits that they paid into.

I believe it is time to repeal this injustice, and I will continue to work on educating our colleagues about the importance of righting this wrong. I'm pleading with the Committee and asking for your help to address WEP/GPO. It is my hope the Committee can favorably reporting H.R. 82 and Leadership can bring it to the House Floor for a vote.

Mr. Chairman, I'd also like to take this opportunity to express my strong support for H.R. 531, the Educational Choice for Children Act, led by Representatives Adrian Smith and Burgess Owens.

Earlier this year, I introduced, and the House passed, H.R. 5- the Parents Bill of Rights, which focuses on transparency for America's parents.

The Educational Choice for Children Act is the next step in educational reform and will expand school choice because it gives parents the power to choose an alternative school that can better meet their own child's educational needs.

A one size fits all education doesn't work for all students, especially when it comes to the needs of rural America. Many kids may thrive in a different learning environment, such as a school with smaller class sizes or a school that focuses on a specific style of learning. Families shouldn't miss out on a better educational option that others are able to access.

In higher education, we attach money to the student- why are we not using that same principle for elementary education?

I believe that H.R. 531, creates a similar principle for our K-12 schools and fulfills House Republicans' *Commitment to America*. This bill creates a tax credit which will help expand school choice options for low and moderate income families.

Tax credit scholarships are a proven model and are operating successfully in 21 states, including in my home state of Louisiana. Last year, our state program had over 2,500 participating students with an average scholarship value of 4,255 dollars.

I firmly believe education is the answer to set up our children for future success. I support options that allow parents to have control over what school best meets the needs of their family, I support school choice, and I support H.R. 531.

I hope the Committee will take up H.R. 82, the Social Security Fairness Act of 2023, and H.R. 531, the Educational Choice for Children Act this Congress.

Thank you again for convening this hearing. I yield back.

Ms. LETLOW. With that, I yield back, Mr. Chairman. Thank you.

Chairman SMITH. Thank you, Dr. Letlow. I received a text message from Congressman Graves telling me of the 290th cosponsor, so you are at 291.

Ms. LETLOW. Yes, sir.

Chairman SMITH. You are updating me more than he is.

I would love to recognize the ranking member, Mr. Neal.

Mr. Neal. Well, I hope the chairman is going to take up the gentlelady's suggestion on this legislation. We have worked on this for a long time.

You really did a good job. It is complicated.

Ms. LETLOW. I know.

Mr. NEAL. I mean, it is really complicated.

Ms. LETLOW. Yes, sir.

Mr. NEAL. It is important to recognize that many of the employees that you have described who are caught in this web—

Ms. LETLOW. Right.

Mr. NEAL [continuing]. Previously, they and their sponsoring organizations opted for that provision of not paying into the Social Security trust fund—

Ms. LETLOW. Right.

Mr. NEAL [continuing]. Only to discover at a later stage of life, as you have accurately described—

Ms. LETLOW. Right.

Mr. NEAL [continuing]. That all of a sudden, they are paying into it.

Ms. LETLOW. Right.

Mr. NEAL. So, I think it is fair to say that there are some of us who have earned a Ph.D. on this very issue because we have gone at it for so long.

Ms. LETLOW. That is right.

Mr. NEAL. Mr. Brady and I were really close about seven years ago. I thought we had a solution up until the very morning of the vote on the House floor on a Friday, when he came to me and said, "Look, Rich, I think I have got to pull this down today. I think it might get defeated on the House floor."

Ms. LETLOW. Right.

Mr. NEAL. Mr. Larson has done great work—

Ms. LETLOW. Sure.

Mr. NEAL [continuing]. On this issue. It is a geographic issue, rather than a philosophic issue.

Ms. LETLOW. Right.

Mr. NEAL. And Mr. Gonzalez is shaking his head because he is from Texas. [Laughter.]

Mr. NEAL. Mr. Higgins, Mr. Larson, myself, the chairman, California, it is a substantial issue, and we would like to address it.

Part of it is the complexity of what has happened in the congressional scoring system.

Ms. LETLOW. Right.

Mr. NEAL. My colleagues on the other side, it would be hard, I think, to get them to vote for something that called for a tax increase down the road. And on our side, scoring, now, these are both esoteric terms—scoring on our side conceivably could be used as

the argument that somehow we were in favor of a cut in Social Security. And therein lies the dilemma.

Ms. LETLOW. Right.

Mr. NEAL. So we have gone back and forth on this for a long time. Your perspective is very helpful. We want a solution. It is likely to be something a bit different than what you have described. And at different intervals Mr. Pascrell has been a terrific advocate on this issue, but there is pretty broad bipartisan support based on geography for finding a solution.

And I hope that maybe some of us could put philosophy to the side and try to address this, because in both instances that I previously described these are changes that would occur 75 years from now, according to the congressional scoring. But I think that the enmity that exists in the institution today gets in the way of what could be a pretty good policy solution.

Massachusetts is part of the challenge here. We want to be helpful. I have filed legislation that Mr. Brady at least quietly supported. He filed legislation that I quietly supported. The problem was trying to get somebody to publicly support it. But we do want a solution, and I invite you to participate with us.

Ms. LETLOW. Absolutely.

Mr. NEAL. And I think it would call for all of us to sort of, as it relates to the prospects of increases or cuts, kind of lower our voices and try to find a solution.

We have had the Social Security actuaries in, which might be a good thing for the committee to do again, so that we can really drill down on what the solution would be. We also thought that at one juncture that we had a solution from the Social Security actuaries, where there would be no cuts and there would be no tax increases.

Ms. LETLOW. Right.

Mr. NEAL. So I invited the gentlelady, who did a really good job, and I understand the extemporaneous manner in which you offered it, because it was really well done. We know the problem, and the solution should not be that elusive. So, I thank you.

Ms. LETLOW. Thank you, Ranking Member.

Chairman SMITH. I thank the ranking member. I would have to agree with almost everything you just said. So that is a good place for us to be.

But I also agree that no American should be penalized because of their public service or participation, and so a Social Security replacement program.

So, Dr. Letlow, we appreciate you being before us, and it is something that this committee is determined to figure out. So thank you.

Ms. LETLOW. Thank you for your hard work. I appreciate your time.

Dr. FERGUSON. Mr. Chairman.

Chairman SMITH. Mr. Ferguson, yes.

Dr. FERGUSON. May I make a comment on this?

Chairman SMITH. You should, you are the chair of Social Security.

Dr. FERGUSON. And I am sure my colleague, Mr. Larson, may want to weigh in on this, as well. And——

Mr. LARSON. Oh, yes.

Dr. FERGUSON. Dr. Letlow—it is nice to call you that—this is a complex issue. And for—there are two major issues that I see here that somehow or another we have got to navigate.

The first one the ranking member touched on, which was the ridiculous scoring rules that we have put in place for ourselves that really prohibit intellectually honest conversations from occurring because things get labeled something that they are not. And I think, from—if we could do one thing that would absolutely change the way that this place worked and help our country, it would be to change the budget process and the rules that we operate by. It is the most broken process in America, hands down. That is over there.

The one thing that I would say is that when we look at this, we can't just address this issue in a vacuum. It has to be addressed within the context of all of Social Security. And so, you know, I hope, you know, as we move forward, that we get the chance to talk about this in the totality of really saving, you know, the most valued program in America right now.

The real challenge that we have is, as you know, is that we keep running out of not only time but money to solve these issues. We just simply—you know, if you look at it, if you look at our national debt right now, you look at our spending, all of those things, the—you know, the constrained revenue coming in and with relation to Social Security, we have got to look at this in the context of the whole program.

So I agree with the chairman that it is not fair to penalize our fellow Americans, but we don't want to penalize all Americans by just addressing this. We want to do it in the context of the entire Social Security system.

With that, Mr. Chairman, I yield back.

Chairman SMITH. Mr. Larson.

Mr. LARSON. Thank you, Mr. Chairman.

Thank you, Representative. I so appreciate your compassion and your enthusiasm to fix this problem. It probably might surprise you to know that Congress has not enhanced Social Security in more than 52 years. In fact, Richard Nixon was the president the last time the United States Congress enhanced the program.

Now, this is something that can't be done through executive order, or otherwise President Biden, who has called for the direct repeal of both GPO and WEP, this would be done. And it is not anything that can be adjudicated by the Supreme Court. It is Congress's responsibility. And imagine, how do you explain to the people in Louisiana that, yes, we just didn't vote on it.

Now, in—I believe in your district, what, you have something like 160,000 Social Security recipients? So if you look at 160,000 people who have not seen their benefits enhanced in 52 years, and they turn to you, and then, when you look at some of the other issues—most notably unfairly, as you so well articulated—about that spouse, an inability to receive what her husband paid into the program—these are earned benefits that people paid for. These are not entitlements, these are earned benefits. And it is Congress's responsibility to vote on it. What an incredible thing to ask Members of the United States Congress to do, to actually vote. If you got a better idea, put it out there. This is what we are all about.

This is the best economic—Social Security is the best economic development program that we have. Imagine getting a 2 percent increase in Social Security for everyone in your district, something that hasn't been done in 52 years. Some will say, well, in 1983 we changed it. Oh, yes, we did. In 1983 we made it more solvent, but we did so by raising the age, which cut benefits. So if people are living longer, does it make any sense to cut their benefits so that they have less to live on?

And here we have this economic development plan, where every congressional district is advantaged by it. Imagine all the recipients in your district just on repeal of WEP and GPO. But also, there are five million fellow Americans who worked all their lives, paid into the system, get below poverty level checks while we are talking about giving out checks to billionaires, tax deductions to billionaires. And your neighbors and mine, the people we go to church with, family members get zip.

Your bill is well welcome. All of these things need to be paid for, and they should be. The President has proposed we lift the tax, the cap on people making over 400,000. Wow. They would then be paying at the same rate that people who are making 30 or 50,000 are paying. But imagine that. Now, how much is that? How many Americans does that mean that would impact? Six-tenths of one percent. And yet Congress has not voted.

This is a simple matter. You don't want to hurt the trust fund for everybody else, which is why states that aren't operating under this penalty, that is where they are coming from. You are going to decrease benefits to my people. So we need to come together. You have got the right approach and the passion. I hope you will look at Social Security 2100 and reform Social Security so that all recipients—this isn't about Democrats or Republicans or unaffiliates. And across the board 80 percent Democratic, 70 percent unaffiliated, 68 percent Republicans enthusiastically support enhancing benefits. Because you know what? Social Security has never missed a payment. We don't have to go back to 1929. All we have to do is go back to 2008, 2009 to understand when people saw their 401(k) become a 101(k). Social Security never missed a payment, not a pension, not a spouse, not a dependent, or a disability payment.

Thank you for your support. I hope you will take a look at our bill. But more importantly, I hope Congress will vote.

Sam Johnson on this committee, all he asked for was a vote on his bill and he couldn't get it, either. We need to vote in Congress. We can't turn into the Senate that doesn't—that routinely turns down over 400-plus bills that the House passes, or doesn't take up any legislation.

Thank you again. You deserve to be commended.

Chairman SMITH. Thank you, Mr. Larson. We would never want to turn into the United States Senate by any means. [Laughter.]

Chairman SMITH. Dr. Letlow, thank you again for being with us.

I now recognize Representative Vincente Gonzalez, the gentleman from South Texas. Mr. Gonzalez is a lifelong resident of South Texas and a member of the House Financial Services Com-

mittee. He is also the chairman of the Congressional Oil and Gas Caucus.

Please proceed.

**STATEMENT OF THE HON. VICENTE GONZALEZ, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. VICENTE GONZALEZ of Texas. Thank you. Thank you, Mr. Chairman and Ranking Member, for holding today's member hearing. It is very important, and it is great to hear from other members that have similar issues.

I appreciate the opportunity to speak before the committee on legislation that Congressman Carey of Ohio and I recently introduced, H.R. 5073, the Promoting Domestic Energy Production Act. This bipartisan piece of legislation would fix a provision within the Inflation Reduction Act's new book minimum tax to allow intangible drilling and development costs, or IDCs, to be considered when computing adjusted financial statement income.

It may sound complicated, but it is really very simple. IDCs have been included in the U.S. tax code since its inception, due to the recognition that oil exploration and the development of wells are capital intensive and have significant risks involved.

The domestic oil and gas industry requires continuous financing of labor, equipment, and the advancement of technologies. For example, when an operator drills a well, about 85 percent of the costs are intangible, with the largest share consisting of labor. IDCs allow for independent U.S. oil and gas companies to recover costs which will be reinvested in their next operation. Tax deductions for IDCs are not subsidies for oil and gas companies or anyone else, as some may believe.

Let me be clear. IDCs do not reduce total tax paid over the lifetime of the operation. In fact, they allow for oil and gas companies to recover their intangible costs more quickly, thereby freeing up funds to reinvest in development, which helps create more American jobs.

There is a long history of bipartisanship support for IDCs as important tax tools to encourage domestic energy production. We need to remember that energy security is American security. We cannot have what happened to Europe recently and is happening now ever happen to us here. Even as we continue to transition to cleaner and cleaner energy, we must be reliant on our own production, rather than foreign sources. And that means ensuring our domestic oil and gas production does not dwindle.

Our country must be ready to face the energy challenges of the next few decades. And as President Biden himself acknowledged during his State of the Union recently, we are still going to need oil and gas for a while. That is some common sense. And this common sense bill promotes our nation's domestic energy production or capabilities, something many of us have called for in the wake of Russia's unprovoked invasion of Ukraine. This legislation ensures we keep and create American jobs, lower energy prices, and decrease our dependence on foreign energy.

We aren't asking for a handout for the energy industry. We are asking for the energy sector to receive the same treatment as other capital-intensive industries. Not doing so puts American energy at

a global disadvantage. Energy independence is a foundation of a strong nation and economy, impacting almost everything we do, making the issues of oil and gas industry face a matter of national security.

I urge my colleagues on both sides of the aisle to cosponsor H.R. 5073, the Promoting Domestic Energy Production Act, to ensure domestic energy production can continue to nurture America to lead the world.

[The statement of Mr. Vicente Gonzalez of Texas follows:]

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Mr. VICENTE GONZALEZ of Texas. Thank you, and I yield back.

Chairman SMITH. Mr. Gonzalez, thank you for being here. I appreciate the work that you have been doing with Congressman Carey of our committee, as well, and it was a pleasure to have your testimony.

I now recognize Representative Trent Kelly, the gentleman from Mississippi. Mr. Kelly currently serves as assistant adjutant general for the Mississippi Army National Guard. He has received two Bronze Stars, among many other awards in his service.

And it is a pleasure to have you before the best committee in Congress.

Mr. KELLY of Mississippi. I think you have to be tough; I am surrounded by Gonzalezes from Texas. [Laughter.]

**STATEMENT OF THE HON. TRENT KELLY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MISSISSIPPI**

Mr. KELLY of Mississippi. Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of my bill, H.R. 1755, the Uzbekistan Normalized Trade Act.

My bill would remove Uzbekistan from title 4 of the Trade Act of 1974—more specifically, the Jackson-Vanik amendment—and in turn, grant Uzbekistan permanent normalized trade relations with the United States.

Originally, the Jackson-Vanik amendment was a provision regarding Jewish immigrants fleeing from the USSR. Because the Soviet Union no longer exists, the Jackson-Vanik amendment is outdated and needs to be updated. This provision has become a roadblock in furthering our relationship with Uzbekistan and, unfortunately, has devolved into a point of leverage to gain concessions.

Uzbekistan has made meaningful constitutional reforms regarding women's rights and free market access, which have encouraged foreign investment in Uzbekistan. Militarily, Uzbekistan has assisted the United States in withdrawing from Afghanistan, and has a robust state partnership with the Mississippi National Guard.

Building a strong political and economic partnership with the budding democratic government in Uzbekistan is key to the United States as the United States seeks to counter Russian and Chinese influence in the region. Uzbekistan is a regional leader in the region. While our adversary is preoccupied with his conflict in Ukraine, this is an opportunity for the United States to further deepen our relationship with the former Soviet bloc country.

This bill would help further the domestic and international interests of both countries. Uzbekistan has made significant strides to implement strong, robust, diplomatic, and economic relations with the United States. As a matter of fact, I am meeting with Senator Safojev, one of their chairmen in their Senate, immediately following this meeting. I would be remiss to point out that Mr. Gonzalez from Texas, the Democrat that was sitting to my right, is the co-chair of the Uzbekistan Caucus with me, and has visited, and several members of this committee have visited Uzbekistan with me.

Thank you, Mr. Chairman and Ranking Member Neal, for time to speak today. And I urge the committee to consider H.R. 1755 in its markup.

[The statement of Mr. Kelly of Mississippi follows:]

Congressman Trent Kelly's Remarks Regarding H.R. 1755.

Mr. Chairman, thank you for the opportunity to speak in support of my bill H.R. 1755 – the Uzbekistan Normalized Trade Act. My bill would remove Uzbekistan from Title IV of the Trade Act of 1974, more specifically, the Jackson-Vanik Amendment, and in turn grant Uzbekistan Permanent Normalized Trade relations with the United States. Originally, the Jackson-Vanik Amendment was a provision regarding Jewish emigrants fleeing the U.S.S.R. Because the Soviet Union no longer exists, the Jackson-Vanik Amendment is outdated. This provision has become a roadblock in furthering our relationship with Uzbekistan and, unfortunately, has devolved into a point of leverage to gain concessions.

Uzbekistan has made meaningful constitutional reforms regarding women's rights and free-market access which have encouraged foreign investment. Militarily, Uzbekistan has assisted the United States in withdrawing from Afghanistan and has a robust state partnership with the Mississippi National Guard. Building a strong political and economic partnership with the budding democratic government in Uzbekistan is key as the United States seeks to counter Russian and Chinese influence in the region. While our adversary is preoccupied with its conflict in Ukraine, this is an opportunity for the United States to further deepen our relationship with a former Soviet bloc country.

This bill would help further the domestic and international interests of both countries. Uzbekistan has made significant strides to implement strong, robust diplomatic and economic relations with the United States. Thank you, Mr. Chairman, for the time to speak today, and I urge the Committee to consider H.R. 1755 in mark-up.

Chairman SMITH. Thank you, Mr. Kelly. We appreciate you joining us.

I now recognize Representative Tony Gonzales, the gentleman from the great state of Texas. Mr. Gonzales was a cryptologist in the United States Navy for 20 years, and with deployments across the Middle East and Asia. He currently sits on the Appropriations Committee and the Homeland Security Committee.

Thank you for being with us, Tony.

**STATEMENT OF THE HON. TONY GONZALES, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. TONY GONZALES of Texas. Thank you, Chairman Smith and Ranking Member Neal, for leading this committee and letting me testify today. I appreciate the opportunity to share my passion for helping foster youth.

When I was five years old, my mother and I left an abusive home in the middle of the night, and we spent time in a battered women's shelter. Today, thankfully, my mother lives with me and she helps Angel and I raise our six children.

My wife, Angel, has a similar story. She was a foster child herself, and makes it a point to try to find ways to fix the foster care system in a manner that brings everyone together.

Unfortunately, my story does not have the same happy ending for thousands of children in foster care today. Not only are foster care standards far from what they should be; thousands of children in foster care have gone missing from state foster care systems and cannot be located.

As a member of the Congressional Foster Youth Caucus, I believe there are ways to address this issue and ensure that our nation's foster youth receive the care they deserve. This is why I introduced the Find and Protect Foster Youth Act, which would help remove obstacles in identifying and responding to children who go missing while in foster care, which are also known as runaways.

The issue is that the data on runaways is often inaccurate and, in some cases, preliminarily closed. Long-term data analysis suggests the runaways episodes are actually much higher than what is shown on record. Currently, state and tribal governments are not required to include plans for locating any child missing from foster care, nor are they required to report those findings.

The Find and Protect Foster Youth Act addresses this issue by requiring the Department of Health and Human Services to find obstacles in identifying and responding to missing children in the existing foster care system. The bill seeks to accomplish this by requiring an evaluation of states' protocols to determine the location of the missing foster youth; a report to Congress on the results of that evaluation; and screenings for children who return to foster care to determine if the children were victims of sex trafficking during their absence.

This is only a start, and much more has to be done. But I am grateful for the opportunity that you are giving a voice to so many that feel voiceless. Thank you, Chairman.

[The statement of Mr. Tony Gonzales of Texas follows:]

Chairman Smith and Ranking Member Neal,

Thank you for your work leading this committee and for your efforts to learn more about the issues that our nations' families face. I appreciate the opportunity to share with you and the committee my passion for helping foster youth and opportunities to improve their lives and maximize their potential.

My passion for this issue stems from my desire to provide opportunities to our nations' foster youth and from personal experience. When I was 5, my mother and I left an abusive home in the middle of the night. Growing up, I was in and out of battered women's shelters. Although those years were some of the most challenging in my life, I knew I had my mom by my side every step of the way.

Unfortunately, my story is not the same for the thousands of children in foster care today. The foster care system has seen children that are taken away from their homes in preventable circumstances and situations in which foster children missing from state foster care systems cannot be located. As a member of the Congressional Foster Youth Caucus, I believe that there are ways to address these issues and ensure that our nation's foster youth receive the care that they deserve. This is why I introduced the *Find and Protect Foster Youth Act*, which would help remove obstacles in identifying and responding to children who go missing while in foster care, also known as "runaways".

Youth in the foster care system are some of the most at-risk children for substance abuse, trafficking, and other exploitation due to instances of unsuccessful placements, trauma, neglect, abuse, and other negative social and behavioral conditions. The 17-21 age population is also at a higher risk of trafficking and homelessness. In 2020, about 43% of 21-year-old National Youth in Transition Database respondents had experienced homelessness. A total of 390,000 children were in foster care in 2021. Of that population, about 4,115 children, were designated as runaway.

However, data on runaways are often inaccurate and incomplete. Some cases are preemptively closed, and the lack of accurate data collection can lead to misunderstandings about the child welfare system and its efficacy. Long-term data analysis suggests the prevalence of runaway episodes is much higher.

Currently, state and tribal governments are required to develop and implement prevention and care for missing foster youth. These protocols do not currently include plans for locating any child missing from foster care, determining the factors that contributed to the child's decision to run away, evaluating the child's experience when absent from care including screening for sex trafficking, and reporting these findings.

The Find and Protect Foster Youth Act addresses this issue by requiring the Department of Health and Human Services to find obstacles in identifying and responding to missing children in existing foster care systems. This bill seeks to accomplish this by requiring:

- An evaluation of states protocols in determining the location of missing foster youth,

- Information and assistance related to eliminating obstacles for addressing missing foster youth,
- A report to congress on the results of the evaluation; and
- Screenings for children who return to foster care to determine if the children were victims of sex trafficking during their absence.

There are various issues within the foster care system that need to be addressed. For too long, foster youth have faced circumstances that impede their abilities to experience safe and fulfilling lives. I believe that my bill is a step in the right direction to help this population and would appreciate your support in getting it passed.

Thank you.

Mr. TONY GONZALES of Texas. And I yield back.

Chairman SMITH. The ranking member.

Mr. NEAL. I want to thank the gentleman for bringing that issue to our attention, and the considerate manner in which you delivered it.

One of the great stories of Congress is how people got here, and what their backgrounds are, and how they were raised, which, in most instances, inform our decisions. So I have a very similar story to the one that the gentleman offered. And while not wanting to make everybody familiar with it, many people know of it, much dependent on Social Security survivor benefits. Grandmothers and aunts were all involved in the raising of myself and others.

But as you have described it, there are extraordinary challenges that confront people every single day. But I am pleased that you were able to bring your own experience and tell your own story because, in the end, that is what helps move Congress in the right direction. So I thank the gentleman.

Chairman SMITH. Mr. Schweikert.

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

Tony, one quick question. So this is basically on tracking foster youth that just have disappeared from the rolls, or—you know, and my wife and I have gone through the process of getting certified in our time trying to adopt kids.

But some of the issues around it are much bigger, you know, these—you know, our incentive on family reunification that often is not actually the best thing for the child. Do you think this, or should we try to do something more global?

Mr. TONY GONZALES of Texas. Yes, this is a start. Thank you for that question.

And what we are seeing is some states track runaways. So let's say someone is in the foster care system and they run away, which is more common than people realize. And then, when they come back, there is nothing that tracks that they were ever gone from the system. Some states do it, some states don't. So it essentially goes, "While you were gone, what happened to you, why did you leave"——

Mr. SCHWEIKERT. So Tony, you are looking for a standardization.

Mr. TONY GONZALES of Texas. A standardization——

Mr. SCHWEIKERT. Okay.

Mr. TONY GONZALES of Texas [continuing]. That identifies why they left. In some cases, maybe the foster care—the foster home that they left wasn't the right setting, or just—and what happened when you were gone?

You know, it is—usually, they are homeless or they are in a very vulnerable situation. So it tracks that to identify how do we prevent foster children from running away, and then, when they do come back, how do we give them the services they need if they did experience any trauma while they were gone.

Mr. SCHWEIKERT. All right. Thank you, Tony. I know in Arizona we still have a real shortage of families willing to do this. So we want to make sure you do it in a way where you are continuing to get people willing to take kids into their home and go through the certification process.

So I yield back.

Chairman SMITH. Mr. Gonzales, thank you for your testimony. Your bill draws attention to an important topic focused on protecting our foster youth. That is our responsibility. We need to get the job done. So thank you for being here.

Mr. TONY GONZALES of Texas. Thank you, Chairman.

Chairman SMITH. Thank you for—all, for your testimonies. We will now move to panel number four.

[Pause.]

I now recognize Representative Bruce Westerman. He is the chairman of the House Natural Resources, was a four-year walk-on football player at some university in Arkansas, and a member of the Arkansas General Assembly, and is an engineer and forester by trade.

It is a pleasure to have you in the people's committee.

STATEMENT OF THE HON. BRUCE WESTERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Mr. WESTERMAN. Thank you. Thank you, Chairman Smith and Ranking Member Neal, and it is an honor to be here.

And Go Hogs. You caught me off guard a little bit with that opening.

It is great to be able to participate and have this opportunity to visit with my friends in this important Ways and Means Committee Members Day hearing, and I appreciate you doing the hearing.

As you know, one effort that I have been proud to lead is the Trillion Trees Act. It is a bipartisan proposal that seeks to establish the United States as a global leader in the One Trillion Trees Initiative.

This bill is—does a lot more than just plant trees. It is about planting trees, or afforestation. It is also about taking care of the existing forests that we have to make them vibrant and healthy. And it is also about using wood products to store more carbon.

And one way to think of that is wood is kind of like a battery for carbon. Photosynthesis is the oldest, most efficient, most effective way of taking carbon out of the atmosphere. Teddy Roosevelt called trees the “lungs of the Earth.” Through photosynthesis, trees pull in carbon dioxide, they store the carbon in the wood, and they exhale the oxygen back for us to breathe.

And the interesting thing is, as we are in this beautiful hearing room, we got all this nice wooden dais and furniture in here, 50 percent of this wood was atmospheric carbon at one point in time. It was atmospheric carbon that a tree pulled in, converted it into hydrocarbons, stored it in the wood. And as long as this wood is here, this carbon is stored here.

Now, these trees were sustainably harvested, hopefully. Where this timber was cut, a new tree grew back and it is out there storing carbon today in that same space. So it is very important that we keep forested lands, and that we are able to utilize the ability of the land to perform photosynthesis through plants and store the carbon.

But it is also important that we utilize wood products, kind of like a battery. You know, we talk about carbon capture and sequestration. Well, nothing captures carbon and sequesters it better than wood. Some of our oldest structures in the world are actually wooden structures.

The other part that is such—so fascinating about Trillion Trees is there was a study done a few years ago that said that if we planted a trillion trees globally, we would sequester 205 gigatons of carbon. That is an amount equivalent to two-thirds of all the carbon emitted by man since the beginning of the Industrial Revolution.

Now, people will argue that number and say, well, that is too high, or that is too low. But the fact is it is larger scale than anything else that anybody has talked about, and it is something that is readily available that we should be working on.

Now, for all the tree folks out there, there is about three trillion trees in the world. Scientists tell us there have been as many as 7 trillion trees, and we have about 300 billion here in the United States. So we can't plant a trillion trees in the United States, but we can certainly do our part to plant more trees and to take care of the forest that we have, and that leads me to the reason I am here at the Ways and Means Committee.

I have been working with Representative Ferguson, who comes from a tree state, the great State of Georgia, and they get it. They are in Georgia. They know, just like we do in Arkansas, that we harvest a lot of trees, but we grow more, we are growing more trees than we are harvesting. So the amount of wood in Arkansas and Georgia and other states is increasing every year.

And the greatest threat to deforestation is development. So—and to prevent—or to keep forests forested, we need to have markets for those products. And that is why we are proposing that we don't create a new tax credit, we just make products like mass timber available for existing tax credits, such as those under Section 45(l) and under Section 179(d).

Wood is not only a great storer of carbon, it also is a great insulator. And when you make mass timber, it is really thick panels that creates a very high insulation value envelope for a building. So that is the reason I am here.

[The statement of Mr. Westerman follows:]



**Member Day Statement
Chairman Bruce Westerman
House Committee on Natural Resources
Sustainable Building and Residence Credit
September 14, 2023**

Chairman Smith, Ranking Member Neal, thank you for the opportunity to participate in this important Ways and Means Committee Members' Day Hearing.

One effort that I have been proud to lead is the Trillion Trees Act, a bipartisan proposal that seeks to establish the United States as a global leader of the One Trillion Trees Initiative. This bill seeks to responsibly grow more trees, use more wood, and

store more carbon, all with a special focus on responsible management of our forests.

Scientific studies have shown that planting 1 trillion new trees globally would sequester 205 gigatons of carbon, an amount equivalent to two-thirds of all man-made emissions since the beginning of the Industrial Revolution. My friend Joe Fox, the former State Forester of Arkansas, likes to say, “Trees are the answer. Now what’s your question?”

Trees are one of the best answers we have to pull carbon out of the atmosphere, create a healthier and cleaner environment, and create new jobs. Responsibly growing more timber will yield immense economic and environmental benefits.

As Chairman of the Natural Resources Committee, I have continued to stress that a healthy environment and a strong economy are not mutually exclusive. And as a forester, I don't believe there is any greater example of this truth than the responsible utilization of timber and wood products that comes from the wise stewardship of our forests.

I am committed to encouraging more responsible utilization of wood products. One of the best ways we can do that is by incentivizing low carbon building materials, including wood products like mass timber, in residential and commercial construction projects. I have been working with Representative Drew Ferguson this year on this issue, and we have even been discussing ways to expand existing tax credits, such as the Section 45L new energy efficient home credit or the Section

179D commercial buildings energy efficiency tax deduction, to add wood products like mass timber.

The new energy efficient home credit is currently eligible for new or substantially reconstructed homes that meet energy efficiency requirements of the ENERGY STAR home program or DOE Zero Energy Ready Home program. Likewise, the 179D deduction enables building owners to claim a tax credit for installing qualifying energy efficiency systems. Expanding these programs to consider the use of lower carbon material, including wood products, would be a great way to further improve the goals of these credits.

Expanding these tax credits will encourage more traditional wood use and low carbon construction while also helping to inspire new innovative products as well.

My home state of Arkansas is a shining example of the possibilities offered by the responsible use of wood products. Arkansas forests support a flourishing timber industry that is responsible for \$6.5 billion in added value impact per year and directly employs over 27,000 people. Despite consistent increased harvesting, thanks to exemplary forest management, Arkansas is growing over 15 million more tons of wood fiber than is being harvested every single year. Not only is the wood products industry providing critically important economic production, but every single year more and more carbon is being stored. It is vital that we find ways to duplicate this effort more broadly.

Trees are a sustainable, abundant resource that are the greatest carbon capturing device in existence. Not only do trees continue

to capture and store carbon atmospheric carbon while they are standing, but after a tree is cut down and used in wood products, it will continue storing that carbon indefinitely. In fact, harvested wood products are naturally comprised of about 50 percent carbon by dry weight. From the tables, chairs, and dais in this room, to the wood used to build our homes, carbon is being stored everywhere that timber products are present.

Wood technology continues to improve, and the possibilities are greater than ever. There are two technologies I'd like to highlight in particular today that would benefit from the Trillion Trees Act, and the tax credit within it.

The first is mass timber, such as cross-laminated timber, or CLT. CLT is made by gluing sawn pieces of lumber together into massive wood panels and is being used for increasingly

large-scale projects. In Arkansas, Walmart is building their new headquarters utilizing CLT. In doing so, this project has sequestered 15 to 20 million pounds of carbon. This project demonstrates the enormous potential that exists to increase the amount of carbon we are storing while improving the health of our forests and providing important economic benefits and jobs.

The second technology I'd like to highlight is biochar. Biochar is made by burning feedstock like low-value wood products or chicken litter in the absence of oxygen, also known as pyrolysis. The Incans used biochar for farming, but it has a wide range of applications that can improve soil nutrients, water retention, and carbon storage. Because biochar can utilize low-value materials, this could be a solution to help create new markets for overstocked and fire-prone Western forests.

In closing, I'd like to thank you all for having me today and encourage your support of the Trillion Trees Act. I believe if we truly work in a bipartisan way, we can leave a healthier environment and better economy for our children and grandchildren. As Chairman of the Natural Resources Committee, I look forward to working with Ways and Means to advance meaningful solutions like the Trillion Trees Act.

Thank you, and I yield back.

Mr. WESTERMAN. I am out of time and would be glad to answer any questions.

Chairman SMITH. Mr. Ferguson.

Dr. FERGUSON. Thank you, Mr. Chairman.

Mr. Westerman, thank you for being here today. As you pointed out, we have got an excellent opportunity in front of us to do something really good for the environment and really good for our economy simultaneously. And when you look at the ability of Americans to innovate and to create, one of the things that we can lead the world on is mass timber, and using that to help with, as you mentioned, the sustainability of our forest, making sure that we have markets for, you know, for the end user.

But we are facing some real challenges related to housing availability right now. Using mass timber in the residential area looks like it could provide some solutions to that because you can build houses more quickly and more affordably doing this as this industry continues to grow and ramp up. So many times I think mass timber is viewed as building 10-story skyscrapers. We need to open up these markets for individual consumers in the home section and also the very small commercial, where concrete and steel aren't the primary choice for building.

You bring up something that is very important, and I think it should be talked about one more time. One of the biggest challenges that we have with energy usage is the inefficiency of homes because of poor insulation. And if you can build homes using mass timber that have a greater—that are—that have a greater R value, you wind up saving a significant amount of energy in our baseline load and our baseline capacity in the energy that we are going to need for a lot of other stuff.

So I am excited about the possibility of making this product available through the existing tax credit system with the changes that you have recommended, and look forward to, as we move forward, to supporting this effort in the committee.

With that, Mr. Chairman, I yield back.

Chairman SMITH. Thank you. Mr. Kelly is recognized.

Mr. KELLY of Pennsylvania. Thank you, Mr. Chairman. So you are sitting beside another guy who knows about timber.

When we talk about Pennsylvania, people say, oh, yes, you guys, big steel state. No, no, that is not the biggest product we have. They say, oh, yes, yes, you guys are into coal and natural gas. I say, well, yes, that is part of the deal.

It is timber, especially—I think, GT, I am right. I think it is the—black cherry is one of the valued timbers that we have. But again, the management of this valuable resource.

And Bruce, I really appreciate when you talked about the contribution again to our environment. You all teaching us about something we have absolutely no idea about is incredible. I am so glad you are on the committee, and that you are here serving in the Congress, because I don't know of anybody who ever served here before that had the profession that you are already in.

So I know when Freddie Keller wasn't able to run—Fred Keller is another guy that was all—it was all about timber, it was all about wood. And really, just hanging around with him, and we would talk about it, I was amazed by what I didn't know. So—and

I know GT feels the same way about it, because we have talked about it many times.

And thank you. Thank you for being here, and thank you for bringing it up and bringing it to our attention. Thank you.

Chairman SMITH. Ms. Malliotakis.

Ms. MALLIOTAKIS. Thank you. I just want to thank the sponsor for this legislation. I am a proud cosponsor of this bill. I think it is a practical, common-sense, cost-effective solution, carbon sequestration.

And also, as my colleague said, it can help the economy, as well. And so it is a win-win, and I think that it really makes sense for us to move this bill forward.

And I just appreciate the gentleman's time.

Chairman SMITH. Thank you, Chairman Westerman. We appreciate your time in our committee.

Mr. WESTERMAN. Thank you, Chairman Smith.

Chairman SMITH. I now recognize Chairman GT Thompson, the gentleman from Pennsylvania.

Mr. Thompson is the proud, proud chairman of our House Agriculture Committee.

It is great to have you here.

STATEMENT OF THE HON. GT THOMPSON, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. THOMPSON of Pennsylvania. Well, Chairman Smith, thank you so much, Ranking Member Neal, and members of the House Committee on Ways and Means. Good morning, and thank you for providing the opportunity to share my priorities for the 118th Congress.

And after spending nearly three decades as a therapist, rehabilitation services manager, and a licensed nursing home administrator prior to coming to Congress, I have seen firsthand the importance of access to quality health care in rural communities.

Today I would like to discuss a couple pieces of legislation before this committee that removes some of these obstacles and increases access, affordability, and quality of care for patients across the country.

The first, H.R. 4315, the Medicare Orthotics and Prosthetics Patient Centered Care Act, which would strengthen Medicare for beneficiaries who use orthotics and prosthesis by reducing waste, fraud, and abuse within the Medicare program, and expanding access to these critical devices.

Medicare currently reimburses the drop shipment of custom orthotics and prosthetics directly to a Medicare beneficiary's home without any clinical guidance, training, or intervention from a provider or supplier. This leads to rampant waste, fraud, and abuse within Medicare as dropship devices may not fit a patient's needs, do not work as advertised, may not be able to be operated without professional guidance. And quite frankly, with ill-fitting devices it can cause ulcerations and further expensive medical complications.

Now, this legislation prohibits the drop shipment of all prosthetic limbs and custom fabricated or custom-filled orthotics, potentially saving Medicare billions of dollars, and ensuring that these bene-

ficiaries have appropriate access to a health care practitioner to provide the necessary guidance.

H.R. 4315 also expands access to replacement orthosis for Medicare beneficiaries. Currently, Medicare does not generally cover the replacement of a custom-fitted or custom-fabricated orthotic within the reasonable use lifetime of the orthotic. This forces beneficiaries to wait a long period of time before being eligible for replacements, and undeniably delaying access to medically necessary care.

This bill would also allow Medicare to reimburse for a replacement orthotic device if the current orthotic device is broken or a new one is medically required.

Finally, H.R. 4315 implements a zero-cost regulatory fix to allow certified or licensed orthotists or prosthetists to provide off-the-shelf orthotics directly to Medicare beneficiaries by exempting them from competitive bidding. Under the present system, orthotists and prosthetists without a competitive bidding license are required to send patients in need of an off-the-shelf orthosis to a colleague that has a competitive bidding license, adding an unnecessary barrier to care. This change brings orthotics and prosthetics in line with other providers like physical and occupational therapists and physicians.

Also, the Centers for Medicare and Medicaid Services also exempt those individuals from the competitive bidding process. So it is a precedent within the industry.

I respectfully urge the committee to provide for consideration of the Medicare Orthotics and Prosthetics Patient Care Centered Act to reduce waste in Medicare and increase access to these devices for patients across the country.

Now I would also like to turn to an issue impacting access to care for thousands of Medicare beneficiaries. As you may know, current Medicare law requires that patients have an inpatient stay of at least three days in order for Medicare to pay for prescribed care at a skilled nursing facility. There is a mounting concern and evidence that too many Medicare beneficiaries and their families are being saddled with insurmountable surprise, out-of-pocket costs for stays at skilled nursing facilities because hospitals are caring for these patients under outpatient observation status.

This billing technicality has significant repercussions for beneficiaries who are left facing either enormous unexpected post-hospital bills, or avoiding the care and treatment their doctors have recommended. We saw the temporary waiver of the three-day rule during the COVID-19 pandemic, and now it is time to take it a step further.

H.R. 5138, Improving Access to Medicare Coverage Act, is a bipartisan legislation that ensures Medicare covers this doctor-recommended post-acute care by counting the time spent under observation status towards the requisite three-day hospital stay for the coverage of skilled nursing care.

I certainly respectfully request that the committee give full and fair consideration to H.R. 5138, and I have included in my written comments that have been submitted some additional priorities under the jurisdiction of this esteemed committee.

Thank you for the opportunity to be able to be here and participate in your Member Day.
[The statement of Mr. Thompson of Pennsylvania follows:]

The Honorable Glenn “GT” Thompson (PA-15)
Testimony before the House Committee on Ways and Means
Member Day Hearing on Priorities in the 118th Congress
September 14, 2023

Chairman Smith, Ranking Member Neal, and Members of the House Committee on Ways and Means:

Good morning and thank you for providing the opportunity to share my priorities for the 118th Congress. Representing one of the most rural districts east of the Mississippi River, accessible and affordable health care is a top priority for me and my constituents who too often face unnecessary barriers to accessing the care they need. After spending nearly three decades as a therapist, rehabilitation services manager, and licensed nursing home administrator prior to coming to Congress, I have seen firsthand the importance of access to quality health care in rural communities. Today, I would like to discuss several pieces of legislation before this Committee that remove some of these obstacles and increase access, affordability, and quality of care for patients across the country.

Medicare Orthotics and Prosthetics Patient-Centered Care Act

H.R. 4315, the *Medicare Orthotics and Prosthetics Patient-Centered Care Act*, would strengthen Medicare for beneficiaries who use orthoses and prostheses by reducing waste, fraud, and abuse within the Medicare program and expanding access to these critical devices. Orthoses (orthopedic braces) and prostheses (artificial limbs) help millions of Americans increase mobility, recover from injury, and improve overall quality of life.

Medicare currently reimburses the “drop shipment” of custom orthoses and prostheses directly to a Medicare beneficiary’s home without any clinical guidance, training, or intervention from a provider or supplier. This leads to rampant waste, fraud, and abuse within Medicare as durable medical equipment suppliers are reimbursed for devices that may not fit a patient’s needs, do not work as advertised, or are not able to be operated without professional guidance. This legislation prohibits the drop-shipment of all prosthetic limbs and custom-fabricated or custom-fitted orthoses, potentially saving Medicare billions and ensuring these beneficiaries have appropriate access to a health care practitioner to provide the necessary guidance for proper use of their device.

H.R. 4315 also expands access to replacement orthoses for Medicare beneficiaries. Currently, Medicare does not generally cover the replacement of a custom-fitted or custom-fabricated orthosis within the “reasonable use lifetime” of the orthosis, usually around five years. This forces beneficiaries to wait long periods of time before being eligible for replacements, undeniably delaying access to medically necessary care. The bill would allow Medicare to reimburse for a replacement orthosis if any of the following conditions are met:

- A change in the physiological condition of the patient

- An unrepairable change in the condition of the orthosis
- The orthosis requires repairs and those costs would be more than 60 percent of the cost to replace the orthosis

Finally, this legislation also implements a zero-cost regulatory fix to allow certified or licensed orthotists and prosthetists to provide off-the-shelf orthoses directly to Medicare beneficiaries by exempting them from competitive bidding. Under the present system, orthotists and prosthetists without a competitive bidding license are required to send patients in need of an off-the-shelf orthosis to a colleague that has a competitive bidding license, adding an unnecessary barrier to care. This change brings orthotists and prosthetists in line with other providers, like physical and occupational therapists and physicians, who the Centers for Medicare and Medicaid Services (CMS) also exempt from the competitive bidding process.

I respectfully urge the Committee to provide for consideration of the *Medicare Orthotics and Prosthetics Patient-Centered Care Act* to reduce waste in Medicare and increase access to these devices for patients across the country.

Improving Access to Medicare Coverage Act

As you may know, current Medicare law requires that patients have an inpatient stay of at least three days in order for Medicare to pay for prescribed care at a skilled nursing facility (SNF). There is mounting concern and evidence that too many Medicare beneficiaries and their families are being saddled with insurmountable, surprise out-of-pocket costs for stays at SNFs because hospitals are increasingly caring for these patients under “outpatient observation status” rather than admitting them as inpatients. This billing technicality has significant repercussions for beneficiaries who are left facing either enormous, unexpected post hospital bills or avoiding the care and treatment their doctors have suggested.

In 2013, both the HHS Office of the Inspector General and the Long Term Care Commission urged the CMS to consider ways “to ensure that beneficiaries with similar post-hospital care needs have the same access to and cost-sharing for SNF services,” including the request to count time spent in observation status toward meeting CMS’ three day stay requirement. We saw the temporary waiver of the three-day rule during the COVID-19 pandemic, and now it is time to take it a step further.

H.R. 5138, the *Improving Access to Medicare Coverage Act*, is bipartisan legislation that ensures Medicare covers this doctor-recommended post-acute care by counting the time spent under “observation status” toward the requisite three-day hospital stay for coverage of skilled nursing care. Medicare beneficiaries should be able to have peace of mind when receiving medical care advised by their physicians and certainty that Medicare will reimburse their care.

Therefore, I respectfully request the Committee give full and fair consideration to H.R. 5138 and help expand access to necessary medical care for Medicare beneficiaries.

Telehealth

As a former health care professional, I am amazed at how telehealth services make life simpler for rural and underserved communities. During the COVID-19 Public Health Emergency, we have seen the use of telehealth increase dramatically. Health care providers, including federally qualified health centers (FQHC) and rural health clinics (RHC), have adopted telehealth to safely provide care to individuals throughout the country. These services include routine health care like wellness visits, medication consultation, dermatology, eye exams, nutrition counseling, and mental health counseling.

The pandemic has laid bare the critical and immediate need for expanded access to telehealth and telemedicine services throughout the country. The ability to use telehealth services during this crisis has demonstrated how this technology can play a pivotal role in improving health equity by increasing access to care for vulnerable populations, particularly those in rural communities who face unique barriers.

In the near future, I will reintroduce the *Helping Ensure Access to Local TeleHealth (HEALTH) Act*, bipartisan legislation that builds off provisions in previously passed COVID-19 packages that waived telehealth restrictions and encouraged the use of telehealth to provide access to care. This legislation would permanently allow FQHCs and RHCs the ability to provide telehealth services as “distant sites” under Medicare. Medicare will reimburse these facilities the same as if an individual received services at the physical brick-and-mortar location. The bill also allows these health facilities to continue to utilize audio-only telehealth visits for patients who do not have access to quality broadband.

Continued use and promotion of telehealth will improve health equity by increasing access to care for our most vulnerable. The *HEALTH Act* will cut red tape and permanently allow community health centers and RHCs to furnish telehealth services to their patients. Once introduced, I request the Committee give this bill full and fair consideration.

Inpatient Rehabilitation Therapy

CMS uses an intensity of therapy requirement to determine, in part, which Medicare beneficiaries qualify for treatment in an inpatient rehabilitation facility (IRF). The “Three-Hour Rule” requires the patient to participate in, and benefit from, at least three hours of rehabilitation therapy per day, five days per week. Prior to 2010, CMS regulations for IRFs explicitly recognized physical therapy, occupational therapy, speech therapy, and/or orthotics and prosthetics as countable toward the “Three-Hour Rule” but allowed the physician and rehabilitation team to prescribe the appropriate mix of “other therapeutic modalities” in addition to the skilled services listed in the regulation. In 2010, CMS revised the IRF regulations and limited the “Three-Hour Rule,” removing the physician’s discretion to count additional therapeutic services toward satisfaction of the rule. Other skilled therapies, including recreational therapy, psychological services, respiratory therapy, and neuropsychological services, are no longer counted.

Although IRFs are permitted to provide these services, the fact that they cannot be counted toward the rule has limited their availability in many rehabilitation hospitals. During the COVID-19 Public Health Emergency, the “Three-Hour Rule” was waived in its entirety. Despite this broad flexibility, nationwide IRF data demonstrates that admissions did not increase, and the average amount of therapy provided to patients remained steady. The blanket waiver of the rule has not resulted in negative impacts on care, but has allowed IRF patients to receive a broader, more appropriate mix of therapies to treat their conditions.

In the near future, I will reintroduce the *Access to Inpatient Rehabilitation Therapy Act* to ensure that rehabilitation physicians are able to prescribe the correct mix of skilled rehabilitation therapies for their patients by allowing “other skilled therapeutic modalities,” including recreational therapy, respiratory therapy, and other defined by CMS, to count toward the intensity of therapy requirement during an IRF stay. This bipartisan legislation will support America’s seniors by preserving expanded access to skilled rehabilitation therapies for Medicare patients. As a former rehabilitation therapist, I request the Committee give full and fair consideration to the bill once introduced.

Thank you again to Chairman Smith, Ranking Member Neal, and Members of this Committee for allowing me to express my priorities for this Committee in the 118th Congress. I appreciate your consideration and look forward to working together on these and other issues.

Chairman SMITH. Thank you, Chairman Thompson, for your presence.

I am pleased to now recognize Representative Buddy Carter, the gentleman from Georgia. Mr. Carter is a pharmacist by trade, and ran a pharmacy for over 30-plus years before coming to Congress.

We are pleased to have you before us.

STATEMENT OF THE HON. BUDDY CARTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. CARTER. Thank you. I started when I was 10, so that explains that.

Anyway, Mr. Chairman, thank you for allowing me to testify today at this Member Day hearing so that I can discuss before the committee some pieces of legislation that I am leading and I believe are important.

Mr. Chairman, I would like to discuss my bipartisan bill, the Protecting Patients against PBM Abuses Act that will protect patients and pharmacies from harmful PBM practices that are making health care inaccessible and unaffordable for millions of America.

First, before I begin, I would like to put into context how powerful PBMs are. Three PBMs control eighty percent of all prescriptions processed in the U.S. They own or are owned by insurers and have vertically consolidated their businesses to own everything and everyone between themselves and the patients including doctors, pharmacies, group purchasing organizations, and more. Yet PBMs do nothing more than process claims. They are just paper pushers, I like to say. They bring no value to the health care system whatsoever.

It is time for Congress to do its duty and stop these PBMs from gaming the system, and return the dollars they profit back to patients. That is why I urge the Committee to support the Protecting Patients Against PBM Abuses Act.

PBMs currently get compensated by charging fees calculated as a percentage of the cost of the medicine. This incentivizes PBMs to push the price of medicines higher by blackmailing for formulary access, or they choose higher-priced medicines to put on their formulary. When PBMs have incentives to follow medicines with a higher list price, it can lead to higher costs for patients who face cost sharing and deductibles and co-insurance that is typically based on list price.

The Wall Street Journal recently reported that across the selection of so-called specialty generic drugs, Cigna and CVS prices were at least 24 times higher, on average, than roughly what the medicines manufacturers charge. This can also mean patients have fewer and higher choices when PBMs disfavor generic or lower-priced brand competitors.

Delaying action on this any longer results in increased costs for patients. This is about patients. It is about patient cost.

If we can de-link administrative fees paid to PBMs from the price of medicines, this proposal will help to correct those misaligned incentives and bring relief to patients in the pharmacy counter.

Representative Lisa Blunt Rochester and I are proposing this bipartisan bill that will help patients afford their medicine and protect them from harmful PBM practices.

Another critical part of this bill is that it prohibits PBMs from reimbursing non-affiliated pharmacies at a rate less than they reimburse their own pharmacies. I think all of you are familiar with what I am talking about, so I am going to move on.

I understand that this committee has not advanced the Protecting Patients Against PBM Abuses Act, but I would like to work with this committee to ensure that it is ready for consideration in a future markup.

Another piece of legislation I would like the committee to consider is H.R. 655, the Disaster Reforestation Act. As those on the committee may be aware, Georgia is our nation's number-one forestry state. This industry is important, providing thousands of jobs. Unfortunately, our nation's family forest landowners face threats on multiple fronts. As we have seen recently, natural disasters and fires constantly pose dangers to significant investments they make in maintaining forest land.

The Disaster Reforestation Act would amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster as long as they replant. We don't want them becoming condos, we want them to replant and keep our forests in place.

I would also like to express support for the Help Independent Track Succeed Act, or the HITS Act. The HITS Act would allow independent artists and songwriters to fully expense the cost of making new music on their taxes. This is similar to how qualified film and television production expenses are allowed to be expensed, which we have seen thrive in states like mine.

I would also like to mention something very important to me, and that is the Fair Tax. The Fair Tax is incredibly popular. This is because the American people are completely dissatisfied with the current tax code. It is a convoluted, absurd system that punishes hard work. As a result, some 85 percent of Americans are frustrated by the complexity of our tax code.

H.R. 25, the Fair Tax, will eliminate the Federal income, payroll, and estate and gift taxes, replacing them with a revenue-neutral national 23 percent—not 30 percent, 23 percent—consumption tax, consumption tax. You decide on what you are going to pay. This is a good and great proposal that I hope that you will look at, this committee will look at.

Thank you, Mr. Chairman. I appreciate your attention to these matters. They are all important.

[The statement of Mr. Carter follows:]

Ways & Means Member Day Testimony: H.R. 2880, the Protecting Patients Against PBM Abuses Act, Disaster Reforestation Act, HITS Act, and H.R. 25, the Fair Tax Act of 2023

- Mr. Chairman, thank you for allowing me to testify today at this Member Day hearing so that I can discuss before this Committee some pieces of legislation that I am leading and I believe are important.
- Mr. Chairman, I'd like to discuss my bipartisan bill, the Protecting Patients Against PBM Abuses Act, that will protect patients and pharmacies from harmful PBM practices that are making health care inaccessible and unaffordable for millions of Americans.
- First, before I begin, I'd like to put into context how powerful PBMs have become.
- 3 PBMs control 80% of all prescriptions processed in the U.S. They own or are owned by insurers, and have vertically consolidated their businesses to own everything and everyone between themselves and the patients including doctors, pharmacies, group purchasing organizations, and more.
- Yet PBMs do nothing more than process claims, "paper pushers" I like to say. They bring no value to the health care system whatsoever.
- It is time for Congress to do its duty and stop these PBMs from gaming the system and return the dollars they profit back to patients.
- That is why I urge this Committee to support the Protecting Patients Against PBM Abuses Act.
- PBMs currently get compensated by charging fees calculated as a percentage of the cost of medicine.
- This incentivizes PBMs to push the price of medicines higher by blackmailing for formulary access, or they choose higher priced medicines to put on their formulary.

- When PBMs have incentives to favor medicines with higher list prices, it can lead to higher costs for patients who face cost sharing in deductibles and coinsurance that is typically based on list price.
- The Wall Street Journal recently reported that across a selection of so-called specialty generic drugs, Cigna and CVS's prices were at least 24 times higher on average than roughly what the medicines' manufacturers charge.
- The prices at UnitedHealth Group, which also owns a large health insurer, were 3.5 times as much.
- It can also mean patients have fewer and higher cost choices when PBMs disfavor generic or lower-price brand competitors.
- For example, the three largest PBMs continue to block more than 1,150 treatments from their formularies, including a low-cost insulin alternative.
- Delaying action any longer results in increased costs for patients.
- You know, my patients never asked me to dispense them a medication with the highest price medicine. Why do the PBMs think that's what's best for patients?
- By delinking administrative fees paid to PBMs from the price of medicines, this proposal will help to correct these misaligned incentives and bring relief to patients at the pharmacy counter.
- The Congressional Budget Office estimates that delinking in Part D would save more than \$200 million in federal spending.
- Representative Lisa Blunt Rochester and I are proposing this bipartisan bill that will help patient afford their medicine and protect them from harmful PBM practices.
- Another critical part of this bill is that it prohibits PBMs from reimbursing non-affiliated pharmacies at a rate less than they reimburse their own pharmacies.

- A recent MedPAC report indicated that vertically integrated PBMs in Medicare Part D may be benefiting from higher reimbursements to their own pharmacies while increasing costs to the Part D program.
- This has created a perverse incentive for PBMs to drive up costs for patients and limit patient access to pharmacies of their choice.
- My bill, the Protecting Patients Against PBM Abuses Act, ends PBMs' misaligned incentives that are driving up prices and costs for patients.
- Especially now, with inflation near forty-year highs, Congress must use all tools at its disposal to help vulnerable patients stretch the value of their dollar.
- Now let me be clear, opponents to this legislation are choosing to prioritize insurer and PBM profits over savings for patients.
- Patients deserve the best drugs at the lowest costs and pharmacies deserve the right to do business without the hassle of middlemen looking to make a cheap buck.
- I greatly appreciate the work of this committee and so many of my colleagues to start to rein in these PBM tactics and put patients first.
- But, we must continue to do more.
- I understand that this Committee has not advanced the Protecting Patients Against PBM Abuses Act, but I would like to work with this Committee to ensure that it is ready for consideration at a future markup.
- Another piece of legislation that I'd like the Committee to consider is H.R. 655, the Disaster Reforestation Act.
- As those on the Committee may be aware, Georgia is our nation's number one forestry state with more commercially available timberland and harvested timber than any other state.
- This industry is important to providing thousands of everyday products that are essential to are lives, as well as providing clean air, water, and habitats.

- Unfortunately, our nation's family forest landowners face threats on multiple fronts.
- As we've seen recently, natural disasters and fires constantly pose dangers to the significant investments they make into maintaining forestland.
- Compounding the issue is fact that our tax code makes it extremely difficult or impossible for private forest landowners to recover after such devastating events.
- The Disaster Reforestation Act would amend the tax code to allow forest owners to deduct the full market value of their timber prior to the loss caused by the federally declared natural disaster.
- Further, this bill requires those landowners to reforest their land within 5 years, ensuring the forestland is not converted to other uses and preserving the environmental and economic benefits.
- Again, forest landowners provide clean air, fresh drinking water, and quality jobs for our nation.
- To ensure they can continue their positive impact, we must pass the Disaster Reforestation Act.
- Quickly, I'd also like to express support for the "Help Independent Tracks Succeed Act" or the "HITS Act."
- The HITS Act would allow independent artists and songwriters to fully expense the costs of making new music on their taxes.
- This is similar to how qualified film and television production expenses are allowed to be expensed, which we have seen thrive in states like mine.
- I have supported this bill for a couple Congresses now and believe it is important to allowing independent artists to begin creating after the pandemic that hit them so acutely.

- Lastly, I'd be remiss if I did not take time to speak on the FairTax and urge that it receive fair consideration.
- The FairTax is incredibly popular.
- After all, how many tax plans have been New York Times Bestsellers?
- This is because the American people are completely dissatisfied with the current tax code.
- Our current tax code is built on government control.
- It's a convoluted, absurd system that punishes hard work.
- As a result, some 85% of Americans are frustrated by the complexity of our tax code and only two-in-ten Americans say they trust the government in Washington to do what is right with their hard-earned money.
- The current tax code is not working for Americans, and they are hungry for something that serves them.
- H.R. 25, the FairTax, would eliminate the federal income, payroll, and estate and gift taxes, replacing them with a revenue-neutral national 23% consumption tax.
- It would eliminate the need for the IRS. It would eliminate Tax Day.
- It would allow you to take home 100% of your paycheck, so that you control where your hard-earned dollars go.
- Skeptics point out that a 23% consumption tax sounds like a lot, and it is.
- But what many consumers fail to realize is that today's sticker prices are already inflated to cover corporation's tax burdens.
- Every tax imposed on businesses – whether it is corporate, FICA, or other taxes – is passed down to the consumer.

- You're already paying taxes every time you purchase a good or service. Under the FairTax, you're not paying for anyone else's.
- Unsurprisingly, Washington Democrats have wasted no time fearmongering about the FairTax.
-
- They claim this will disproportionately impact the lowest income earners. That claim is false.
- The FairTax includes an advance tax refund to every legal American family at the beginning of every month to purchase goods and services tax free up to the national poverty level.
- This means a family of four can spend \$30,000 a year without paying a penny in taxes. That's an effective tax rate of 0%.
- No one else is seriously advocating to repeal the most regressive we have, and largest tax American families pay – the payroll tax – and in the process making the United States the most competitive place to do business on the globe.
- That checks every box and principle we have, regardless of what side of aisle you are on.
- Does overturning an entrenched tax code with thousands of special interests invested in keeping their carve-outs pose significant challenges? Yes.
- Is this a big, radical idea? Absolutely.
- However, I did not come to Congress to satisfy special interests or maintain the status quo. I was sent to Congress to fight for taxpayers, small businessowners, mothers, fathers, students, truck drivers, and everyone that keeps our great country running.
- Thank you, Mr. Chairman, and yield back the remainder of my time.

Mr. CARTER. And I yield back.

Chairman SMITH. Representative Carter, it is a pleasure to have you here. With your long priorities of legislation in our committee, it appears you probably are serving on the wrong committee.

Mr. CARTER. Mr. Chairman, I take offense to that. I serve on the A committee, that is Energy and Commerce, the most diverse and oldest committee in Congress. But I have a great deal of respect for the Ways and Means Committee because of your consideration of these bills that I brought before this committee today. I cannot tell you the admiration I have for this committee. [Laughter.]

Thank you all.

Chairman SMITH. I would have to——

Mr. CARTER. Thank you, thank you.

Chairman SMITH. I would have to say, Representative, you are under oath, and lying under oath is not acceptable in this committee. [Laughter.]

So thank you. Thank you, Mr. Carter.

I now recognize Representative Victoria Spartz, the gentle lady from Indiana. Mrs. Spartz is a great example of the American dream.

And it is a pleasure to serve with you in Congress. And I know that you have spent a lot of time as an accountant, and a real estate broker, and an adjunct professor before you came here. Thanks for being before our committee.

STATEMENT OF THE HON. VICTORIA SPARTZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mrs. SPARTZ. Thank you. Thank you so much, Mr. Chairman. Unfortunately, as a CPA who knows numbers, I see too many problems here. But I do appreciate your willingness to look at very, very important issues that are really not very sexy issues that you go on TV and talk about it, but important issue for every American where we have a huge problem. It is health care. It is an issue with competition and value in health care.

One of seven Americans is in debt collection due to medical debt. We have one-third of our spending where we have over 30 trillion of debt and running 1.5 trillion shortfalls, and we are going to be double within 10 years, and one-third of it related to health care.

Federal government created this problem. It is not a problem created by lack of competition or a monopoly problem, a natural monopoly. That is a monopoly created by perverse incentives and barriers of entries that were created by Federal Government. So now Congress has to resolve this problem to the American people if we want the American people to have innovative solutions that are going to improve their lives and going to improve our situation with that. And it is going to save some funds like Medicare that are going bankrupt.

We can talk about all of this, you know, appropriations. We can talk about reconciling our debt. We will never reconcile this debt without dealing with health care. And we will not be able to solve it just providing more choices, because if you have a couple oligop-

olies on the market, the choices will be very limited. There is not going to be competition.

So I appreciate you willing to look at this issue. I also appreciate that we had Speaker McCarthy last year put a Healthy Future Task Force, and I actually served on the Subcommittee on Affordability. And we looked at some solutions, and specifically looked at one area. There are a lot of aspects of health care, but one area, over 50 to 60 percent of all spend is related to hospitals and doctors, 50 percent. So we can talk about which is important, talk about drugs, pharmaceutical. We have to have more competition there.

That is roughly five, 10 percent majority-related we are not willing to talk. And it is a tough conversation, because we have very tough special interest groups, love it. They are building Taj Mahals, have billions on Wall Street, and paid billions to their executives. And I am not against them making money. But the problem is we are subsidizing it by taxpayers and bankrupting the country. It is unacceptable.

And our debt and spending is a national security issue. And it is irresponsible for us, you know, to pass it on to future generations. I know it wasn't created by just this Congress. I completely understand every Congress punted this issue. But we are reaching a point where we cannot do it any longer. So I appreciate this Congress being willing to do it. I truly do.

So I will put a package together with several bills. There are three of the bills, you know, in front of your committee. And I will briefly say what they do and why they are important. So I look at the areas where can we eliminate some of the, you know, distortions that we created as a government. So I have three of the bills.

You know, one of them, H.R. 2862, Empowering Patient Choice of Medical Care Act, where we have so much politics, where bureaucrats and government decide which services should be performed inpatient, which outpatient. Each administration comes and starts mingling, and then it is all politics. We should let doctors and competition decide. People have liability, they know better what is better for you, and where services need to be performed. And politicians and bureaucrats sitting in D.C. do not know that better.

Another bill is Preventing Hospital Overbilling of Medicare Act. What hospitals are doing right now, they purchase practices and they were able, for the same doctor practice that they purchase, to overbill and bill facilities fees with—actually, it is not allowed. It is defrauding, really, Medicaid of billions of dollars, over 100 billion over—and this fund is going bankrupt within 5 years. It is irresponsible. We need to save Medicare to seniors that we promised. So we have to stop allowing these practices. And I think this is what is dealing with that.

And the third bill is dealing with non-profit hospitals, so-called tax-exempt entity. We need to tighten the standards. I mean, actually, President Obama tried to do it unsuccessfully in the Affordable Care Act. And I still say, you know, this entity is not paying taxes, not local, not state. You know, they are not providing any charity care, no property taxes, and provide less charity care, you know, than, actually, some for-profit entity. So at least we need to

tighten and define the standard how you can be qualified for that because, I mean, the next business I am going to have is going to be non-profit because you don't pay taxes and don't provide value. I think IRS wants it, and this committee needs to look at that, even—want to even give them status. So it is actually tighten that standard a little bit. And it says something needs to be—because that is a Congress decision. It needs to happen.

I appreciate your consideration. I would really appreciate your support of these bills. Thank you.

[The statement of Mrs. Spartz follows:]

Thank you, Mr. Chairman, for inviting members to testify before the Committee this morning.

I am here today to advocate for three of my bills which fall within Ways & Means Committee jurisdiction, each focused on lowering healthcare costs, improving patient choice, and rooting out fraud & abuse in our non-profit healthcare sector.

First, *H.R. 2862 – Empowering Patient Choice of Medical Care Act* would eliminate CMS’s “inpatient-only list,” a collection of services that Medicare will only reimburse if conducted in an inpatient setting. CMS has historically designated the codes on this list in an arbitrary fashion, based on incomplete data and weak risk assessment. The Trump Administration rightly scrapped the inpatient-only list in 2020. Unfortunately, the Biden Administration reinstated this list the following year. As a result, patients have once again been forced by Washington to seek certain treatments at more expensive inpatient settings when outpatient care may suffice.

If passed, the *Empowering Patient Choice of Medical Care Act* would allow patients, along with their doctors and other healthcare professionals, to make informed decisions about where they receive treatment, without unnecessary government restrictions. It is long past time to stop letting bureaucrats determine where Americans receive healthcare and place our trust back in the hands of patients and providers.

Second, *H.R. 2863 – Preventing Hospital Overbilling of Medicare Act* would ensure that medical care is billed based on the service provided, rather than the facility in which it is provided, such as a hospital, hospital owned outpatient department, ambulatory surgical center, or independent physician office. This bill presents a common-sense approach known as site-neutrality to tackle unjust billing practices by nonprofit hospitals. According to the American Action Forum, “Over 10 years, site-neutral payment policies could save Medicare up to \$153 billion, beneficiaries up to \$94 billion, the greater U.S. health care system up to \$672 billion while reducing the national deficit by a potential \$279 billion, and potentially reduce the Part A trust fund’s shortfall.”

For context, nonprofit hospitals frequently own physician clinics and outpatient centers, where they fraudulently bill patients, Medicare, and private insurance companies the higher hospital rate for services typically billed at the lower clinic

rate at an unaffiliated physician's office. The *Preventing Hospital Overbilling of Medicare Act* proposes a simple solution: professional services provided in offices, clinics, or spaces owned by a hospital or institutional provider, other than the primary hospital structure, must be billed on a claim form like any unaffiliated outpatient physician clinic. This straightforward change ensures that billing practices are fair, transparent, and are based on the service and location provided.

Third, *H.R. 2859 – Holding Nonprofit Hospitals Accountable Act* strengthens our tax code's nonprofit hospital charity care standard. Currently, nonprofit hospitals qualify for tax-exempt status based on their investments in improving local community health, a process determined by the so-called Community Benefit Standard. These tax exemptions amount to approximately \$28 billion annually, but nonprofit hospitals are increasingly avoiding their legal responsibility to provide charity care to the communities they serve.

A recent piece in the *New England Journal of Medicine* highlights why many nonprofit hospitals do not deserve their tax exempt status. In 2018, nonprofit hospitals spent only \$2.3 of every \$100 in total expenses on charity care, significantly less than government and for-profit hospitals. *The Holding Nonprofit Hospitals Accountable Act* addresses these concerns by adding quantifiable requirements and definitions to nonprofit hospital charity care standards. It does not devalue the work nonprofit hospitals do in our community but adds guardrails to ensure they are not shirking their community responsibility. It ensures that nonprofit hospitals spend 100% of the value of their tax exemptions each year on policies directly improving the affordability and accessibility of care, such as training, education, or research designed to enhance patient care.

In conclusion, these three bills—the *Empowering Patient Choice of Medical Care Act*, the *Preventing Hospital Overbilling of Medicare Act*, and the *Holding Nonprofit Hospitals Accountable Act*—represent a commonsense approach to begin reforming our healthcare system to the benefit of all Americans, not special interests. They address issues of overbilling, ensure that non-profit hospitals fulfill their charitable missions transparently and effectively, and return the intimate power of healthcare decision-making to patients and providers.

Chairman SMITH. Congresswoman, thank you for being here. Thank you for your passion on some very important issues to our country and our country's finances.

I now recognize Representative French Hill from Arkansas. Mr. Hill is the vice chairman of the House Financial Services Committee, and also serves on the Foreign Affairs and Intelligence Committee, and my neighbor to the south.

It is great to have you.

**STATEMENT OF THE HON. FRENCH HILL, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF ARKANSAS**

Mr. HILL. Mr. Chairman, thank you for the time and the invitation to have a Member Day. We are grateful to the leadership of this committee for letting us come and advocate for our ideas for this important committee.

I would like to talk today about the Social Security Disability Insurance Return to Work Act that I intend to introduce shortly. This is legislation that I have introduced in the past four congresses, along with my fellow Arkansan, Senator Tom Cotton, to strengthen the SSDI program and keep it solvent for current and future generations.

SSDI is critical to a state like Arkansas, where more than 130,000 Arkansans receive benefits under this program. That is about 7.5 percent of our state's population relying on this important program.

But nationally, the number of recipients receiving SSDI payments has also grown dramatically from 1970, 2.7 million Americans, to now 8.8 million Americans in 2022. Over that same period spending on SSDI has grown from \$3 billion to over \$143 billion annually, meaning that the monthly payment recipients are receiving has nearly doubled, even when accounting for inflation.

My bill aims to strengthen SSDI and ensure that the program remains viable to support future generations for citizens that truly require these services. In 2021, fewer than 66,000 total beneficiaries left the program because they had found gainful employment that disqualified them from receiving any additional benefits. That, Mr. Chairman, is just 0.7 percent of the 8.8 million SSDI recipients.

Each American has the capacity to contribute productively to their community and our economy. We must work with both employers and employees to encourage capable beneficiaries to leave the program and return to the workforce. This is like the private sector's approach on short-term versus long-term disability that private companies offer their own employees. SSDI should be crafted to reflect both short-term and long-term approaches to assistance. Those who do regain their independence and experience have more fulfillment in their lives, improved health, and better economics.

My bill is straightforward. It creates classifications to assess a beneficiary's need to continue receiving benefits and measures continued increases, continuing disability assessments along the way, notifying recipients about the Ticket to Work Program when they first receive their benefits and then every six months afterwards.

It also proposes to amend the Work Opportunity Tax Credit Program to include qualified SSDI beneficiaries.

By creating reasonable timelines for those expected to improve, incentivizing them to return to the workforce, SSDI can continue to serve as a temporary reprieve for those with work-prohibited disabilities, allow beneficiaries to earn more income, and facilitate a return to the workforce for millions of Americans, something that we desperately need across our 50 states.

I am committed to protecting SSDI for those who remain unable to work, and supporting those who show improvement as they strive for greater freedom and opportunity for their families, themselves, and their careers.

With Congress finally demonstrating some modest commitment to ending perpetual huge budget deficits, this body will be forced to make thoughtful looks at how we spend taxpayer dollars, evaluate what programs are working and worth that investment, and thinking about new critical safety nets that can be improved and operate much more effectively for our citizens. Congress has long abdicated its oversight responsibility for Social Security and the Social Security Disability Program. This must change.

I hope this committee will consider changes to the SSDI program as we consider ways to improve the impact of the Federal Government's contributions, and fulfill the promises that we have made to our country's most vulnerable citizens.

I thank the Chair. I thank the ranking member and the members of the committee, and it is really a great service that we do in Congress, where we have members off committee be hosted by our colleagues and have a Member Day, and I want to thank you, Mr. Chairman, for doing that, and it is an honor to serve with you.

[The statement of Mr. Hill follows:]

Title:**Hon.& Member's Official Name:**

Hon. J. French Hill

Full Name of Congressional State:

Arkansas

Current Date:

Thursday, September 21, 2023

Member's Name as it Appears in Official Record:

Mr. Hill

****Type Extension to Remarks below, the space allotted will expand as you type****

I come before members of the House Committee on Ways and Means today to advocate for my soon-to-be-introduced bill, the Social Security Disability Insurance Return to Work Act.

This is legislation that I have introduced in the past four Congresses, alongside my fellow Arkansan Senator Tom Cotton, to strengthen SSDI and keep it solvent for current and future generations.

SSDI is critical to a state like Arkansas, where more than 130,000 of our state's population receive benefits through the program.

That is about 7.5% of all Arkansans in the state who rely on the program, many of whom are truly permanently disabled and unable to work.

But nationally, the number of recipients receiving SSDI payments has grown from 2.7 million in 1970 to 8.8 million in 2022 – just over 2.5% of the U.S. population.

Over that same period, spending on SSDI has grown from \$3 billion to over \$143 billion annually, meaning that the monthly payments recipients are receiving has nearly doubled, even when accounting for inflation.

My bill aims to strengthen SSDI and ensure the program remains viable to support future generations for citizens that truly require the assistance.

In 2021, fewer than 66,000 total beneficiaries left the program because they found gainful employment that disqualified them from receiving any benefits. That represents just 0.7% of the 8.8 million SSDI recipients.

Each American has the capacity to contribute productively to their community and our economy.

We must work with both employers and employees to encourage capable beneficiaries to leave the program and return to the workforce.

SSDI should be crafted to reflect short-term and long-term approaches to assistance, like private approaches to disability insurance.

Those who do regain their independence and experience more fulfillment in their lives as well as improved health.

My bill is straightforward. It creates classifications to assess a beneficiary's need to continue to receiving benefits and increases continuing disability assessments, notifies recipients about the Ticket to Work program when they first receive their benefits and then every six months afterwards, and amends the Work Opportunity Tax Credit (WOTC) to include qualified SSDI beneficiaries.

By creating reasonable timelines for those expected to improve and incentivizing them to return to the workforce, SSDI can continue to serve as a temporary reprieve for those with work-prohibitive disabilities, allow beneficiaries to earn more income, and facilitate a return to the workforce for millions of disabled Americans.

I am committed to protecting SSDI for those who remain unable to work and supporting those who show improvements as they continue striving for greater freedom and opportunity.

With Congress finally demonstrating its commitment to ending extraordinarily high budget deficits, we will be forced to take thoughtful looks at how we spend our taxpayer dollars, evaluating which programs work and are worth their investment, and thinking about how critical safety nets can be improved and operate more efficiently.

Congress has long abdicated its oversight and authority on our social safety. This must change.

I hope that this committee will consider these reforms to the SSDI program as we consider ways to improve the impact of the federal government's contributions and fulfill our promises to help our country's most vulnerable citizens.

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****Type quoted SOURCE AUTHOR below****

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Affix MEMBER'S SIGNATURE below

A handwritten signature in blue ink that reads "French Hill". The signature is written in a cursive style with a large initial "F".

Mr. HILL. I yield back.

Chairman SMITH. Representative, it is a pleasure for you to be here. We have had a lot of conversations. I have had personal conversations with your own governor in Arkansas in regards to SSDI, and your Social Security administrator has actually even came up here and talked with us. And we are hopeful to have a subcommittee hearing very shortly in regards to a lot of your items that you are referring to.

Mr. Schweikert.

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

And Victoria, if there is ever a chance you could send one of your staffers over, we would love to do a whiteboard with them.

And French, I know of a company that has been trying to work with the SSDI population in regards to job placement. Will your legislation actually help sort of facilitate that type of connectivity of available populations to jobs?

Mr. HILL. It certainly would because it engages, Mr. Schweikert, that population of people who could self-identify that they would be willing to go back to work under certain conditions. And I think the tax credit idea is helpful with that.

Also knowing that they are not penalized if they want to make that effort, and connecting them back to work. And it is my philosophy I have had that in private business we have short-term disability programs that are typically paid for by the company, they are no cost to the employee, and then you buy at a very modest premium long-term disability. But we don't take that approach to the—

Mr. SCHWEIKERT. But you have talked about this for a while. But it is both the combination, okay, here is an incentive for the employer to take this population, but the other thing is the actual mechanism to connect the employee to an employer with whatever their issues are, because work is very different today than it was 30 years ago.

Mr. HILL. Right.

Mr. SCHWEIKERT. So—

Mr. HILL. Well, I will say in conclusion, look, I have met with the Federal Social Security offices in Arkansas. I certainly know the director of the state's program that the chairman referenced. And there is tremendous frustration by our own federal employees in this program. I encourage every member, go interview your Social Security office somewhere in one of your counties in your district and ask them, do they think this program is helping people who truly need it, or has it just opened up to a payment for people who know how to work the system?

Mr. SCHWEIKERT. Mr. Chairman, there was a trivia point a couple of years ago in a hearing in here that there was, like, three or four counties in the United States that actually had more people receiving this benefit than actually working. And I need to go dig that back up.

French, thank you.

Mr. Chairman, thank you.

Mr. HILL. I am grateful to the chairman. I yield back.

Chairman SMITH. Thank you, Representative.

You are all now dismissed from the panel, and we will move to panel number five.

[Pause.]

Perfect. I now recognize Representative Marilyn Strickland, the gentlelady from Washington State.

STATEMENT OF THE HON. MARILYN STRICKLAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Ms. STRICKLAND. Thank you, Chairman Smith and Ranking Member Neal, for having us here today for Member Day.

First, I would like to recognize and thank this committee's important oversight of paid family and medical leave. Back home in Washington State, we have paid leave, and new parents have the peace of mind knowing that they can care for their newborns at a very critical period of their life without having to worry about missing a paycheck.

We can also take time to care for family members with serious health conditions. Washingtonians with temporary serious health conditions can use the state's program to continue to pay their bills while they heal.

For our military service members, our state program lets them spend time with a family member who is soon to be deployed overseas, or is just returning from overseas deployment.

Paid leave is a great relief to families in my home state, and it would be a great relief to families across the entire nation. That is why, from day one, I have been a cosponsor of Congresswoman DeLauro's Family Act, H.R. 3481, which will provide paid family and medical leave at the national level.

Military deployments, surgeries, newborns, these are stressful times. And the Family Act is our opportunity to relieve some of that stress and give our constituents security, the security of knowing that they can be with their spouse who just got back from an overseas deployment. It is okay to get that procedure they have been holding off on because they will not miss out on a paycheck.

Mr. Chairman, I respectfully request that you advance this very important issue.

Another way we can provide peace of mind and security to our constituents is by empowering them to make their own health care decisions. That includes making reproductive health care safe, affordable, and available to those who want it. But it also includes making sure that kidney patients and all who need dialysis can get it how and where they need to.

As a strong advocate for kidney health, I am proud to be working with Chairman Smith and Representative Carol Miller on the Improving Access to Home Dialysis Act. This bill will provide for reimbursement through Medicare for in-home assistance, and produce recommendations for improving access to home dialysis for communities of color. Many patients who need dialysis lack access to reliable transportation, resulting in missed treatments and worse health outcomes. By empowering patients to get dialysis where they choose, our communities will be healthier and safer.

I want to thank Chairman Smith and Rep. Miller for their partnership, and I thank former Representative Bobby Rush for his leadership on this very critical issue.

And then lastly, I ask that you consider H.R. 2788, the American Investment in Manufacturing Act, or the AIM Act, to bring needed tax relief to small businesses. American manufacturers need help, and they cannot afford to wait.

Prior to 2022, businesses could deduct 30 percent of Earnings Before Interest, Tax, Depreciation, and Amortization, known as EBITDA. And that was not only a national standard, but it is an international standard. American businesses relied on this deduction to pay off loans and continue to invest in themselves and their employees. This will help them increase manufacturing capacity and be competitive on the global market. The businesses now will be unable to deduct depreciation and amortization at the worst possible time. With supply chain shortages, higher material costs, and higher rates for loans, there are now barriers to expanding capital-reliant manufacturing.

The AIM Act, led by Representatives Adrian Smith and Joe Morelle, will make it easier for capital-intensive companies, especially manufacturing, to finance growth. As you know, the manufacturing economy is crucial to growing our domestic workforce, enhancing our competition, and ensuring future economic growth across the entire country.

President Biden and his Administration are committed to returning manufacturing jobs back here to America, to our home. This bill aligns with these goals by allowing American manufacturers to onshore even more manufacturing jobs, and supporting the over 450,000 Americans employed in manufacturing. This bill could mean the difference between leading or falling behind in the global marketplace.

The AIM bill has bipartisan support and, Mr. Chairman, I respectfully ask that you advance this legislation.

[The statement of Ms. Strickland follows:]

Thank you Chairman Smith and Ranking Member Neal for having us here for Member Day.

First, I'd like to recognize this committee's important oversight over paid family and medical leave. Back home in Washington, we enjoy paid leave at the state level. New mothers and fathers have the peace of mind that they can be with their newborns, at that critical early period of life, without having to worry about missing pay. We can also take time off to care for family members with serious health conditions. Washingtonians with temporary, serious health conditions can use the state program to continue to pay their bills while they heal. For our servicemembers, our state program lets you spend time with a family member who is soon to be deployed overseas, or is just returning from overseas deployment.

Paid leave is a great relief to families in my home state, and it would be a great relief to families nationwide. That's why I've been a day-one cosponsor of Congresswoman DeLauro's FAMILY Act, H.R. 3481, which would provide paid family and medical leave at the national level. Deployments, surgeries, newborns- these are stressful times, and the FAMILY Act is our opportunity to relieve some of that stress, and give our constituents the peace of mind that it's okay to be with their spouse who just got back from overseas, it's okay to get that procedure they've been holding off on, because they won't miss pay. Mr. Chairman, I respectfully ask that you advance this important measure.

Another way we can give peace of mind to our constituents is by empowering them to make their own healthcare decisions. That includes making reproductive healthcare safe, affordable, and available to those who want it. But it also includes making sure kidney patients, and all who need dialysis, can dialyze how and where they need to. As a strong advocate for kidney health, I am proud to be working with Chairman Smith and Rep. Carol Miller on the Improving Access to Home Dialysis Act. This bill will provide for reimbursement through Medicare for in-

home assistance, and produce recommendations for improving access to home dialysis for communities of color. Many patients who need to dialyze lack access to reliable transportation, resulting in missed treatments and worse health outcomes. By empowering patients to dialyze where they choose, our communities will be healthier and safer. I'd like to thank Chairman Smith and Rep. Miller for their partnership, and thank former-Rep. Bobby Rush for his leadership on this critical issue.

Lastly, I ask that you consider H.R. 2788, the American Investment in Manufacturing Act, the AIM Act, to bring needed tax relief to small businesses. American manufacturers need help, and they cannot afford to wait.

Prior to 2022, businesses could deduct 30% of earnings before interest, tax, depreciation, and amortization— known as EBITDA [E-Bit-dah]. That was not only the national standard, but the international standard. American businesses relied on this deduction to pay off loans, and continue to invest in themselves and their employees, increase manufacturing capacity, and compete on the global market.

But businesses will now be prevented from deducting depreciation and amortization at the worst possible time. With supply chain shortages, higher material costs, and higher rates for loans, we have barriers to expanding capital-reliant manufacturing.

The AIM Act would make it easier for capital intensive companies, especially manufacturing, to finance growth. As you know, the manufacturing economy is crucial to growing the domestic workforce, enhancing competition, and ensuring future growth across the country.

President Biden and his administration are committed to returning manufacturing jobs to America. This bill aligns with these goals by allowing American manufacturers to onshore even more manufacturing

jobs, and supporting the over 450,000 Americans employed in manufacturing.

This bill could mean the difference between leading, or falling behind in the global marketplace. The AIM bill has bipartisan support, and Mr. Chairman I respectfully ask that you advance this legislation.

Thank you very much for your time.

I yield back.

Ms. STRICKLAND. Thank you very much for your time today, and I yield back.

Chairman SMITH. Thank you, Representative, for being here.

Mr. Schneider.

Mr. SCHNEIDER. I just want to say thank you for taking the time to come and present your thoughts. It is very much appreciated.

Ms. STRICKLAND. Thank you.

Chairman SMITH. We will now recognize Representative August Pfluger, the gentleman from the great State of Texas. Mr. Pfluger is a graduate of the Air Force Academy, and spent 20 years as a decorated fighter pilot.

It is great to have you before the best committee in Congress.

**STATEMENT OF THE HON. AUGUST PFLUGER, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. PFLUGER. Thank you, Chairman. Thank you, Ranking Member. That might be debatable, but for today, during the purposes of this discussion, absolutely. No, thank you for providing the Members the opportunity to share our priorities for this Congress.

I am proud to represent the world's largest secure supply of energy, the Permian Basin. It accounts for over 40 percent of all crude oil production and almost 20 percent of natural gas production, and the region is absolutely the epicenter of our domestic energy production and a geostrategic tool for national security.

Last Congress, some lawmakers pushed to remove essential provisions for energy producers like Intangible Drilling Costs, IDCs, which are a crucial tool for weathering a volatile and unpredictable industry. The ability of independent oil and gas exploration and production companies to deduct IDCs in the same way other businesses deduct business expenses is absolutely crucial, and key to a company's ability to lower the cost of capital for domestic production activity.

The Inflation Reduction Act imposes a book minimum tax on American companies, but companies are still able to reduce their taxable income by the amount of depreciation deductions they have—they are already receiving through traditional corporate income tax. However, the oil and gas industry who utilize IDCs, is treated punitively by the corporate alternative minimum tax. This is just one of the many issues that the corporate alternative minimum tax poses for energy producers specifically in the oil and gas industry.

IDCs are not loopholes, they are not credits, they are not subsidies. In fact, the expensing of IDCs allows companies to recoup such costs as labor, equipment, rentals, pad preparation, and other expenditures for which there is no salvage value. In fact, over 80 percent of IDCs are associated with labor costs.

Our nation's tax code is designed to levy taxes on net profits, not dollars used for ordinary and necessary costs or capital expenditures. The elimination of the current expensing of IDCs would drastically increase the cost associated with these high-risk and high-cost projects, and would result in less domestic production of our own energy, jeopardizing our nation's economic and national security.

Unfortunately, there are many punitive policies that this body must address. And thank you, by the way, Chairman, for doing that work.

For decades, millions of retired public servants, including police officers, firefighters, and teachers, have had their Social Security checks unfairly docked because of an antiquated formula. Every month retired public servants risk their benefits being reduced due to a windfall elimination provision. At a time when so many are already struggling to keep up with inflation, this money goes a long way.

And our public servants deserve better. Those who have spent decades paying into Social Security should not be treated differently because they made a decision to serve their community.

I am proud to support Jodey Arrington's legislation, H.R. 5342, to update Social Security's formula to fully compensate our teachers, firefighters, and police officers for the time they worked in the private sector and the taxes they paid into the system. And I urge the committee to take action on this bipartisan legislation.

Lastly, it is imperative that our Congress and the Ways and Means Committee work to advance trade policies that prioritize American agribusinesses. Due to the previous Administration's commitment to freer and fairer trade agreements, we made significant market improvements, and it is imperative we continue to ensure American agricultural exporters, and many other sectors of our economy receive the full benefit of the improved trade deals with vigilant enforcement.

Additionally, we must be in constant pursuit of new global markets for our farmers and ranchers. With worldwide demand for food on the rise, we must ensure that there is no better—that there is no one better equipped to lead the charge of feeding a hungry world than American producers.

For several years, American business owners, farmers, ranchers, and energy producers have faced the threat of having the tax code weaponized against them and being left behind in the global marketplace. It is important that we work to bolster American competitiveness domestically and internationally, and I look forward to working with you.

The last thing I will say is thank you to this committee for helping out with a tax policy, the death tax policy, by increasing those provisions. And I know that we are coming up against, in the next year or so, that law again, the supercharged death tax. And any changes to step-up in basis will be detrimental not only to agricultural producers, to families, but to Main Street businesses, and especially to the energy industry.

Chairman, I appreciate the work that you have done. Everything that I have talked about here today I believe is a national security issue. The production of our own energy, the production of our own food, the ability for families to—that know how to do agriculture business to be able to continue to do that is so vital. We cannot be dependent on our adversaries for energy and for food. And this committee absolutely stands in the gap to protect our domestic production.

[The statement of Mr. Pfluger follows:]



Congress of the United States
House of Representatives
Washington, DC 20515-3605

September 14, 2023

Chairman Smith and Ranking Member Neal:

Thank you for providing Members the opportunity to share our priorities for the 118th Congress. I am proud to represent the world's largest secure supply of energy in the world: the Permian Basin. The Permian Basin accounts for nearly 40 percent of all oil production in the United States and nearly 17 percent of our natural gas production. Our region is not only the epicenter of domestic oil production, but a geostrategic tool for our national security.

Last Congress, some lawmakers pushed to remove essential provisions for energy producers, like Intangible Drilling Costs (IDCs), which are a crucial tool for weathering a volatile and unpredictable industry. The ability of independent oil and gas exploration and production companies to deduct IDCs—in the same way other businesses deduct business expenses—is key to a company's ability to lower the cost of capital for domestic production activity.

The Inflation Reduction Act imposes a book minimum tax on American companies, but companies are still able to reduce their taxable income by the amount of depreciation deductions they're already receiving through traditional corporate income tax. However, the oil and gas industry, who utilize IDCs, is treated punitively by the corporate alternative minimum tax. This is just one of the many issues that the corporate alternative minimum tax poses for the oil and gas industry.

IDCs are not loopholes, credits, or subsidies. The expensing of IDCs allows companies to recoup costs such as labor, equipment rentals, pad preparation, or other expenditures for which there is no salvage value. In fact, over 80 percent of IDCs are associated with labor costs. Our nation's tax code is designed to levy taxes on net profits, not dollars used for ordinary and necessary costs or capital expenditures. The elimination of the current expensing of IDCs would drastically increase the costs associated with these high-risk and high-cost projects and would result in less domestic production of oil and natural gas, jeopardizing our nation's economic and national security.

Unfortunately, there are many punitive policies that this body must address. For decades millions of retired public servants, including police officers, firefighters, and teachers have had their Social Security checks unfairly docked because of an antiquated formula. Every month, retired public servants risk their benefits being reduced due to the Windfall Elimination Provision. At a time when so many are already struggling to keep up with inflation, this money goes a long way.

Our public servants deserve better. Those who have spent decades paying into Social Security should not be treated differently because they made the decision to serve their community. I am proud to support Rep. Jodey Arrington's legislation, *H.R. 5342 the Equal Treatment of Public Servants Act of 2023*, to update Social Security's formula to fully compensate our teachers, firefighters, and police officers for the

time they worked in the private sector and the taxes they paid into the system. I urge the Committee to take action on this bipartisan legislation.

Lastly, it is imperative that the Ways and Means Committee works to advance trade policies that prioritize American agribusinesses. Due to the previous Administration's commitment to freer and fairer trade agreements, we made significant market improvements. It is imperative we continue to ensure American agricultural exporters, and many other sectors of our economy, receive the full benefit of the improved trade deals by vigilant enforcement. Additionally, we must be in constant pursuit of new global markets for our farmers and ranchers. With worldwide demand for food on the rise, we must ensure there is no one better equipped to lead the charge of feeding a hungry world than American producers.

For several years, American business-owners, farmers, ranchers, and energy producers have faced the threat of having the tax code weaponized against them and being left behind in the global marketplace. It is important that we work to bolster American competitiveness, domestically and internationally, and I look forward to working with the Committee in these endeavors.

A handwritten signature in blue ink, appearing to read "August Pfluger".

Rep. August Pfluger
Member of Congress

Mr. PFLUGER. With that, thank you for allowing me to speak to you. I yield back.

Chairman SMITH. Thank you, Congressman. Our priority on this committee is to make sure that our country is secure when it comes to our energy, our food, and our health care. We cannot be reliant on countries, especially the ones who love to burn our flags. So we appreciate you being here.

I now recognize Representative Mike Waltz from the great State of Florida. Mike is the first Green Beret to be ever elected to Congress. He has been awarded four Bronze Stars, and was a White House and Pentagon advisor in the Bush Administration.

It is a pleasure to serve with you. Thank you for being here.

**STATEMENT OF THE HON. MIKE WALTZ, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. WALTZ. Thank you, Chairman Smith. Thank you, Ranking Member Neal. Thank you for the opportunity to testify today in support of my two bills under your committee's jurisdiction.

The first is H.R. 1568, the Moving Americans Privacy Protection Act. This bill is bipartisan and it is bicameral, and it would require U.S. Customs and Border Patrol, CBP, to remove Personally Identifiable Information, PII, including Social Security numbers and including passport numbers, from cargo manifests before public disclosure. The legislation passed the Senate under unanimous consent this March.

Currently, in kind of the current environment, CBP requires manifest sheets which include PII in order to disclose and document the cargo of incoming vessels for obvious customs and security purposes. The original intent of the requirement was to increase competition, facilitate better public analysis of import trends, allow port authorities and transportation companies to more easily identify potential customers and changes in the industry.

However, in recent years the PII of relocating individuals—importantly, Mr. Chairman, including military members who are moving from overseas—their PII, their Social Security numbers, their passport numbers are being released publicly. That has resulted in identity theft, credit card fraud, and makes collection by our adversaries, from terrorist organizations to foreign intelligence organizations, easy. They literally just have to log into CBP's website and collect the PII of not just our military members, but any American who is identified on these manifests.

So, I mean, I think the fix here is obvious and necessary. And all we are asking is that that PII be stripped before public disclosure for all of the reasons listed.

So this bill is supported by the American Trucking Association, the International Association of Movers, the Military Officers Association of America, and the National Association of Realtors, among others. And I ask for the committee's support.

The second bill, H.R. 529, is Extending the Limits of U.S. Customs and Waters Act to extend the customs waters territory of the United States from 12 to 24 nautical miles from the baseline from the coastline of the United States. This bill is also bipartisan, it is also bicameral, and it would update several existing laws and ex-

tend the U.S.'s contiguous zone from a 12 nautical mile limit of the U.S. customs and waters to 24 nautical miles.

And by extending CBP's jurisdiction to the nearshore waters, it would double its area of operation, and it would align CBP's maritime operations offshore with what the Coast Guard already has and with what NOAA already has. So Coast Guard and NOAA adopted these extensions several years ago; CBP did not. This bill would rectify that mistake.

And with modern technology, just as an aside, the performance and speed of maritime vessels, particularly those fast boats and others used by illegal or illicit smugglers, is exceeding the abilities of our law enforcement, particularly when they are restricted only to 12 miles. So by extending these waters out to 24, it aligns all of our law enforcement entities and it gives CBP double the amount of time to interdict illicit drugs, human trafficking, fentanyl, all of those illicit activities that are happening at our close line.

And I will just conclude with this, Mr. Chairman and Ranking Member. You know, we talk a lot about—and rightly so—about our 2,000 miles of southern border. Our coastline in the United States is 95,000 miles. Right now, just in the Caribbean, the—between the Navy, the Coast Guard, and Customs and Border Patrol, they are only able to interdict 10 percent of what they identify on radar. So 90 percent of what they identify on radar as illicit activities gets through. And this would be helpful to rectify that.

[The statement of Mr. Waltz follows:]

Committee on Ways and Means
Member Day Hearing
1100 Longworth House Office Building
Thursday, September 14, 2023
9:00 AM

Statement for the Record

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of my bipartisan bill H.R.529 *the Extending Limits of U.S. Customs Waters Act* to extend the customs waters territory of the United States from 12 to 24 nautical miles from the baselines of the United States.

This bipartisan, bicameral bill would update several existing laws and extend the United States' contiguous zone from the 12 nautical mile limit of the U.S. Customs Waters to 24 nautical miles. By extending jurisdiction into the near shore waters and doubling the area of operation, Customs and Border Protection's Air and Marine Operations (AMO), United States Coast Guard (USCG), and other federal authorities can properly enforce U.S. customs, fiscal, immigration, and sanitary laws at sea. International law recognizes that coastal nations, like the United States, may establish such a contiguous zone beyond its territorial waters. AMO remains limited to exercising its authorities to the 12 nautical mile limit of U.S. Customs Waters, with few exceptions.

The USCG and NOAA have adopted these extensions several years ago and have been using the authorities as intended. The U.S. Customs Service, having a very small marine program at the time of these proclamations, did not pursue the effort to adopt or seek inclusion within Title 19.

With modern technology improving the performance and speed of maritime vessels, including those used to violate U.S. law or evade law enforcement, limiting AMO operations to 12 nautical miles puts responding law enforcement vessels at a significant disadvantage. This often prevents the interdiction of vessels in time to prevent their escaping capture. Extending AMO authorities to operate out to 24 nautical miles would increase detection, interdiction, and ultimately prosecution of those who are attempting to bring illegal cargoes (for example, illegal narcotics and human trafficking victims) into the nation. Having the authority to operate against these threats out to 24 nautical miles would increase the likelihood of successfully preventing illegal smuggling, unsafe entry, or other violations of U.S. law. Extending our law enforcement authorities out to the 24 nautical mile limit of the contiguous zone is crucial for AMO.

The Extending Limits of U.S. Customs Waters Act will allow U.S. Customs and Border Protection, Air and Marine Operations and the U.S. Coast Guard the jurisdiction necessary to keep American families safe from drug and human traffickers. This legislation is mission critical to protect American families and is crucial to stopping the flow of illegal immigration and deadly drugs like fentanyl into our country. I thank the Committee for providing this opportunity and urge you to consider this bipartisan bill.

**Committee on Ways and Means
Member Day Hearing
1100 Longworth House Office Building
Thursday, September 14, 2023
9:00 AM**

Statement for the Record

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of my bipartisan bill H.R. 1568 the Moving American's Privacy Protection Act to require U.S. Customs and Border Protection (CBP) to remove personally identifiable information (PII), which includes Social Security and passport numbers, from cargo manifests before public disclosure. This legislation passed the Senate by unanimous consent on March 9th, 2023.

Currently, CBP requires manifest sheets, which includes PII, in order to disclose and document the cargo of incoming vessels for customs and security purposes. In 1984, the public disclosure of certain manifest information was required. The original intent of this provision was to increase competition, to facilitate better public analysis of import trends, and allow port authorities and transportation companies to more easily identify potential customers and changes in their industries. However, in recent years, PII of relocating individuals has been released, enabling identity theft, credit card fraud, and unwanted solicitations.

The personal information of every American should be safe and secure. However, due to the current public disclosure of cargo manifests, our service members and their families experience a higher risk of identity theft and fraud as they move abroad in service to our Nation. It is critical we take the necessary steps to protect them against dangerous and fraudulent activity. The Moving American's Privacy Protection Act would help to protect the private information of our service members and all Americans. I thank the Committee for providing this opportunity and hope that your committee sees the need for this change and will pass this important legislation to protect all Americans.

Mr. WALTZ. I ask for your support in marking this up, and I thank you for your time today.

Chairman SMITH. Thank you, Congressman. I appreciate all of your really important pieces of legislation, and hopefully we can get something done.

So I now recognize Representative Maria Salazar, the gentlelady from Florida. Ms. Salazar is the daughter of Cuban exiles, a five-time Emmy Award journalist, and is the only U.S.-Spanish language journalist to have ever interviewed Fidel Castro.

It is a pleasure to have you before our committee.

STATEMENT OF THE HON. MARIA ELVIRA SALAZAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Ms. SALAZAR. Thank you, Mr. Chairman—it is my pleasure to be here—and for allowing me to participate in this very important hearing.

Trading has always been one of the strongest competitive advantages of our country because of the size of our economy and the dynamism of our marketplace. We foster capitalism, we embrace democracy, and we export our moral values. But unfortunately, at this hour we are not the only ticket in the hemisphere; we have watched China aggressively enter both established and emerging markets. We, the United States, were motivated to trade for profits with the Chinese because their communists are motivated to acquire power. We have seen their tactics, offering low-quality goods, utilizing slave labor, and destroying the environment.

Let me tell you, in the last 20 years they have secured a very robust presence in Latin America through a Trojan Horse strategy that has become the number-one trading power in the region. I am going to repeat it to you. Did you hear me? Our hemisphere is being invaded by China, and they are now the number-one trading power in the region.

Twenty years ago they traded twelve billion dollars. Twenty years later, last year, they hit four hundred and fifty billion dollars. That is a 3,000 percent increase, a 3,000 percent increase. Right now, China has free trade agreements with Chile, Costa Rica, Ecuador, Peru, and another one with Uruguay is on the way.

South America, specifically in South America, they have surpassed the United States as the top trading partner. We are talking about the Chinese are the top trading partners in South America. Ten years from now, China's trade with Latin America will be seven hundred billion dollars. That is trade, not loans.

In the last 20 years, China has lent almost 150 billion to the region. And of course, not only that, they are lending money, but they are helping our enemies: Cuba, Venezuela and Nicaragua. Twenty-one Latin American countries have signed into China's nefarious Belt and Road Initiative. Today they control key ports in Peru, railroads in Argentina, airports in Honduras, dams in Ecuador, and critical rare earth materials in Bolivia. This is a major security risk for the United States.

Needless to say, they are bad actors with bad intentions. We are the opposite.

But I have good news, and that is the reason why I am here today. It is called the Americas Act. And what does it do? It puts

the United States of America back on top. It sends the message to every Latin American country that I have visited personally as a news reporter, “If you play by the rules, if you fight political corruption, and if you reduce your dependence on China, you will join”—you, meaning Latin American country—“you will join what is called the gold standard of international trade called USMCA. Mexico has it. Canada has it. You could have it, too.”

I am honored to have worked with the creator of this monumental legislation, Senator Bill Cassidy. Our intention is to unleash unprecedented prosperity throughout the region, and the bill has five pillars.

Trade and partnership. You, Latin American country, will have the opportunity to join the United States, Mexico, and Canada in a free trade agreement with all its benefits, and have access to \$60 billion in investment capital from the United States.

Near-shoring and Reshoring. The bill creates a program to help American industries relocate from China, either back to the United States or to any other country in our hemisphere. There will be loans, grants, and tax incentives to help companies move back home.

Number three, strategic investment. Those \$60 billion that I just mentioned will create an unbreakable supply chain from Patagonia in Argentina to Alaska in the United States to make sure we are not dependent on China any longer. Let’s suppose we get another COVID. God permit it will not happen, but we will have antibiotics. We will not have to be dependent on the Chinese.

In addition, we will get cheap, affordable energy coming from our hemisphere partners, whether it will be Guyana or Ecuador or Texas, it doesn’t matter. It is in our hemisphere.

Transparency and rule of law, number four. For our neighbors we will make it easy to do business with you in a clean, transparent, non-corrupt way. In other words, the American way. To give confidence to the American business sector that you can invest and it will be secured, you invest in Latin America. In other words, accountability will be guaranteed.

And finally, we are going to be promoting American values. We are going to establish the American University of the Americas to promote United States values and increase educational opportunities to Latin America.

If we employ this framework, we will win the trade war in our backyard. But if, on the contrary, we sit back, we will watch Mandarin replace English, and English will not be spoken in Latin America any longer.

Finally, with this legislation, Senator Cassidy, myself, and the United States Congress will be sending a very clear message to our neighbors in the hemisphere: We want to work with you as much as you want to work with us.

Hispanics, Latin Americans prefer the Americans over the Russians or the Chinese any day of the year. Now it is up to Latin Americans to behave accordingly so they can be part of the club of the top economic players.

I look forward to work with you, Mr. Chairman, in making this legislation a reality, and being able to stop the situation we have

on the border because we need to keep those Latin American boys
and girls home.

[The statement of Ms. Salazar follows:]

W&M Member Day Hearing Script – September 14, 2023

Thank you, Mr. Chairman, for allowing me to participate in this important hearing.

Trading has always been one of the strongest competitive advantages of our country because of the size of our economy and the dynamism of our market place...

We foster capitalism, embrace democracy, and export our moral values.

At this hour, we are not the only ticket in the Hemisphere.

We've watched as China has aggressively entered both established and emerging markets.

We are motivated to trade for profits---
the Chinese, because of their communist ideology, are motivated to acquire power.

We have all seen their tactics:
-offering low quality goods,
-utilizing slave labor,
-And destroying the environment at every opportunity.

Now in the last 20 years...they have secured a presence in Latin America – thru a trojan horse strategy and have become the number one trading power in our region.

Did you hear me? Let me repeat it...

Our hemisphere is being invaded by China and they are now the number one trading power in our region.

20 years ago--- they traded \$12 billion in Latin America

20 years later, in 2022, they hit \$450 Billion--
That is a 3,000% increase. – a 3,000% increase.

Right now, China has free trade agreements with Chile, Costa Rica, Ecuador and Peru, and another with Uruguay on the way.

In South America—specifically---They have surpassed the US as the top trading partner.

And 10 years from now...
Their trade with Latin America is projected to exceed \$700 Billion.

That is trade...
Let's talk about the loans...

In the last 20 years, China has lent almost \$150 billion to the region.
Buying political presence in our back yard.

And of course—they are helping our enemies...

like Cuba, Venezuela, and Nicaragua

21 Latin American countries have signed onto China's nefarious Belt and Road Initiative—
creating infrastructure to dominate world trade.

Today, they control—
-key ports in Peru,
-railroads in Argentina,
-airports in Honduras,
-dams in Ecuador,
-and critical rare earth materials in Bolivia—
Creating a major security risk for the US .

Needless to say, they are bad actors, with bad intentions.

But I have good news.
It's called the Americas Act...
What does it do?
It puts the United States of America...
back on top.

And sends the message to every Latin American country that,
-If you play by the rules
-If you fight political corruption
-And if you reduce your dependence on China

You will join—what is called the gold standard of international trade...
Called: USMCA
Mexico and Canada have it...

I am honored to have worked with the creator of this monumental
Legislation... Senator Bill Cassidy--

Our intention is to-
unleash unprecedented prosperity throughout the region.

The bill has five pillars:

1. Trade and Partnerships:

You will have the opportunity to join the United States, Mexico and Canada free trade agreement with all its benefits and have access to 60 billion dollars in investment capital from the USA.

2. Nearshoring and Reshoring:

The bill creates a program to help American industries relocate from China either back to the USA or any other country in the hemisphere.

There will be loans, grants, and tax incentives to help companies move back home.

3. Strategic Investment:

Those 60 billion that I just mentioned will create an unbreakable supply chain from Patagonia to Alaska-
-to make sure we are not dependent on CHINA any longer.
God forbid there comes another Covid...
... we will have antibiotics..

In addition – we will get cheap affordable energy coming from our hemisphere partners,
Whether it be Guyana or Ecuador or Texas

4. Transparency and Rule of Law:

We will make it easy to do business. In a clean, transparent, non-corrupt way—in other words...the American Way,

To give confidence to the American business sector... so their investment is secure... in other words - accountability is guaranteed

5. Promoting American Values:

We establish the American University of the Americas to promote US values and increase educational opportunities in Latin America.

And we prioritize human rights – ending forced labor of Cuban doctors and combatting human trafficking.

If we employ this framework, we will win the trade war.

We will create economic stability. Promote democracy. Increase jobs. Stop the flow of economic migration to our borders. And counter our biggest rival - China...

But if on the contrary... we sit back, we will watch mandarin replace English as the second language of Latin America.

In the end... we are sending a very clear message to our neighbors in the hemisphere.

We want to work with you as much as you want to work with us.

Hispanics prefer the Americans over the Russians or Chinese.

Now it's up to the Latin Americans neighbors to behave accordingly so they can be part of the club of top economic players...

I look forward to working with you.

Thank you for your time.

Ms. SALAZAR. I thank you very much for the opportunity, and yield back.

Chairman SMITH. Thank you, Congresswoman, for being here today. It is a priority of this hemisphere in regards to trading partners. That is why my very first congressional delegation that I led as chairman was to Mexico, Ecuador, and Guyana, because it is extremely important for our presence and to continue to grow.

Your numbers that you gave in regards to China increasing 3,000 percent is unacceptable, and we have to do something as a Congress to address that. So thank you for being here.

Ms. SALAZAR. And I do want to say that Latin Americans would do business with the Americans at any time, any place over the Chinese and the Russians, and I know it very well.

And I thank you for the opportunity to put this together.

Chairman SMITH. Thank you. I now recognize Representative—or chairman—Mark Green from Tennessee for being before us. He is the great chairman of our House Homeland Security.

And pleased to have you.

**STATEMENT OF THE HON. MARK GREEN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TENNESSEE**

Mr. GREEN. Thank you, Chairman Smith, and it is great to see you in the chair. I recall us rehearsing the night before. Those were fond memories.

And thank you, Ranking Member Neal, for this opportunity to testify to the committee about my bills addressing the concerning conditions of our rural health care systems.

I know that many of you have heard the same sobering stories from constituents, physicians, hospitals, administrators, and parents. Our rural hospitals are entering a financial and workforce crisis. As an emergency care physician and the former CEO of an emergency department management and staffing company, I know firsthand how desperate the situation has become, and it has only gotten worse in the recent years.

My home state of Tennessee is greatly impacted by rural hospital closures and limited access to emergency medicine. According to U.S. News and World Report, Tennessee has seen more hospital closures than any other state besides Texas. In fact, the Tennessee Hospital Association estimates that as many as 45 percent of Tennessee's hospitals are at risk for closure.

This is an impending disaster, not just for the loss of care in those communities, but also the loss of jobs. Often the hospitals are the largest employer in their communities.

In order to combat this worrying trend, I have introduced three pieces of legislation as part of my broader rural health care initiative.

Firstly, let's start with H.R. 1128, the Rural Health Care Access Act, which is endorsed by the National Rural Health Association and the National Association of Rural Health Clinics. This bill targets rural hospital closures by expanding the Federal definition of critical access hospitals. According to the American Hospital Association, over 130 rural hospitals across the country closed their doors from 2010 to 2021. And according to a GAO report from December 2020, the median distance of travel rural patients drive to

receive care increased by 20 miles, adding an ever-expanding barrier to essential inpatient and emergency care.

The Rural Health Care Access Act repeals the 35-mile rule arbitrarily selected, I might add, that prevents many rural hospitals from receiving a critical access hospital designation if they are less than 35 miles away from another hospital. This bill does not change any other requirement for hospitals to receive critical access designation. The 35-mile rule is the only change we are making to federal law.

Hospitals that wish to receive this designation will still have to be designated as rural, only provide acute care, and primarily host patients for less than 96 hours. These critical access hospitals receive cost-based reimbursement from Medicare, greater flexibility for staffing and service requirements, and access to a variety of grant opportunities.

This bill will help reduce the financial vulnerability of these rural critical hospitals, which often provide essential medical services in rural communities like the ones that I represent.

My second piece of legislation is specific—targets a specific issue in hospital systems: emergency departments. H.R. 1129, the Rural ER Access Act, would repeal Federal regulation that prohibits free-standing emergency departments from operating more than 35 miles from a hospital.

This 35-mile rule—again, arbitrarily selected—was instituted in the 1990s to monitor the safety of ER patients. HHS was concerned that if ERs opened too far from a self-standing hospital, then emergency patients would not have other medical options, should the self-standing ER department fail in its mission to treat and triage. However, speaking as an ER physician who practiced medicine in rural areas across the nation, I know how advanced our medical technology is today, and I know how desperate some situations are. This antiquated rule is now hindering patient access, rather than saving patient lives.

By eliminating this mileage requirement, freestanding ERs would be able to provide frontline emergency care to rural communities that most desperately need it. During an emergency, these facilities can provide a crucial safety net, especially in rural communities where the nearest hospital is many miles away.

Furthermore, keeping an ER, should a hospital have to close, keeps jobs in a community.

We also need to address the workforce burnout amongst medical providers by enacting H.R. 5213, the Reducing Medical Unnecessary Delays in Care Act. This legislation is endorsed by the Medical Group Management Association and the American Academy of Family Physicians, and it seeks to unburden our doctors from the bureaucratic red tape that is prior authorization.

According to the Medical Group Management Association, 72 percent of medical groups report that clinicians assigned to complete their peer-to-peer reviews by the plans are not from a relevant specialty to the treatment or disease in question, resulting in dangerous delays and flat-out denials.

In order to combat this worrying trend and reduce unnecessary delays in care, this bill would reform the practice of prior authorization in Medicare and Medicare Advantage. If my legislation be-

comes law, only board-certified physicians in the relevant specialty would be the ones making the important decisions about care.

Specifically, it would also direct Medicare, Medicare Advantage, and Medicare Part D plans to comply with requirements and restrictions, and must be based on medical necessity and written clinical criteria.

And I am going to break from my script for just a second to say this. When a physician reaches out to a health insurance or Medicare for permission to do a procedure that it wants to do for its patient, they are oftentimes talking to someone who has no medical license, no care, and that individual makes the medical decision to take something off the table that the physician can use to heal that particular disease process. That is a medical decision.

If there are five ways to heal something, and the insurer or the Medicare-Medicaid patient—or administrators take three of those away, that is a medical decision. And what this bill does is it says a physician that normally treats that type of disease should be the one making the decision at Medicare and Medicaid.

With all these bills—what all these bills do is aim to restore our rural health system and save our doctors from needless paperwork. With this committee's help, I am excited to get our medical system back on track.

And finally, Mr. Chairman—and I know I have gone a little long—as a representative of Music City, I want to mention the Help Independent Tracks Succeed Act, HITS Act, which I have co-sponsored the past three congresses, and is so crucial for independent creators in Nashville who author and produce the hits we know and love.

This bill makes much-needed reforms to the tax code to ensure these creators receive the same treatment that other creative industries already get. I hope the committee can mark up this legislation in the near future.

[The statement of Mr. Green follows:]

Ways and Means Member Day
Sept. 14th, 2023
Testimony of Chairman Mark Green (TN-07)

Thank you Chairman Smith and Ranking Member Neal for this opportunity to testify to the committee about my bills addressing the concerning condition of our rural health systems.

I know that many of you have heard the same sobering stories from constituents, physicians, hospital administrators, and parents – our rural hospitals are entering a financial and workforce crisis. As an emergency care physician and former CEO of a medical staffing company, I know first-hand how desperate the situation has become and it's only gotten worse in recent years.

My home state of Tennessee is greatly impacted by rural hospital closures and limited access to emergency medicine. According to US News and World Report, Tennessee has seen more hospital closures than any other state besides Texas. In fact, the Tennessee Hospital Association estimates that 45% of Tennessee hospitals are at risk of closure. This is an impending disaster for my constituents.

In order to combat this worrying trend, I have introduced three pieces of legislation as part of my broader rural healthcare initiative.

Firstly, let us start with HR 1128, the Rural Health Care Access Act which is endorsed by the National Rural Health Association and the National Association of Rural Health Clinics. This bill targets rural hospital closures by expanding the federal definition of "Critical Access Hospitals."

According to the American Hospital Association, over 130 rural hospitals across the country closed their doors from 2010 to 2021, and according to a GAO report from December 2020, the median distance of travel rural patients drive to receive care increased by 20 miles – adding an ever-expanding barrier to essential inpatient and emergency care.

The Rural Health Care Access Act repeals the "35-mile rule" that prevents many rural hospitals from receiving a Critical Access Hospital designation if they are less than 35 miles away from another hospital.

This bill does not change any other requirement for hospitals to receive Critical Access designation – the 35-mile rule is the only change we are making to federal law. Hospitals that wish to receive this designation will still have to be designated as "rural", only provide acute care, and primarily host patients for less than 96 hours.

These Critical Access Hospitals receive cost-based reimbursement from Medicare, greater flexibility for staffing and service requirements, and access to a variety of grant opportunities. This bill will help reduce the financial vulnerability of these critical hospitals, which often provide essential medical services in rural communities like the ones I represent.

My second piece of legislation targets a specific issue in the hospital system – ER departments. HR 1129, the Rural ER Access Act would repeal a federal regulation that prohibits free-standing emergency departments from operating more than 35 miles from a hospital. This 35-mile perimeter rule was instituted in the 1990s to monitor the safety of ER patients. HHS was concerned that if ERs operated too far from a self-standing hospital, then that emergency patients would not have other medical options should the self-standing ER department fail in its mission to treat and triage.

However, speaking as an ER physician who practiced medicine in rural Tennessee, I know how advanced our medical technology is, and I know how desperate some situations are. This antiquated rule is now hindering patient access rather than saving patient lives.

By eliminating this mileage requirement, free-standing ERs would be able to provide frontline emergency care to the rural communities that most desperately need it. During an emergency, these facilities can provide a crucial lifeline, especially in rural communities where the nearest hospital is many miles away.

We also need to address the workforce burnout amongst our medical providers by enacting HR 5213, the Reducing Medically Unnecessary Delays in Care Act.

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According to the Medical Group Management Association, “72% of medical groups report that the clinicians assigned to complete their peer-to-peer reviews by the plans are not from a relevant specialty to the treatment or disease in question — resulting in dangerous delays and flat-out denials.”

In order to combat this worrying trend and reduce these unnecessary delays in care, this bill would reform the practice of prior authorization in Medicare and Medicare Advantage. If my legislation becomes law, only board-certified physicians in the relevant specialty would be the ones making these important decisions about care. Specifically, it would also direct Medicare, Medicare Advantage, and Medicare Part D plans to comply with requirements that restrictions must be based on medical necessity and written clinical criteria.

And I am going to break from my script for just a second to say this: when a physician reaches out to a health insurance or Medicare for permission to do a procedure that it wants to do for its patient, they are often times talking to someone who has no medical license or no care, and that individual makes the medical decision to take something off the table that the physician can use to heal that particular disease process. That is a medical decision. If there are five ways to heal something and the insurer or the Medicare or Medicaid administrators at three of those away, that is a medical decision. What this bill does is it says that a physician that normally treats that type of disease should be the one making that decision at Medicare and Medicaid.

What all these bills aim to do is to restore our rural health system and save our doctors from needless paperwork. With this committee's help, I am excited to get our medical system back on track.

Finally, Mr. Chairman, as a representative of Music City, USA, I want to mention the Help Independent Tracks Succeed (HITS) Act which I have cosponsored the past three Congresses and is so crucial for independent creators in Nashville who author and produce the hits we know and love. This bill makes much-needed reforms to the tax code to ensure these creators receive same treatment that other creative industries already get. I hope the Committee can markup this legislation in the near future.

Thank you and I yield back.

Mr. GREEN. Thank you, and I yield back.

Chairman SMITH. Thank you, Chairman. This past Monday I spent a whole day traveling throughout my congressional district in just listening sessions, roundtable after roundtable in health care. And rural health care, access to health care, is my top priority. And I love your common-sense pieces of legislation in eliminating arbitrary caps for critical access hospitals and freestanding clinics. It doesn't make sense that a bureaucrat was able to just make sure that those were implemented.

Whenever I look at the Boot Hill of Missouri and I see that a hospital closed in Kennett, but it could not be a critical access hospital because another hospital just in another county was less than 35 miles, it has huge impacts, and I hope Members of Congress will wake up and do something right.

But thank you for being here.

With that we will go to the next panel, panel number six.

[Pause.]

Thank you all. I now recognize Mr. Rudy Yakym, the gentleman from Indiana. Mr. Yakym is a fourth-generation Hoosier who filled a seat that was previously held by a dear friend of this committee, Mrs. Jackie Walorski. She let us know what she thought about Hoosier country all the time.

So it is a pleasure to have you here.

**STATEMENT OF THE HON. RUDY YAKYM, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF INDIANA**

Mr. YAKYM. Thank you, Mr. Chairman. I appreciate the opportunity that you and Ranking Member Neal are providing those of us not on the Ways and Means Committee to present the priorities of our constituents.

I am proud to represent the hard-working Hoosiers of Indiana's 2nd district. We are home to a dynamic economy, including some of America's top manufacturers, medical innovators, farmers and ranchers, and so much more. They all have a stake in our country's policies pertaining to tax, trade, health care, and economic opportunity.

Many of the members of this committee knew my predecessor, Jackie Walorski, a cherished and respected Ways and Means member who was taken from us all too soon. And if you knew Jackie, many of the priorities that I will be highlighting will sound very familiar.

The 2nd District is the epicenter of the recreational vehicle industry. About 85 percent of RVs on the road come from Elkhart County and the surrounding area inside my district. That is why one of my top priorities is the passage of my bill, H.R. 3624, the Travel Trailer and Camper Tax Parity Act.

The exemption of floorplan financing from interest deductibility changes in the Tax Cuts and Jobs Act solved an issue for many car and equipment dealerships across the country. However, it inadvertently left out non-motorized, towable RVs, which are about 88 percent of RVs sold. This has forced RV dealers to maintain two separate sets of books, one for motorized and the other for non-motorized RVs. H.R. 3624 would correct this unintended consequence, and allow dealers to focus less on unnecessary paperwork and more

on selling RVs to Americans looking to explore the natural beauty of our great nation.

Another priority is the reauthorization of the Generalized System of Preferences, or GSP program. As you might imagine, an RV has a unique and complex supply chain. The industry buys American whenever it can, but there are certain things that it simply can't. Luan wood is an example of this. It is a tropical wood found almost exclusively in southeast Asia. Luan is water resistant and lightweight, which makes it ideal for the lining of an RV. It outperforms the other types of plywood on the market, providing superior durability and fuel economy.

Luan entered duty-free under GSP starting in 2019. However, since the program expired at the end of 2020, RV manufacturers resumed paying over \$1 million a month in unnecessary tariffs. I support a long-term extension of GSP to help RV manufacturers in my district, as well as other companies seeking to diversify their supply chains away from China.

A third priority is Mr. LaHood and Ms. DelBene's bill, H.R. 3238, the Affordable Housing Credit Improvement Act. Inflation, supply chain disruptions, and rising interest rates have made it more and more difficult to find affordable housing. I am a proud cosponsor of the LaHood-DelBene bill because it would enhance a proven tool that has successfully encouraged private investment in affordable housing.

Finally, across my district I hear about the need for tax certainty. I hope we can work toward permanent, stable tax policy to give families a certainty to plan their finances, and businesses and farmers the certainty to plan investments.

[The statement of Mr. Yakym follows:]

Ways and Means Committee Member Day Statement – Rep. Rudy Yakym (IN-02)*Thursday, September 14, 2023*

Thank you, Mr. Chairman. I appreciate the opportunity that you and Ranking Member Neal are providing those of us not on the Ways and Means Committee to present the priorities of our constituents.

I'm proud to represent the hardworking Hoosiers of Indiana's Second District. We're home to a dynamic economy, including some of America's top manufacturers, medical innovators, farmers and ranchers, and much more. They all have a stake in our country's policies pertaining to tax, trade, healthcare, and economic opportunity.

Many of you knew my predecessor, Jackie Walorski, a cherished and respected member of this committee who was taken from us all too soon. And if you knew Jackie, many of the priorities I'm highlighting will sound very familiar.

The Second District is the epicenter of the recreational vehicle industry. About 85% of RVs on the road come from Elkhart County and the surrounding area in my district.

That's why one of my top priorities is the passage of my bill, H.R. 3624, the Travel Trailer and Camper Tax Parity Act. The exemption of floor plan financing from interest deductibility changes in the Tax Cuts and Jobs Act solved an issue for many car and equipment dealerships across the country. However, it unintentionally left out non-motorized towable RVs, which are about 88% of RVs sold. This has forced RV dealers to maintain two separate sets of books – one for motorized and the other for non-motorized RVs. H.R. 3624 would correct this unintended consequence, allowing dealers to focus less on unnecessary paperwork and more on selling RVs to Americans looking to explore the natural beauty of our great nation.

Another priority is the reauthorization of the Generalized System of Preferences, or GSP, program. As you might imagine, an RV has a unique, complex supply chain. The industry buys American whenever it can, but there are certain things it just can't. Lauan wood is an example of this. It is a tropical wood found almost exclusively in southeast Asia. Lauan is water-resistant and lightweight, which makes it ideal for the lining of an RV. It outperforms the other types of plywood on the market, providing superior durability and fuel economy. Lauan entered duty-free under GSP starting in 2019. However, since the program expired at the end of 2020, RV manufacturers resumed paying a million dollars a month in unnecessary tariffs. I support a long-term extension of GSP to help the RV manufacturers in my district, as well as other companies seeking to diversify their supply chains away from China.

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Finally, across my district, I hear about the need for tax certainty. I hope we can work toward permanent, stable tax policy to give families the certainty to plan their finances and businesses and farmers the certainty to plan investments.

Thank you again for the opportunity to testify, and I yield back the balance of my time.

Mr. YAKYM. Thank you again for the opportunity to testify, and I yield back.

Chairman SMITH. Thank you, Mr. Yakym. We appreciate you being here and pushing priorities that your predecessor had fought for for a long time.

So I now recognize Representative Carbajal, the gentleman from California. Mr. Carbajal sits on the Committee of Armed Services, T&I, Agriculture. And T&I is where he serves as the ranking member of the Coast Guard and Maritime Transportation Committee.

So thank you for being here.

STATEMENT OF THE HON. SALUD CARBAJAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CARBAJAL. Thank you, Chairman Smith and members of the committee. I am here today to encourage your committee to consider and pass a bipartisan bill that I wrote with my colleague, Republican colleague Lori Chavez-DeRemer from Oregon, as well as small business owners on the central coast of California.

I am sure there are many people here today that will claim that their bills are simple and straightforward. But our bill, the Child Care Investment Act, really is. We are just trying to make sure that the Federal child care tax incentives already in our tax code are actually working.

We already have a current tax credit set up to help businesses offer child care as an incentive when hiring and retaining workers. We just want to update it and expand the ways they can provide that child care. Yes, we already have a tax structure set up for families to save for child care tax-free. This legislation updates the cap on the child care FSAs, which in this case are called Dependent Care Assistance Plans, to keep up the current cost of care.

Keep in mind, these caps have not been updated since the 1980s, and we already have tax credits to help working families who may be struggling to cover child care expenses. We just want to make sure this tax credit is updated and keeping up with inflation.

The Child Care Investment Act has the support of multiple different Chambers of Commerce from my district, as well as the First Five Years Fund, the Bipartisan Policy Center, and the Early Care and Education Consortium. And it is my understanding the U.S. Chamber of Commerce is also supportive of these types of policies. And did I mention it is bipartisan?

Child care, without a doubt, is a pressing economic issue. It keeps families out of the workforce if they can't find the care they need. It prevents businesses from hiring, expanding, or operating at the levels they want if they cannot find the workers they need. As this committee considers updating our tax code to support our small businesses and working families, I hope you will consider including this common-sense, bipartisan bill.

[The statement of Mr. Carbajal follows:]

Thank you Chairman Smith and Ranking Member Neal,

I'm here today to encourage your committee to consider and pass a bipartisan bill that I wrote with the help of my Republican colleague Lori Chavez DeRemer from Oregon, as well as small business owners on the Central Coast of California.

I'm sure there are many people here today who will claim that their bills are simple and straightforward – but our bill, the Child Care Investment Act, really is.

We are just trying to make sure that the federal child care tax incentives already in our tax code are actually working.

We already have a tax credit set up to help businesses offer child care as an incentive when hiring and retaining workers.

We just want to update it, and expand the ways they can provide that care.

We already have a tax structure set up for families to save for child care tax-free.

We just want to update the cap on child care FSAs – which in this case are called Dependent Care Assistance Plans; to keep up with the current cost of care.

Keep in mind: these caps have not been updated since the 1980s.

And, we already have tax credits to help working families who may be struggling to cover child care expenses.

We want to make sure that tax credit is updated, and keeping up with inflation.

The Child Care Investment Act has the support of multiple different Chambers of Commerce from my district, as well as the First Five Years Fund, the Bipartisan Policy Center, and the Early Care and Education Consortium.

And did I mention, its bipartisan?

Child care is without a doubt a pressing economic issue.

It keeps families out of the workforce if they can't find the care they need. It prevents businesses from hiring, expanding, or operating at the levels they want if they cannot find the workers they need.

As this committee considers updating our tax code to support our small businesses and working families, I hope you will consider including this commonsense, bipartisan bill.

Mr. CARBAJAL. Thank you so much, Mr. Chair. I yield back.

Chairman SMITH. Thank you, Representative. I appreciate your attendance today in regards to this piece of legislation.

Providing for working-class families is a huge priority of mine as chairman. And I look forward to looking into more of this legislation.

Mr. CARBAJAL. Thank you.

Chairman SMITH. Mr. Wittman, it is a pleasure to have you before the House Ways and Means Committee.

Mr. Wittman is the gentleman from Virginia. He is a member of the House Natural Resources Committee, the Select Committee on China, and the Armed Services Committee.

It is a pleasure to have you.

**STATEMENT OF THE HON. ROB WITTMAN, A REPRESENTATIVE
IN CONGRESS FROM THE COMMONWEALTH OF VIRGINIA**

Dr. WITTMAN. Mr. Chairman, thank you, and thank you so much to the committee for allowing me to speak today on H.R. 1477, the Freedom to Invest in Tomorrow's Workforce Act.

We see the world around us today, and we know we have to have a strong, well-rounded, and properly skilled workforce in order to make sure we are successful in what has become a global competition. In this increasingly technical world where we have to digitize things, and where we know that advanced skills are critical, it is vital that we have workforce development opportunities for folks to be able to develop those skills. We know, if they are going to have those well-paying jobs, we know if they are going to be able to support their families, we know if they are going to add to economic growth in their communities they have to have these skills.

If we look at America's workforce today, we see that, of the jobs in the future, 60 percent of those jobs will not require a two or four-year degree, but they will require post-secondary education. Much of that education is very specialized.

Another element we have to remember, too, is that we think sometimes, I think, disparagingly on that additional training that is needed post-high school or post-secondary education. We look at it and go, oh, that is only hundreds of dollars here or there. That is not a big difference.

Mr. Chairman, for an individual or a family that is working on a fixed income, hundreds of dollars might as well be thousands of dollars. It denies them the opportunity that they need to get the skills and education that allow them to advance. We want them to have those opportunities.

If you look at the statistics, let's take the Virginia Department of Labor Statistics from 2021. We saw that 72 percent of Virginians surveyed said that they were interested in completing training that would enhance their job-related skills. Despite the decline of what is being offered now by employers—employers are offering much fewer opportunities to get that advanced education necessary to advance your skill set—it is clear that the American people want options in order to pursue this additional training, and that is the main reason why I introduced the Freedom to Invest in Tomorrow's Workforce Act.

This education—or excuse me, this legislation—makes certification and credentialing programs eligible for 529 savings account use. So it is not just now, under this bill, limited to two and four-year degrees, it would be for any post-secondary education.

It would also include things like not just tuition, but also exam costs, supply costs related to workforce training. Many times when you are, let's say, go to a welding course, you need to bring certain tools and supplies with you. This allows those accounts to be used for more than just two and four-year degrees.

Under the Freedom to Invest in Tomorrow's workforce Act, too, the credentialing and certification programs that would be eligible are also ones that are certified. They are certified under the Workforce Innovation and Opportunity Act and accredited by the National Commission on Certifying Agencies, the American National Standards Institute, or ones that are identified by the Department of Labor regulations or guidelines, and these will be deemed as eligible uses.

So it puts specific limitations on it. I know folks have said, well, you have to worry about some programs just being there to take students' money. No, this is going to assure that these are credentialed programs that provide value, provide education that results in a certification or credential that is necessary in a field in order for somebody to get enhanced job opportunities. This distinction, I think, really reduces the uncertainty for 529 savings account users and for regulators so we know that, if it is eligible, parents don't have to worry about, "are their dollars going to a use that is going to provide value for their child?"

Mr. Chairman, I am really committed to the success and development of our workforce, and I believe that this will do an incredible amount to be able to do that.

There is a group called Tomorrow's Workforce Coalition. It is over 500 different organizations. They are in full support of this bill. We have approaching 70 cosponsors for the bill. This is really, I think, gaining traction because people look at this and go, yes, why can't we use those 529 savings accounts, the dollars that parents set aside tax free?

Mr. Chairman, as I talk to parents across not just Virginia, but across the nation, I ask them by a show of hands. I said, "When you begin saving for your child," which most of the time is when they are in middle school, "how many of you know where your child is going to be in their process of selecting post-secondary education when you start saving?" Not a single hand in the room goes up. But they want to make sure that those dollars that they save and have the tax advantage to can be used for anything that their child wants to pursue, even if they are not sure what it is early on, and that it may not be a two or four-year degree program.

So I would urge strongly the committee to reflect upon where the needs are of our workforce, where the desires are of our working families, of our parents, of industry, of folks that say, "This is what we need for a workforce, this is what parents want to have an opportunity for their children." This is what we need to do to make sure those resources are available to assure that our families continue to have those opportunities, and our workforce grows with those skills.

So I would urge the committee to seriously consider H.R. 1477, the Freedom to Invest in Tomorrow's Workforce Act, and should consider any changes to the 529 savings account as part of a process that will result in more opportunities for individuals and for our workforce in the future.

[The statement of Mr. Wittman follows:]

Freedom to Invest in Tomorrow's Workforce Act

Introduction:

1. Thank you, Mr. Chairman.
2. I would like to thank Chairman Smith and Ranking Member Neal for inviting me to speak before the Committee today on H.R. 1477 - the Freedom to Invest in Tomorrow's Workforce Act.

Topic: Workforce Importance

1. A strong, well-rounded workforce is essential to our nation's economic and national security.
2. In an increasingly digital and advancing world, it's vital that we prioritize workforce development to help Americans secure in-demand, well-paying jobs, support their families, and contribute to the success of our nation.

Topic: Affording Workforce Training and Credentialing

1. America's workforce consists mostly of middle-skill jobs that require more than a high school education but not a bachelor's degree.
2. Unfortunately, many Americans are forced to pay for training and credentialing directly out of their own pocket as they are unable to use education savings plans, such as 529 savings accounts, to cover these costs.

3. Yet, American workers are still determined to acquire the skills and training they need to successfully carry out their jobs.
4. According to a Virginia Department of Labor report from 2021, approximately 72% of Virginians surveyed said they were interested in completing training to learn new job-related skills despite the decline of employer financial support for employee training.
5. It's clear that the American people want options to succeed outside the traditional four-year and two-year degree route.

Topic: Freedom to Invest in Tomorrow's Workforce Act

1. This is why I introduced the Freedom to Invest in Tomorrow's Workforce Act.
2. This legislation would make certification and credentialing programs eligible uses under 529 tax-advantaged education savings accounts.
3. This would allow Americans to use their 529 savings accounts as career savings accounts, not just secondary and postgraduate savings accounts, and cover tuition, exam, and supply costs related to obtaining workforce certifications.
4. Under the Freedom to Invest in Tomorrow's Workforce Act, credentialing and certification programs recognized under the Workforce Innovation and Opportunity Act, accredited by the

National Commission on Certifying Agencies and the American National Standards Institute, or identified by the Department of Labor regulations or guidance are deemed eligible uses.

5. This distinction separates Freedom to Invest in Tomorrow's Workforce Act from other proposals by reducing uncertainty for 529 savings account users and regulators.

Conclusion:

1. I'm committed to the success and development of our workforce and believe we must continue to improve access to educational workforce opportunities to ensure our students of today are equipped to lead our nation forward successfully.
2. I urge the committee to seriously consider H.R. 1477, the Freedom to Invest in Tomorrow's Workforce Act, should you consider any changes to 529 savings accounts moving forward.
3. Thank you again, Mr. Chairman and Ranking Member, for holding this hearing.
4. I yield back.

Dr. WITTMAN. So, Mr. Chairman, thanks again. Thanks for the opportunity, and thanks for the consideration.

Chairman SMITH. Congressman, thank you. Thank you for being here. I am a strong believer that there are many different educational paths for Americans to take, and we need to make sure that our tax code does not incentivize one path more than the other. They all should be treated the same. So I appreciate your testimony today.

It is good to now recognize Representative John James to the House Ways and Means Committee. Representative James is from Michigan, graduated from the United States Military Academy, and served eight years in the Army, participating in multiple tours of duty in Operation Iraqi Freedom, and is an Apache pilot.

We are glad you are here.

[Pause.]

I think your microphone is off. Just got to push the button.

Mr. JAMES. A rookie mistake. Thank you, Mr. Chairman.

**STATEMENT OF THE HON. JOHN JAMES, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MICHIGAN**

Mr. JAMES. Mr. Chairman, there is a hopelessness crisis in this country. Americans feel like everything is broken, nothing is working for them. That is why a recent polling shows 74 percent of Americans feel like we are heading in the wrong direction.

I am in my district and I talk to families who are deeply disenchanted with the government. They wonder if anyone is working for them. They wonder if anybody cares. Well, I know we care. And Mr. Chairman, I echo your sentiments that there should be many pathways to prosperity, particularly through education. And I am here to urge support in those sentiments of H.R. 531, Educational Choice for Children Act, and my bill, H.R. 4520, Reignite Hope Act.

First, education. We must put our children first, not teachers' unions, not D.C. politicians, our children. I want all schools to be successful, Mr. Chairman: public schools, private schools, charter schools, home schools, vocational schools. I truly believe that where parents have choice, children have a chance.

Parents deserve to send their children where they will be safest and most successful, where they will have outcomes that are not determined by their zip code. Because we all in this body, in our Republican majority, believe that a quality education is a basic civil right. So regardless of our political stripes, party stripes, party ideology, one thing is clear: school choice goes the farthest in addressing this hopelessness epidemic, and it ranks high among Americans, especially American parents.

In fact, a recent study found that school choice has support of 80 percent of Republicans, 60 percent of Democrats, and 69 percent of independents. I don't know a single parent out there who doesn't want more choice when it comes to their child's education. For this reason, I am proud to sit here today and voice my strong support for H.R. 531.

H.R. 531 isn't just a bill, it is a game changer for millions of children around the country, many of whom have no other option. In fact, we have seen the impact of choice at the state level, with 25 states greenlighting similar programs to provide families with more

choice, not less. Not only is this bill common sense, it is a no brainer. It is also good policy. It is the right thing to do. And it is about time that Congress and the President get on board with the desires of the parents of this nation.

When this bill was brought to my attention, I was excited to co-sponsor for several reasons. This bill checks all the boxes.

For starters, the Educational Choice for Children Act has garnered more support than any other school choice bill introduced in Congress ever.

Second, this bill doesn't require any new spending. I repeat, no new spending. There is something that we need to do more of here in Washington.

Third, this bill doesn't increase the size or scope of government.

Lastly, it tells the Department of Education to take a hike, empowering students and their parents, where it should be, at the lowest level in this nation. And it is about time.

The choice is clear. Congress can do nothing, leaving millions of families and their children behind, or we can come together to put our families and students first, not special interests, and vote to send this bill to the President's desk. Families deserve a choice, and our students deserve a fighting chance. Anything less is unacceptable, un-American.

I urge my colleagues to support not only H.R. 531, Educational Choice for Children Act, but also my bill which is the Reignite Hope Act.

The Reignite Hope Act, H.R. 4520, endeavors to increase child tax credit to 3,500 for each child ages zero to five, and 4,500 to each child ages six to 17. This is to help both parents who are struggling to make ends meet during these inflationary times, and also help care workers to be able to afford to do the most important job in the world: to look after our children.

It also provides a \$3,500 tax credit for incentivizing the hiring of critical needs employees, helping boosting sectors of the economy desperate for workers: nurses, caregivers, public safety officers. That is right, the police officers, firefighters, EMS who put their lives on the line, and our caregivers who look after the mentally infirm, our children, and also our elderly would be getting a boost.

Tax credits target areas in the greatest need in our Opportunity Zones all across the country, but specifically in my county, which has 17 of these zones in six communities: Clinton Township, Eastpointe, Mount Clemens, Roseville, Sterling Heights, and Warren, making this a district focus and an America first policy.

Mr. Chairman, I appreciate the time to speak with you here today, and I urge the support of my colleagues on these two bills.

[The statement of Mr. James follows:]

Thank you, Mr. Chairman.

Mr. Chairman.

There is a hopelessness crisis in this country.

Americans feel like everything is broken and nothing is working for them.

Recent polling shows 74% of Americans feel we're heading in the wrong direction.

I'm in my district, and I talk with families who are deeply disenchanted with the government.

They wonder if anyone's working for them. They wonder if anybody cares. Well, I know we care.

Mr. Chairman I echo your sentiments. That there should be many pathways to prosperity.

Particularly through education. And I'm here to urge support in those sentiments of H.R. 531, the Educational Choice for Children Act.

And my bill, H.R. 4520 the Reignite Hope Act.

First, education. We must put our children first.

Not teacher unions, not D.C. politicians. Our children.

I want all schools to be successful Mr. Chairman.

Public Schools, private schools, charter schools, home schools, vocational schools.

I truly believe that where parents have choice, children have a chance.

Parents deserve to send their children where they'll be safest and must successful.

Where they'll have outcomes that are not determined by their zip code.

Because we all in this body, in our republican majority believe that a quality education is a basic civil right.

Regardless of political stripes, party ideology, one thing is clear.

School choice goes the farthest in addressing this hopelessness epidemic.

It ranks high among Americans, especially American parents.

In fact, a recent study found that school choice has the support of 80% of Republicans, 60 % of Democrats and 69 % of Independents.

I don't know a single parent out there who doesn't want more choice when it comes to their child's education.

For this reason, I am proud to sit here today and voice my strong support for H.R. 531.

H.R. 531 isn't just a bill, it's a gamechanger for millions of children around the country.

Many of whom have no other option.

In fact, we've seen the impact of choice at the state level.

With 25 states greenlighting similar programs to provide families with more choice, not less.

Not only is this bill commonsense, it's a no-brainer.

It's also good policy. It's the right thing to do.

And it's about time that Congress and the president get onboard with the desires of the parents of this nation.

When this bill was brought to my attention, I was excited to cosponsor it for several reasons.

This bill checks all the boxes.

For starters, the Educational Choice for Children Act has garnered more support than any other school choice bill introduced in Congress, ever.

Second, this bill does not require any new spending.

I repeat – NO NEW SPENDING.

That's something we need to do more of here in Washington.

Third, this bill doesn't increase the size or scope of government.

Lastly, it tells the Department of Education to take a hike.

Empowering students and their parents where it should be at the lowest level in this nation.

And it's about time.

The choice is clear:

Congress can do nothing leaving millions of families and their children behind.

Or we can come together to put our families and students first.

Not special interests.

And vote to send this bill to the president's desk.

Families deserve a choice, and our students deserve a fighting chance.

Anything less is not only unacceptable. It's un-American.

I urge my colleagues to not only support H.R.531, the Educational Choice for Children Act.

But also my bill, which is the Reignite Hope Act.

The Reignite Hope Act, H.R. 4520, endeavors to increase the child tax credit to \$4500 for each child 0 to 5, and \$3500 tax credit for each child 6 to 17.

This is to help both, parents who that are struggling to make ends meet during these inflationary times.

And also help care workers to be able to afford to do the most important job in the world. To look after our children.

It also provides a \$3500 tax credit for incentivizing the hiring of critical needs employees helping boosting sectors of the economy desperate for workers.

Nurses, caregivers, public safety officers. That's right.

The police officers, firefighters, EMS that put their lives on the line.

And our caregivers who look after the mentally infirmed.

Our children and also our elderly would be getting a boost.

Tax credits target areas in the greatest need in our opportunity zones all across the country.

Specifically, in my county which has seventeen of these zones in six communities.

Clinton Township, Eastpointe, Mount Clemens, Roseville, Sterling Heights, and Warren.

Making this a district focused and America first policy.

Mr. Chairman I appreciate the time to speak with you here today.

I urge the support of my colleagues of these two bills.

Mr. Chairman, I Yield Back.

Mr. JAMES. Mr. Chairman, I yield back.

Chairman SMITH. Thank you, Congressman, for being here.

We do plan over the next couple of months to have a hearing in regards to education freedom, which is extremely important for all Americans. And so I think you will be happy where we are leading with that.

Mr. JAMES. Thank you, Mr. Chairman.

Chairman SMITH. I now recognize the Representative Clay Higgins, the gentleman from Louisiana. Mr. Higgins is an Army veteran and law enforcement officer serving on the House Homeland Security Committee and Oversight and Accountability Committees.

It is great to have you with us, Mr. Higgins.

**STATEMENT OF THE HON. CLAY HIGGINS, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF LOUISIANA**

Mr. HIGGINS. Mr. Chairman, thank you for taking your personal time to allow members to speak before your committee on our individual bills. We recognize it is incredibly time-consuming, and requires great dedication from you. So thank you for giving me a chance to speak for a minute.

There is an appropriate role, Mr. Chairman, for regulatory enforcement and authority reflective of that enforcement within the federal government. But there is a requirement to balance the rights of our individual citizens across the country and every sovereign state to feel safe and secure in their properties, their business, their residence, et cetera. They should not feel threatened by their federal government.

So my bill, H.R. 4416, called the No Funds for Armed Regulators Act of 2023, was born of my own interactions with constituents that, to my horror, I discovered once I came to Congress seven years ago this is a far too regular theme, where regulators from—especially from the IRS, the DoL, and the EPA will roll into a private business or, in many cases, a farm in an unmarked police car. It is unexpected, an unannounced visit.

This farmer sees this car coming up the long gravel driveway, recognizes maybe it is a police car, but what are they doing here? And two unknown agents get out, and they are armed, and they have quite an attitude in most cases, my investigation has revealed, and they are there to enforce this regulation or that regulation. And that individual American at that time is fearful and intimidated, and it is an unnecessary intrusion into their lives and oppression of the sanctity of their business and their home in the interest of enforcing a regulation.

So a regulator has every right to perform within the parameters of the law to do his job. He doesn't have to be armed. That is a bridge too far for these armed agents from the IRS, EPA, DoL rolling into a private American's life, frightening that American, scaring that family. It is uncalled for. It is literally the most extreme weaponization of the federal government against American people.

If a regulator thinks he has a problem with American citizens, he can call local law enforcement. It used to happen all the time, all the time. If a regulator was going onto land, wasn't exactly sure how to get there, maybe long gravel roads, et cetera, especially in agricultural areas, they would call the sheriff's office. The sheriff's

office would send a deputy and escort them out there. No problem. That family, that farmer knows that sheriff, recognizes that car. That is his sheriff, that is his deputy. That is much more of a peaceful engagement.

But things have changed over the last several years, and it is the responsibility of Congress to fix it. So quite simply, my bill would disarm these armed regulators that do have a job to do. But just like your city code enforcement or your county code enforcement, could you imagine your city code enforcement having a report that say the gate on the fence around your pool was off the hinges? So can you imagine an armed team showing up at your home, rolling into your backyard to observe your broken gate and giving you a citation? That is the kind of regulatory enforcement we are dealing with that we have to put the brakes on.

My bill would spend less money from the federal government and help to restore the sanctity and individual rights and freedoms of individual Americans across the country. I urge broad bipartisan support to this bill. It should pass Congress. It is the right thing to do. And I am prayerful that my colleagues will support the bill.

[The statement of Mr. Higgins follows:]

Mr. Chairman, thank you for taking your personal time to allow members to speak before your committee on our individual bills. We recognize it is incredibly time-consuming, and requires great dedication from you. So thank you for giving me a chance to speak for a minute.

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This farmer sees this car coming up the long gravel driveway, recognizes maybe it is a police car, but what are they doing here? And two unknown agents get out, and they are armed, and they have quite an attitude in most cases, my investigation has revealed, and they are there to enforce this regulation or that regulation. And that individual American at that time is fearful and intimidated, and it is an unnecessary intrusion into their lives and oppression of the sanctity of their business and their home in the interest of enforcing a regulation.

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Mr. HIGGINS. Thank you, Mr. Chairman, for allowing me to speak.

Chairman SMITH. Mr. Higgins, thanks for your testimony.

A few years ago I was visiting a business in our congressional district, and I will never forget that after we toured the business we went into the office. And all of a sudden, two regulators walked in while I was there, armed with their badges. And the faces on those business owners that I saw when they walked in, fearful of what was going on, and they happened to be with Revenue. So I have seen it firsthand of how it can displace a regular propane distributor minding their own business, and it wasn't even there for them.

So thank you. Thank you for your testimony, and thank you for this legislation.

I am pleased to recognize Mr. Matt Rosendale from the great State of Montana. Matt was a member of the Montana House and Montana Senate.

And I think you served as majority leader when you were there, and also as the auditor of Montana before you came to Congress. So it is a pleasure to have you in the House Ways and Means Committee.

STATEMENT OF THE HON. MATT ROSENDALE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. ROSENDALE. It is a pleasure to be here for my maiden voyage before you, Chairman Smith. I appreciate it.

And very similar to my colleague from Louisiana, I too have a piece of legislation that I would like to introduce that describes and tries to eliminate the ability for our regulators to be armed.

My bill would prohibit President Biden's weaponized Internal Revenue Service from using taxpayers' dollars to purchase firearms for the agents. Recently, 20 IRS agents with full body armor and ARs conducted a raid at the Highwood Creek Outfitters in Great Falls, Montana. Not the ATF, the IRS. There was one ATF agent in attendance with them, but there were 20 IRS agents.

I am convinced that this was done not only to intimidate the owner of that facility, but they were completely armed and outfitted with body armor and took possession of his property for the day. This was to intimidate the customer base that he had long established in the City of Great Falls for many years, so that they could say, you better not mess with the IRS or this can happen to you as well. Very concerning to myself, and to the entire community, and to the residents of Montana.

Biden's IRS has no business intimidating hardworking Montanans. Why Does the IRS Need Guns Act would require that the IRS transfer all firearms and ammunition in the agency's possession to the General Services Administration within 120 days. From there, firearms and the ammunition can be auctioned off to federal firearms licensees, with the proceeds being used to reduce the out-of-control federal deficit that we all are trying to address right now.

Additionally, my legislation would shift the IRS Criminal Investigations Division within the Justice Department.

The Biden-controlled IRS spent over \$5 million on weaponry and tactical gear in 2021, and just last year began advertising job post-

ings which listed, and I quote, “carry a firearm and be willing to use deadly force” as a major duty. This should scare every United States citizen.

The American people are dealing with rising prices and a wide-open border. They do not deserve to be threatened or harassed by overzealous armed taxmen.

[The statement of Mr. Rosendale follows:]

Testimony: Why Does the IRS Need Guns Act

Thank you, Chairman Smith, for giving me this opportunity to testify.

- My bill, H.R. 4436 the *Why Does the IRS Need Guns Act* would prohibit President Biden's weaponized Internal Revenue Service (IRS) from using taxpayer dollars to purchase firearms for its agents.
 - Armed IRS agents conducted a raid at Highwood Creek Outfitters in Great Falls, Montana. Biden's IRS has no business intimidating hardworking Montanans.
 - The *Why Does the IRS Need Guns Act* would require that the IRS transfer all firearms and ammunition in the agency's possession to the General Services Administration within 120 days.
 - From there, Firearms and Ammunition can be auctioned off to Federal Firearms Licensees (FFLs), with proceeds used to reduce the out of control federal deficit.
 - Additionally, my legislation would shift the IRS Criminal Investigations Division within the Justice Department.
 - The Biden controlled IRS spent over 5 million dollars on weaponry and tactical gear in 2021 and just last year began

posting job postings which listed “Carry a firearm and be willing to use deadly force” as a major duty.¹

- The mission statement of the IRS reads, "Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all." President Biden's IRS should not be stockpiling sub machine guns and using deadly force to "help Americans meet their tax responsibilities."²
 - The American people are dealing with rising prices and a wide-open border; they do not deserve to be threatened and harassed by overzealous armed taxmen. My bill would prevent this administration from sending armed thugs to normal Americans small businesses and homes.
- Thank you, Chairman Smith; I yield back.

¹ <https://www.foxbusiness.com/politics/irs-faces-online-uproar-special-agent-job-posting-requiring-ability-use-deadly-force-necessary>

² [The Agency, its Mission and Statutory Authority | Internal Revenue Service \(irs.gov\)](https://www.irs.gov)

Mr. ROSENDALE. Thank you, Mr. Chairman, and I yield back.
Chairman SMITH. Thank you all very much. I want to thank my colleagues for being here today.

As I have said previously, the Ways and Means Committee does not traditionally allow for non-committee members to participate in the committee's process, and I wanted to change that. I wanted to make sure we heard from the Members' priorities throughout our entire conference, and today has been very beneficial to me, as being chairman, to hearing directly your passion and why you care about the issues that we have before you. And hopefully, we can get some things done.

Please be advised that members have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, the committee stands adjourned.

[Whereupon, at 1:01 p.m., the committee was adjourned.]

PUBLIC SUBMISSIONS FOR THE RECORD

ADDENDUM

Bills sponsored by the Hon. Jenniffer A. González Colón
under the jurisdiction of the COMMITTEE ON WAYS AND MEANS

— 118 H.R. 256 —

SUPPLEMENTAL SECURITY INCOME EQUALITY ACT

The Supplemental Security Income (SSI) is a national program established in 1972 as a substitute to federal subsidies granted to the States to provide economic assistance to individuals that did not qualify for Social Security benefits or received insufficient benefits to cover their basic needs. Under this program, the Federal government provides direct economic assistance to low-income individuals older than 65 and individuals with disabilities. The SSI program currently pays a maximum benefit of \$914 a month if you are single or \$1,371 a month for a couple. The average beneficiary of SSI receives \$654 a month and the average beneficiary under the age of 18 receives approximately \$792 a month. Unlike Social Security, which is financed by dedicated payroll taxes, SSI is funded from general revenues.

Since SSI began in 1974, it has changed from a program that mainly supplemented Social Security income for elderly adults to a broader antipoverty program that aids the disabled of all ages. SSI is increasingly important for children and adults with disabilities. Basic SSI benefits are about three-fourths of the poverty line for a single person. Thus, while SSI alone is not enough to lift someone living independently out of poverty, it reduces the number of people in extreme poverty and lessens the burden on other family members. In 2013, the poverty rate among recipients would have been 63% without counting SSI payments; the actual rate, including SSI, was 42%, a Social Security Administration study found.

SSI is available to American citizens who resident in all 50 States, in the District of Columbia, and in the Mariana Islands. Currently, the U.S. Virgin Islands, Guam, and Puerto Rico are excluded from the program and American Samoa has never been deemed eligible for this type of assistance.

Instead of SSI, Puerto Rico, Guam, and the U.S. Virgin Islands receive supplemental assistance through a capped grant by HHS' AID TO THE AGED, BLIND, AND DISABLED PROGRAM (AABD). Puerto Rico has to match 25% of the funds it receives through the AABD, a provision that is not present in SSI. Puerto Rico receives \$24 million dollars under AABD, which makes the average payment \$74 per month to each beneficiary.

This bill seeks to extend the benefits of SSI to the territories of Puerto Rico, Guam, American Samoa, and the U.S. Virgin Islands. It seeks to correct non-sensical discrimination against those most vulnerable in our society which is solely based on the zip code of their residence.

Statement of the Hon. Jenniffer A. Gonzalez Colón
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— 118 H.R. 257 —
**EARNED INCOME TAX CREDIT
EQUITY FOR PUERTO RICO ACT OF 2023**

The earned income tax credit (EITC) is a federal tax credit for low- and moderate-income working people, which provides substantial support to working parents. Workers receive a credit equal to a percentage of their earnings up to a maximum credit. Both the credit rate and the maximum credit vary by family size, with larger credits available to families with more children.

By design, the EITC only benefits working families. Families with children receive a much larger credit than workers without qualifying children. When filing taxes for tax year 2023, working families with dependents that have annual incomes below \$46,560 to \$63,698 (depending on marital status and the number of dependents or children) may be eligible for the federal EITC. The maximum credit for families with one dependent is \$3,995, while the maximum credit for families with three or more dependents is \$7,430.

Research shows that the EITC encourages single people and primary earners in married couples to work. The EITC is designed to encourage and reward work. Because a worker's EITC grows with each additional dollar of earnings until reaching the maximum value, the EITC creates an incentive for people to leave welfare for work and for low-wage workers to increase their work hours. It is estimated that every dollar invested in the EITC results in a return of between \$1.50 and \$2 to the economy.

If the EITC were treated like earnings, it would have been the single most effective antipoverty program for working-aged people. In 2018, the EITC lifted about 5.6 million people out of poverty, including about 3 million children. The number of poor children would have been more than one-quarter higher without the EITC. The credit reduced the severity of poverty for another 18.7 million people, including 6.9 million children.

Moving out of poverty is particularly important for young children. Research has found that lifting low-income families' income when a child is young not only tends to improve a child's immediate well-being, but is associated with better health, more schooling, more hours worked, and higher earnings in adulthood. Burgeoning literature links EITC receipt to improved school performance and higher college attendance rates.

Currently, the EITC is not available to Americans living in Puerto Rico, not even to members of the military, federal employees, or others who pay federal taxes. Under current law, the federal government subsidizes a local EITC program, which falls short of the federal EITC. The amount of the subsidy was capped at \$600 million, based on the assumption that such an amount would be sufficient to pay for 2/3 of the local program.

Because of the limitation of funds available for the local EITC program, for tax year 2022, the maximum credit for families with one dependent is \$3,615, while the maximum credit for families with three or more dependents is \$6,707. However, it is only available for

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working families that have annual incomes below \$26,500 to \$ 45,773 (depending on marital status and the number of dependent children), amounts well below the federal EITC.

For tax year 2021, the P.R. Treasury Department paid almost \$1.1 billion in credits and disbursements for the subsidized EITC program. Thus, experience has shown that the federal subsidy only covers about half of the funding required for the program, leaving Puerto Rico to cover about \$300 million more than originally envisioned.

The bill would eliminate the federal subsidy and make federal EITC applicable in Puerto Rico.

— 118 H.R. 376 —
**PUERTO RICO FILM, TELEVISION,
AND THEATRE PRODUCTION ACT OF 2023**

Due to an administrative interpretation by the IRS, Puerto Rico is considered a foreign jurisdiction for purposes of certain beneficial tax treatment to producers of films, television shows, and theater performances, making those benefits unavailable for works produced by American taxpayers in Puerto Rico.

Puerto Rico has a robust local film production incentives program which provides a 20% - 40% transferable tax credit for labor costs and qualified expenditures (including preproduction, production, and postproduction costs) incurred in Puerto Rico.

Since 1999, close to 90 productions have taken advantage of Puerto Rico's film and media incentive programs, including most recently: Fox/New Regency's "Runner, Runner," Disney's "Pirates of the Caribbean 4," Universal Picture's "Fast 5," Warner Brothers' "The Losers," ABC's "The River" and "Off the Map," USA Network's "White Collar" and "Royal Pains," HBO Film's "Eastbound and Down" and Showtime's "The Big C". As a result of this depth of experience, Puerto Rico has developed the necessary technical expertise to film projects in Puerto Rico, from location scouting to permit clearances to credit financing. Moreover, Puerto Rico has played the part of more than 20 different counties and cities from all over the world including: Cuba, Brazil, Bolivia, Qatar, Costa Rica, Vietnam, Miami, Africa, Dubai, Mumbai, Iraq, Kuwait, Bahamas, Colombia, Chile, and Grenada.

Puerto Rico's local film production incentives program is currently capped at \$38 million due to the FOMB's stay on legislation passed to increasing the cap to \$100 million. Given the financial constraints imposed by PROMESA, this local program would benefit from American taxpayers were able to take advantage of federal tax incentives for film, television, and theater productions in Puerto Rico. In addition, given Puerto Rico's diverse ecology, to it would assist in keeping American films in American soil rather than taking advantage of (and creating jobs) in other Latin American countries.

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This bill extends the expensing provisions for film, television, and theater productions to productions in Puerto Rico. (Expensing permits the write-off of property costs in the current taxable year rather than capitalizing such costs.)

— 118 H.R.377 —

PUERTO RICO INSURANCE EXCISE TAX EXEMPTION ACT

Currently, insurers domiciled in Puerto Rico are subject to the Federal Excise Tax (FET) imposed by Section 4371 of Internal Revenue Code (IRC) to domestic insurance or reinsurance risks underwritten by foreign insurers. The excise tax, which is applied on the gross premiums paid to the foreign insurer, is levied at a rate of 4% in the case of casualty insurance policies or indemnity bonds, 1% in the case of life, sickness, or accident insurance policies and annuity contracts (with respect to the life or hazards of U.S. persons), and 1% in the case of reinsurance.

The IRS has interpreted the FET to apply to insurance or reinsurance premiums paid on U.S. risks underwritten by Puerto Rico-domiciled insurers or reinsurers even though these insurers are subject to federal financial statutory and regulatory requirements. This bill amends the IRC to exempt from the FET certain insurance policies issued by partnerships or corporations created or organized under the laws of a U.S. territory or possession.

At least 25 income tax treaties entered into by the United States have exempted premiums paid to insurers and reinsurers of the treaty countries from application of the FET. These include treaties with countries such as Cyprus, Finland, France, Germany, Hungary, India, Ireland, Israel, Italy, Mexico, the Netherlands, Spain, Sweden, Switzerland, Romania, and the United Kingdom. Consequently, notwithstanding the fact that Puerto Rico is a U.S. jurisdiction, Puerto Rico-domiciled insurers and reinsurers are placed at a disadvantage for underwriting U.S. risks, not only when compared to insurers or reinsurers domiciled in States, but also when compared with insurers or reinsurers domiciled in sovereign nations that, unlike Puerto Rico, can enter into tax treaties with the United States. It is highly unlikely that FET was intended to disadvantage a U.S. jurisdiction like Puerto Rico, to the benefit of the foreign jurisdictions which it was originally envisioned to apply to.

This bill exempts from the foreign insurer excise tax certain insurance policies, indemnity bonds, annuity contracts, or reinsurance policies issued by partnerships or corporations created or organized under the laws of a U.S. territory or possession. The exemption applies unless any of the covered hazards, risks, losses, or liabilities are also covered by a reinsurance policy issued by a foreign insurer or reinsurer other than the partnership or corporation.

Exempting Puerto Rico from the FET could become an invaluable tool for revitalizing the Island's financial and professional services platform. After the licensing of its first reinsurer in 2006, following the adoption of a local "International Insurance Center" legislation that offers an appropriate legal and regulatory framework combined with a tax incentives package that presently includes a flat local income tax rate of 4% (applicable to

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net income in excess of \$1.2 million), Puerto Rico has been attracting a variety of insurers and reinsurers serving worldwide markets and is already becoming recognized as a competitive jurisdiction for such activities. Twenty-two such companies (with approximately 400 segregated asset plans) are presently operating in Puerto Rico and a number of additional license applications are in process. Premiums written by those companies in 2016 amounted to \$851,605,896 (up from \$444,698,297 in 2015) and their total assets as of year-end 2016 were \$2,496,334,536 (up from \$1,634,456,545 as of year-end 2015). If Puerto Rico's insurers and reinsurers were exempted from the FET, International Insurance Companies and Reinsurers would more favorably consider establishing their operations on the Island, as an alternative to foreign jurisdictions such as Bermuda and the Cayman Islands, reintegrating domestic wealth currently siting in foreign banks into the domestic banking system.

— 118 H.R.378 —

To designate all of Puerto Rico as an opportunity zone

The TAX CUTS AND JOBS ACT established the designation of “Zones of Opportunity” to promote local, national, and international investment, create jobs and generate economic development in disadvantaged communities. It specifically allowed for all low-income communities in Puerto Rico to be automatically designated as Qualified Opportunity Zones, spanning 98% of Puerto Rico.

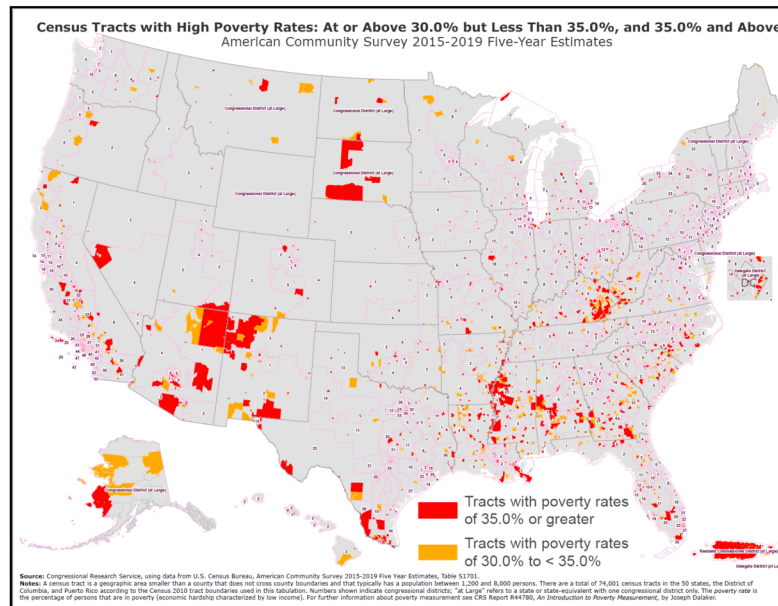
Investors who invest in a Qualified Opportunity Fund (QOF) receive preferential tax treatment on the return on their investments and can defer taxes on any previous earnings until no later than December 31, 2026, as long as the earnings are reinvested in a QOF. Eligible operations within an Opportunity Zone include hotels, inns, and other businesses related to tourism; agricultural sector development; service to facilities; malls; high-tech companies, research and manufacturing, development of residential or commercial properties for rent or sale, among other areas. There are 6 QOF in the with an investment objective that specifically identifies Puerto Rico as a target market.

Certain areas that are prime candidates for economic development were left out of the opportunity zone designation because no population had been attributed to that census tract during the previous census, such as areas where now-closed military bases (e.g., Roosevelt Roads) were located. This bill seeks to have 100% of Puerto Rico designated as an Opportunity Zone.

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— 118 H.R. 447 —
**MMEDS Act, a bill to rescue domestic medical
 manufacturing activity by providing incentives in economically
 distressed areas of the United States and its possessions**

This bill provides incentives for relocating medical manufacturing facilities in the United States and for manufacturing medical products (i.e., drugs and devices) in economically distressed zones. Specifically, the bill allows an income tax credit for 40% of the sum of wages paid in a medical manufacturing economically distressed zone, employee fringe benefit expenses, and depreciation and amortization allowances with respect to qualified medical manufacturing facility property, and a credit for economically distressed zone products and services acquired by domestic medical manufacturers. The bill increases the credit rate for minority businesses.



— 118 H.R.462 —
Real Estate Exchange Fairness Act of 2023

A like-kind exchange is an exchange of real property held for use in a trade or business or for investment in a similar property. Businesses ordinarily must pay tax on a realized gain

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when selling real estate; but under Section 1031 of the Internal Revenue Code, like-kind exchanges are not subject to immediate taxation — the tax is deferred until the property is sold. Thus, a like-kind exchange allows 100% of sale proceeds, without tax erosion, to be fully used to purchase replacement property.

Real estate located in the United States and real estate located outside the United States are not property of a like kind for purposes of IRC Section 1031. Due to an administrative interpretation by the IRS, real property located in Puerto Rico is considered foreign property, not qualifying as like-kind property. However, administrative interpretations by the IRS have also held Section 1031 to apply in the remaining territories because of their mirror tax codes.

This bill seeks to amend IRC Section 1031 to correct the administrative interpretation and treat all territories—Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands— as part of the “United States” for purposes of determining whether property qualifies for treatment as like-kind-exchange.

Expanding IRC Section 1031’s like-kind treatment to the territories will encourage investors to consider investing the proceeds of the sale of stateside properties in real estate located in territories. This will be of great assistance in helping spur the now-stagnant real estate markets and generate economic activity in recently disaster-stricken areas.

— 118 H.R. 3146 —

**To amend the Internal Revenue Code of 1986
to modify the cover over of certain distilled spirits taxes**

Federal excise taxes collected on rum produced in Puerto Rico or the U.S. Virgin Islands and transported to the states are “covered over” – i.e., paid - to the treasury of the respective territory of manufacture. Federal excise taxes collected on rum imported to the United States from foreign countries are covered over to Puerto Rico and the U.S. Virgin Islands pursuant to a formula established by the U.S. Department of the Treasury.

The primary purpose of the cover-over program is to help the two territories provide essential public services. The use of funding for public purposes is particularly critical now that the government of Puerto Rico is struggling to fund its health, education, and public safety systems.

Under current law, excise tax collections on imported rum, including rum produced in Puerto Rico and the U.S. Virgin Islands, are covered over to Puerto Rico and the U.S. Virgin Islands at the rate of \$13.25 per proof gallon. Of this amount, \$10.50 per proof gallon is in permanent law and the remaining \$2.75 per proof gallon requires periodic reauthorization by Congress as part of tax extenders legislation. The additional \$2.75 per proof gallon was most recently extended through December 31, 2022, as part of the Bipartisan Budget Act of 2018.

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By amending Section 7652 of the Internal Revenue Code of 1986, the bill makes the full amount of the rum cover-over payment to Puerto Rico and the U.S. Virgin Islands permanent, rather than permanent in part and subject to tax extenders legislation in part.

The bill also requires certain amounts of the excise tax paid to the treasury of Puerto Rico to be transferred to the Puerto Rico Conservation Trust Fund (PRCT), a private, nonprofit, charitable 501(c)(3) trust created in 1970 by the U.S. Department of the Interior and the Government of Puerto Rico to protect and enhance the environment of the Islands of Puerto Rico. Since 1999, Ways and Means has included language in their reports to direct the Government of Puerto Rico to transfer \$0.46 per proof gallon to the PRCT for its operations. Consequently, the bill includes a provision to perpetuate such legislative intent.

— 118 H.R. 4026 —

To amend the Internal Revenue Code of 1986 to allow certain credits and deductions to be taken as a refundable tax credit by Puerto Rico businesses or residents, and to extend such credits and deductions to possessions of the United States

According to the CDC, more than 1.14 million Puerto Rican adults suffer from some disability; this translates to 39% or one in every 3 adults in Puerto Rico. Specifically,

- 19% of adults in Puerto Rico suffer from some disability that substantially affects their ability to walk or climb stairs;
- 7% suffer from deafness or have severe hearing difficulty;
- 16% suffer from blindness or have visual difficulty (even with glasses).

The AMERICANS WITH DISABILITIES ACT (ADA) prohibits discrimination against people with disabilities in all areas of public life. The purpose of the ADA is to ensure that people with disabilities have the same rights and opportunities as everyone else.

The general requirement that the ADA imposes on covered facilities—such as places of employment, schools, transportation, and public and private places open to the general public (such as restaurants, hotels, stores, movie theaters, medical offices, and buildings). commercial)—is that people with disabilities are provided with the same opportunities to access the goods or services that are offered. For example, the ADA requires that all new construction or alterations after January 26, 1993, meet certain standards that allow accessibility for people with disabilities. The ADA also requires commercial establishments in buildings built before 1993 to remove architectural barriers that impede the “path of travel” when “readily achievable without much difficulty or expense.”

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The ADA also places a duty on businesses and nonprofit organizations to ensure that they communicate effectively with people who have communication disabilities. Because the nature of communication is different depending on the situation, effective solutions will also depend on each particular situation. For example, the solutions for effective communication in a supermarket where signs can be placed in Braille are not the same as those required in a medical or legal office. The goal is to find a solution that fits the circumstances. For people who are blind or have vision loss, this includes providing a qualified reader; information in large print, Braille, or electronically for use with a computer screen reading program; or an audio recording of printed information. For people who are deaf or have hearing loss, this includes providing a sign language interpreter, oral interpreter, signed voice interpreter, or tactile interpreter; real-time subtitles; written materials; or a printed script of a speech. This said, it is illegal to place the burden of effective communication on a person with disabilities, such as providing their own interpreter.

To help businesses comply with the requirements of the ADA, Section 44 of the Internal Revenue Code allows small businesses (defined as businesses whose taxable income does not exceed \$1 million or that has fewer than 30 full-time employees) take a credit on the federal income tax return for 50% of reasonable expenses—up to \$10,250 annually—incurred for:

- removing architectural, communication, physical or transportation barriers that prevent a business from being accessible or usable by people with disabilities;
- providing qualified interpreters or other effective methods of making verbally delivered materials available to persons with hearing disabilities;
- providing qualified trade, recorded texts, and other effective methods of making visually delivered materials available to people with visual impairments;
- acquiring or modifying equipment or devices for people with disabilities;
- providing other similar services, modifications, materials, or equipment.

On the other hand, Section 190 of the Internal Revenue Code also allows a for deduction—up to \$15,000 per year—for expenses incurred in removing barriers and making alterations to make business facilities more accessible to people with disabilities and for the elderly.

Although the ADA is applicable in the territories, these credits and deductions are not available .

We have been made aware of the financial burden that retrofitting old buildings to make them more accessible entails.

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We have also been made aware of the problems faced by the deaf community in communicating effectively and independently when they do not have a family member with them. Doctors have told us about the difficulties they have when interviewing deaf patients who do not feel completely comfortable speaking frankly with a family member present. The same uncomfortable situation occurs when people with communication disabilities request legal advice in the presence of a relative. However, the costs of contracting the services required to have the degree of effective communication in these circumstances are usually too much for the limited income these professionals derive from providing these services.

H.R. 4026 seeks to address this situation and improve the quality of independent life of people with disabilities in the territories, by making the credits and deductions provided by Sections 44 and 190 available to taxpayers in the territories.

— 118 H.R. 4411 —

Medicare Advantage Integrity Act of 2023

Nowhere is Medicare Advantage (MA) more popular than in Puerto Rico, where 80% of eligible Medicare beneficiaries – nearly 630,000 people – are enrolled. This amounts to approximately 20 percent of the Island’s population, making it a vital source of health care coverage for the island’s seniors and people with disabilities.

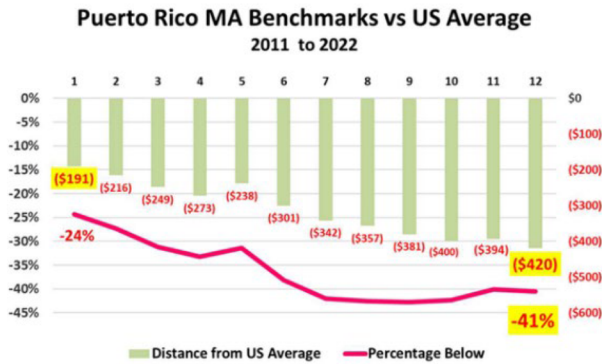
There are a host of reasons that contribute to the popularity of MA plans in Puerto Rico. With 41% of the population in Puerto Rico living below the poverty line, many residents struggle to afford basics like adequate housing, let alone medicines and other health care needs. Medicare Advantage offers benefits that are not available in traditional Medicare, for example, coverage for prescriptions and integration of additional services aimed at addressing the needs of a low-income population. Many plans have transportation options for non-emergency medical needs to ensure beneficiaries have access to their doctors’ appointments. This is vital for those with extremely limited financial resources.

In addition, approximately half of people enrolled in Medicare Advantage plans in Puerto Rico (more than 280,000 senior Medicaid enrollees) have low incomes that also qualify them for Medicaid, a group known as dual-eligible. Coordination of care for those enrolled in both MA and Medicaid has been critical for the most vulnerable, especially since this group includes a high percentage of people who are chronically ill and who suffer from multiple chronic diseases, including diabetes, cardiovascular and lung disease, among others.

Unfortunately, the MA program is significantly underfunded in Puerto Rico, creating a downstream effect that has negatively impacted patients, doctors, and hospitals. Puerto

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Rico has the lowest MA rates in the Nation, 41% lower than the national average (up from 24% in 2011).



Lower rates for MA have prevented adequate provider reimbursements, leading to a massive provider exodus to the U.S. mainland and overall erosion in Puerto Rico’s healthcare infrastructure. This mass migration of physicians to the mainland has left Puerto Rico with a shortage of specialists. The doctors that have remained are faced with unmanageable patient loads. Investments in health care facilities have lagged due to a scarcity of funds. These chronic problems became even more evident in the aftermath of hurricane Maria in 2017.

Yet despite the challenges, the MA program in Puerto Rico is providing quality coverage and benefits our seniors need at an affordable cost. That is clearly demonstrated in quality ratings: More than 90% of MA plans on the island have achieved 4.5 stars and their own satisfaction surveys on beneficiaries show that 90% of those surveyed perceive that the health care quality they receive is five stars.

This bill seeks to even out the playing field for Puerto Rico— and for those counties with growing MA penetrations which will start to suffer the same detrimental effects upon their premiums. The goal of ensuring MA rates in Puerto Rico more accurately reflect the cost of delivering care is accomplished by establishing a national minimum MA average geographic adjustment (AGA) of 0.7. Furthermore, requires that plans use no less than 50% of the increase in funds for enhanced provider compensation under Medicare A & B benefits, while the remaining proportion is used for supplemental benefit enhancements and cost-sharing reductions.

Ways and Means Committee Member Day Statement **Rep. Brad Finstad (MN-01)**

Friday, September 22, 2023

Thank you, Chairman Smith, and Ranking Member Neal, for the opportunity to present priority legislation to the Ways and Means Committee.

I have the honor to sit in the people's seat of Minnesota's First Congressional District, which has a vibrant and diverse economy. Southern Minnesota is home to prestigious healthcare facilities, innovative manufacturers, hardworking farmers and producers, dozens of community and technical colleges, and most importantly hardworking Americans.

As I have traveled the First District and heard from my constituents the resounding message is that we have a workforce shortage. As our country continues to face economic hardship and high inflation, small businesses in all sectors of our economy are struggling with staffing, recruitment, and retention. It is time we use already existing programs to fit the needs of our economy instead of only incentivizing 4-year college degrees.

That's why I have introduced H.R. 329, the *American Workforce Empowerment Act*, which would expand the allowable uses of tax-preferred college savings plans (529 plans) to cover post-secondary credentials (as defined by 29 U.S.C 3102), apprenticeship programs (as defined by 29 U.S.C. 50), and the expenses – including fees, supplies, tools, and equipment – to participate in these programs. This legislation has a broad coalition of support, being cosponsored by 63 of our colleagues.

This legislation would incentivize continuing education through post-secondary credentials and bolster our skilled workforce, while narrowly tailoring and providing clear statutory definitions to limit any additional financial burden that could be placed on the federal government.

Secondly, over the course of the COVID-19 pandemic we saw rampant fraud and abuse of unemployment insurance (UI) benefits doled out with limited government oversight. As you know, the statute of limitations for those who defrauded the government of these UI benefits will expire soon. I applaud the Committee for passing H.R. 1163, the *Protecting Taxpayers and Victims of Unemployment Fraud Act* and for the legislation's passage on the House Floor.

With this deadline approaching, it is vital that Congress acts and provides federal law enforcement with ample time to hold these bad actors accountable and recoup the fraudulently obtained funds. That is why I have introduced H.R. 5107, the *Pandemic Unemployment Fraud Recoupment Act*, which would extend the statute of limitations for pandemic-era UI fraud. The provisions in this bill are similar to the provisions contained in the House passed H.R. 1163.

Lastly, my home state of Minnesota has seen the full effects of the defund the police movement, which has led to historic staffing shortages and unrest in our communities. Budget constraints and poor rhetoric have disincentivized future officers from entering this honorable profession.

We continue to see local governments taking tools away from law enforcement, as well as continual unconstitutional overreach from this administration. As a result, we must ensure our

law enforcement officers have the tools they need at their disposal to do their jobs and keep our communities safe.

That's why I have cosponsored H.R. 3269, the *Law Enforcement Innovate to De-Escalate Act*, which would modernize federal firearms law to allow for innovation in less-lethal weapons like tasers while ensuring they are not regulated in the same category as traditional firearms, which also remain under attack by this administration.

I look forward to working with Members on both sides of the aisle to advance critical legislation like H.R. 329, H.R. 5107, and H.R. 3269 and I hope the Committee will strongly consider these important pieces of legislation. Thank you again for convening this hearing and for the opportunity to convey my priorities.

Congress of the United States
Washington, DC 20515

September 13, 2023

Jason Smith
Chairman
House Ways & Means Committee
1139 Longworth HOB
Washington, DC 20515

Richard Neal
Ranking Member
House Ways & Means Committee
1129 Longworth HOB
Washington, DC 20515

RE: Ways & Means Committee Member Day Hearing Testimony

Dear Chairman Smith and Ranking Member Neal:

Thank you for the opportunity to provide testimony on the Committee's legislative agenda for the 118th Congress. We appreciate your commitment to learning more about the priorities of Members in your jurisdiction.

We are the sponsors of the bipartisan, bicameral **Metastatic Breast Cancer Access to Care Act (H.R. 549)**, which currently has 205 cosponsors in the House, representing a wide array of ideologies. This important legislation would waive the Medicare and Social Security Disability Insurance (SSDI) waiting periods for eligible individuals suffering from metastatic breast cancer (MBC).

Metastatic breast cancer is cancer that has spread from the breast to the bones, lungs, or other parts of the body. As you may know, 90 percent of breast cancer deaths are a result of metastatic disease and the average life expectancy of an individual with MBC is 3 years. While there are treatments that have extended the lives of individuals with MBC, there is currently no cure.

Under current law, if an individual is found to be disabled for the purposes of Medicare and Social Security Disability Insurance (SSDI), they must wait 24 months to enroll in Medicare and wait 5 months to receive SSDI benefits. During this arbitrary waiting period, individuals with MBC face incredible hardships in supporting themselves and their families and receiving the appropriate medical care that they desperately need. Tragically, due to current law and average life expectancy, many individuals with MBC may never receive the benefits they are eligible to receive.

Our bill would rectify that problem, waiving the Medicare and SSDI waiting period for our neighbors suffering with an MBC diagnosis. There are federal precedents for eliminating waiting periods for certain individuals who qualify for Medicare and SSDI benefits based on their disability. In 1978, Congress eliminated Medicare waiting periods for individuals with End-Stage Renal Disease (ESRD) receiving home dialysis treatments. In 2001, Congress added ALS as a qualifying condition for automatic Medicare coverage, eliminating the 24-month waiting period.

In 2020, Congress eliminated the five-month waiting period for individuals with ALS who qualify for SSDI based on their disability.

Additionally, the Social Security Administration's Actuary has published a cost estimate of the legislation.¹ It found that over the 75-year projection period, the net effect of enacting the bill on the Social Security (OASDI) program would be negligible (i.e., less than 0.005 percent of taxable payroll for each year and over the period as a whole). But it would be lifechanging for these patients and their families.

We welcome the opportunity to work with you to expand timely access to high-quality care our neighbors with MBC. Time is of the essence—these individuals do not have time to wait for the benefits that they already qualify for and that they so desperately need. As the bill's sponsors, we strongly urge you to support passage of H.R. 549.

Sincerely,



Andrew R. Garbarino
United States Representative
New York – District 2



Kathy Castor
United States Representative
Florida – District 14

¹ https://www.ssa.gov/oact/solvency/KCastor_20220923.pdf

**Committee on Ways and Means
Member Day Hearing
1100 Longworth House Office Building
Thursday, September 14, 2023
9:00 AM**

Statement for the Record

Thank you, Chairman Smith and Ranking Member Neal, for the opportunity to speak in support of my bill with Rep. LaMalfa, H.R. 1440, the *Modern, Clean, and Safe Trucks Act of 2023*. This bill would repeal the 12% federal excise tax on heavy-duty trucks and trailers, which is the highest excise tax levied on any product in the country and can add \$15,000 to \$30,000 to the cost of new heavy trucks, trailers, semitrailer chassis, and tractors for highway use.

Since this tax is paid at the time of sale and is not levied on used truck sales, it consequentially encourages the purchase of used vehicles.

Ever since the federal excise tax was initially introduced during World War I to support wartime mobilization, the federal government has maintained excise taxes on heavy duty trucks. The Senate previously attempted to repeal the tax in 1975, but the House failed to include the in its version of a broad tax bill. This federal excise tax rate was last raised in 1982 to 12% and has subsequently been extended in 1987, 1991, 1998, 2005, 2012, and 2015.

We are proud that two members of the Ways and Means Committee, Reps. Darin LaHood and Earl Blumenauer, are original cosponsors of the bill.

Not only will repealing this federal excise tax deliver upfront cost savings for truckers and small businesses but it will also provide downstream supply chain and cost saving benefits for consumers. This legislation will also support the adoption of newer, safer, and cleaner trucks that lower greenhouse gas emissions and reduce our dependence on foreign energy.

I thank the Committee for providing this opportunity and urge you to consider this bipartisan bill which will provide immediate relief to both small businesses and consumers.

DEREK KILMER
6TH DISTRICT, WASHINGTON
COMMITTEE ON APPROPRIATIONS
DEFENSE SUBCOMMITTEE
INTERIOR, ENVIRONMENT, AND RELATED
AGENCIES SUBCOMMITTEE
ENERGY AND WATER DEVELOPMENT
SUBCOMMITTEE
COMMITTEE ON HOUSE
ADMINISTRATION
OVERSIGHT SUBCOMMITTEE
MODERNIZATION SUBCOMMITTEE

Congress of the United States
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September 28, 2023

The Honorable Jason Smith
Chairman
House Committee on Ways & Means
1011 Longworth House Office Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways & Means
372 Cannon House Office Building
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal,

Thank you for this opportunity to provide my priorities on behalf of Washington's 6th Congressional District for your consideration through the House Committee on Ways and Means Member Day process. Below, I have outlined my legislative priorities within the Committee's jurisdiction, on behalf of Washington's 6th Congressional District.

Site neutral impact on rural hospitals

First, as you consider future legislation on Medicare site neutral payment policy, I urge you to consider provisions protecting access to care in rural hospitals, including at Sole Community Hospitals. I recognize the importance of site neutral payment policy in addressing hospital consolidation and slowing unnecessary Medicare spending in hospital outpatient settings when the same level of care can be provided in an independent physician office.

That said, previous site neutral legislation has had unintended and harmful consequences in rural and in underserved areas where a single hospital, such as a Sole Community Hospital, is the primary provider of care. In the absence of other provider options, Sole Community Hospitals often establish outpatient hospital clinics to bring essential medical services closer to patients that need them. Site neutral policy unfairly penalizes these hospitals for extending access to care.

Let me explain the impacts of site neutral payment policy on just one Sole Community Hospital in Washington State, Olympic Medical Center. As a Sole Community Hospital, Olympic Medical Center is the sole provider of hospital services within an hour's distance. They are also the primary provider of many other healthcare services because there are very few physician practices or independent clinics in the area – as is the case in many rural or underserved areas.

Because of previous site neutral payment cuts on certain types of visits at off-campus hospital clinics, Olympic Medical Center faced nearly \$50 million in cuts over ten years and had to cancel construction plans to expand much needed primary care to a neighboring city. As a result, many residents will go without health care, use Olympic Medical Center's Emergency Department, or travel several hours to the next major city. The lack of access to healthcare services, including primary and preventive care, will ultimately result in increased costs for Medicare.

Last year, the Centers for Medicare and Medicaid Services (CMS) took the important step of exempting Sole Community Hospitals with excepted off-campus clinics from site neutral payment policy. This change impacted 194 of the 452 Sole Community Hospitals serving the nation, restoring approximately \$30 million in reimbursement per year – a small fraction of Medicare's total spending on hospital outpatient care but significant to Sole Community Hospitals that are often operating at narrow margins of a few percent or less.

This exemption was in line with previous Congressional and CMS actions to support outpatient care at Sole Community Hospitals, including providing a 7.1% adjustment to Hospital Outpatient Prospective Payment System (OPPS) rates at Sole Community Hospitals. Congress and CMS have also recognized the need to take urgent action to combat the rural hospital closure crisis.

We appreciate everything the committee is doing to maintain access to critical health services, keep rural hospitals open, and ensure that folks in my neck of the woods and around the country are getting the care they need. Our offices are happy to work with you to provide any information that might be needed.

Tax related legislation in Ways & Means Jurisdiction

Further, I wanted to mention several bills that I have sponsored or cosponsored with the aim of improving our tax system.

Skills Investment Act

The Skills Investment Act is bipartisan, bicameral legislation designed to expand tax-advantaged savings opportunities for Americans pursuing new job skills and better career prospects. More specifically, the bill would make changes to the existing Coverdell education savings accounts (ESA) to create lifelong learning accounts. This legislation will also help employers who have been struggling to fill vacancies, due to skills misalignments in the labor force. It does so, by eliminating the age-based contribution limit on Coverdell ESAs and expanding the scope of allowable distributions to cover a broader array of in-demand education and skills training forms. These savings accounts would now be eligible for pretax contributions and workers would be allowed to contribute up to \$4,000 tax free each year, with a maximum contribution limit of \$10,000. Employers would receive a 25% tax credit for contributions to a worker's account as well, to ensure the skills and training provided meet labor market demands.

Savings for Servicemembers Act

The Savings for Servicemembers Act is bipartisan legislation aimed at reducing the financial burden for National Guard and Reserve servicemembers who must travel for official duties.

Currently, National Guard and Reserve military members can only claim tax deductions for travel expenses when performing military duties 100 or more miles from their home. Reserve and Guard members have long borne the burden of greater travel expenses than their Active counterparts due to their wider dispersal throughout the country. The 2005 Base Realignment and Closure Commission's recommendations to close 182 bases only exacerbated the travel burden for Reserve and Guard members. The Savings for Servicemembers Act would provide much-needed relief by decreasing the distance from home requirement from 100 miles to 50 miles for above-the-line tax deductions on travel expenses for Guard and Reserve performing official duties.

PFAS Upgrades for Residential End-user (PURE) Water Act

The forthcoming PURE Water Act, which I plan to introduce for the first time soon on a bipartisan basis, would help families protect themselves from PFAS and lead contamination in water by allowing them to use tax-advantaged Health Savings Accounts (HSA) and Flexible Savings Accounts (FSA) to purchase PFAS and lead water filters for use their homes. According to a U.S. Geological Survey study, at least 45% of the nation's tap water is contaminated with at least one type of PFAS. In addition, lead water pipes continue to pose a public health hazard. Allowing families to use tax-advantaged HSA and FSA accounts to purchase water filters will help empower families to protect themselves against harmful chemicals.

Supporting Early-Educators through Deductions (SEED) Act

Currently, teachers who teach kindergarten through twelfth grades are eligible to deduct up to \$300 annually from their taxes, for money they pay out-of-pocket for supplies for their classrooms and students. However, existing law leaves out pre-K teachers, often the least paid educators, who serve the youngest students most in need of tactile supplies in their classrooms. The SEED Act is simple bicameral, bipartisan legislation that I co-lead to ensure our tax system more fairly recognizes the contributions of and job-related expenses incurred by our pre-K teachers.

Thank you again for your work as Chairman and Ranking Member on these health and tax priorities. I look forward to partnering with you and other Members of the committee to advance these critical priorities that meaningfully improve our nation's healthcare and tax system.

Sincerely,



Derek Kilmer
Member of Congress

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HOUSE SELECT SUBCOMMITTEE
ON THE WEAPONIZATION OF
THE FEDERAL GOVERNMENT

September 14, 2023

Mr. Chairman and Mr. Ranking Member,

I thank you for holding this Member Day hearing and for the opportunity to submit my testimony for the record before the Ways and Means Committee.

I am an original cosponsor and strong supporter of H.R. 531, the *Educational Choice for Children Act*. This critical legislation has the opportunity to change the lives of more than a million schoolchildren across the country.

By creating a non-refundable tax credit for charitable donations to scholarship granting organizations, the bill empowers parents to choose the highest quality and most suitable K-12 education available for their child. This is all done without increasing federal involvement in how states and school districts operate their school system.

Children, regardless of their zip code, deserve access to a high-quality education, and a child should not be forced to stay in a failing school due to a lack of resources. This legislation will give parents the resources and opportunities they need to find the best environment for their child to thrive.

A good education is a pathway to opportunity and prosperity, and I fear that our current system is failing our students. After draconian government lockdowns of schools and mask mandates led to unprecedented levels of learning loss and record low test scores, something needs to be done to support parents who are looking for new options. It is past time to empower parents to put their child in the best place for them to learn.

This *Educational Choice for Children Act* is a fulfillment of House Republicans Commitment to America, putting students first and expanding parental choice so students can receive the education their parents know is best. I strongly support the *Educational Choice for Children Act*, and I yield back.

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PRINTED ON RECYCLED PAPER

I appreciate the opportunity to share my thoughts with the Committee and commend Chairman Smith for allowing all members this chance to share our work as it relates to the Committee's jurisdiction.

Long before I came to Capitol Hill –

I worked in child services in Indiana.

During that time, I worked directly with children who had been victims of abuse and neglect. I worked with their parents to try and keep kids safe, while trying to help rehabilitate families in difficult circumstances. I worked with foster parents, desperate to protect the children in their care and I worked with extraordinary adoptive parents who care for our most vulnerable children and give them a forever family. I have also investigated the worst cases of child abuse and neglect and was responsible for making the decision to remove children from the care of their parents for their own personal safety and well-being. I have seen child services from all sides, first as a service-provider in family prevention, as an investigator, and a family case manager.

I also know firsthand the challenges that child services caseworkers face –

And the very important role law enforcement plays in supporting child welfare.

During this important time, I saw the immediate need for action to improve child welfare policies, programs, and procedures. I used to say to myself, "If only I could work my way up to the top of the system, I could fix it."

Then, I found myself sitting on the Family and Children's Services Committee as a member of the Indiana State Senate, and as Chair of the Interim Study Committee on the Judiciary, discussing ways in which we can improve the system, and writing legislation that has had a real world impact in Indiana.

And now, as a member of the House of Representatives, I remain convinced that Congress has an important role to play in how our country cares for and protects these vulnerable children, particularly those in the foster care system.

Not only did I work in child services, but my husband was a prosecutor for many years before he became a judge. Both of us have seen a side of our society that most Americans do not see, and would not want to.

It is this personal experience which makes me so passionate about this policy area, and that's why earlier this year, I was proud to be an original co-sponsor of a bipartisan bill to help find missing foster youth with Congressman Tony Gonzales.

The ***Find and Protect Foster Youth Act*** would evaluate existing protocols and identify obstacles in the way of finding missing foster children.

It cannot be the new normal that thousands of children in foster care go missing every year, many of which are falsely recorded as runaways and as a result never found.

I urge this Committee to pass this legislation in a bipartisan fashion and allow this to be considered in a House floor vote.

Ultimately, these children are our collective responsibility. We must be willing to contend for them.

This is a continuation of work I started during my time in the Indiana General Assembly –

As a state senator, I was proud to author a comprehensive child services reform bill, which requires DCS to consider the best interest of the child when making decisions about placement, termination of parental rights, and adoption. It also provided an opportunity for foster parents to be heard in court proceedings, either in written or verbal testimony. We also helped establish a ***Foster Parent Bill of Rights*** which included rights to communication, safety and privacy, support, collaboration and respect.

We worked with our appropriators to direct funds for prevention services to keep kids in the home when it is safe to do so and also provide services and support to the family.

We included guardrails for adoption of a foster child, how many children can be in a foster home at a time, and, perhaps most importantly, extended eligibility for collaborative care services to foster youth through twenty-one years old.

Here in Congress, I am also an original supporter of the first-ever federal Foster Youth Bill of Rights Resolution–

Outlining that foster youth have the right to an education, a right to receive needed healthcare services, and the right to representation.

I'll never stop working to ensure our vulnerable foster children are not only safe, but have permanency, stability, and support when they age out of foster care when they are not adopted because the need could not be greater.

In the U.S., the average time a foster child spent in foster care is [nearly two years](#). In some states, data shows some children are spending much longer in the foster care system without proceeding to an adoption, despite being in adoptive placements.

In addition, over [23,000 children](#) are aging out of the US foster care system every year.

For those who age out, 20% will be instantly homeless, 50% do not obtain even a high school diploma, no more than 3% will ever earn a college degree, and only half will have some form of gainful employment by 24 years old.

Chairman Smith, I would like to work with you and your team to ensure young adults aging out of foster care have every opportunity to graduate high school and be engaged in the workforce or in higher education. I would like to see us provide stability and mentoring for these kids by incentivizing states to allow them to continue receiving services until age 21-24.

I would like to focus efforts on how we can keep kids in their homes when it is safe to do by increasing access to preservation services.

I encourage our work together to include support for foster and adoptive parents. Too often, these important caregivers are excluded from most major decisions impacting children in their care. In addition, our adoption subsidy programs were designed to help adoptive parents care for child victims and many states, including my own, need an overhaul of those systems to ensure adequate resources are being deployed.

Finally, a critically important service being used in Indiana are Child Advocacy Centers. These centers work directly with law enforcement and child welfare investigators to conduct forensic interviews of child victims in a manner that protects them from being re-victimized. We should expand access to these centers.

Although the list of needs to improve the system is no doubt longer, much of this work should be done at the state level. As long as I am here, I will always be looking for ways we can do better in our federal efforts.

These youth are not only an important part of our future, they are our solemn responsibility. I have seen firsthand that they have so much to contribute to this country. We mustn't leave them behind – and we can't continue to fail them.

I look forward to working with you on these issues and thank you again for the opportunity to share my child welfare priorities with the committee.

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Testimony – Member Day Hearing

Rep. Glenn Grothman

The federal tax code is complex, costly, and chock-full of loopholes that favor certain special interests. However, there is an opportunity to reform the tax code to make it fairer, pro-work, and pro-growth.

To that end, please see below several proposals to improve the federal tax code.

Senior Independence Act of 2023

Currently, for individuals between the ages of 62 and the full retirement age of 67, the tax code deducts \$1 from Social Security benefits for every \$2 earned above the annual limit. In 2023, this limit is set at \$21,240 annually. Now, this might not seem like a big deal, but it creates significant work disincentives for Social Security beneficiaries, many of whom still wish to work, often in part-time jobs.

Considering that labor force participation is still below pre-pandemic levels, it's high time we address this issue and remove these disincentives from our tax code. This is where the Senior Independence Act (H.R.1783) comes into play.

This essential piece of legislation seeks to raise the annual limit to \$30,000, providing seniors with greater opportunities to work without fearing the loss of their Social Security benefits. It's about giving them the freedom to choose, to remain active in the workforce if they wish, and to contribute to our economy and society.

In essence, the Senior Independence Act aims to empower seniors, ensuring they have the financial security they deserve while allowing them to pursue their passions and remain engaged in the workforce. It's a step towards a fairer, more inclusive tax code that supports seniors, who have given so much to our nation.

Ending Marriage Penalties in the Tax Code

It's unfortunate that our current tax code often penalizes couples who make the decision to marry. At a time when marriage rates are declining, it's imperative that we take deliberate steps to reduce or eliminate these marriage penalties from our tax system.

One such effort to address this problem is the Student Loan Marriage Penalty Elimination Act, also known as H.R.3196. Currently, our tax law penalizes married couples by only permitting one student loan interest deduction per tax return, even if both spouses would independently

qualify for this deduction. This means that many married couples are unable to receive the deductions they rightfully deserve.

The Student Loan Marriage Penalty Elimination Act seeks to rectify this injustice. It eliminates this unfair treatment, ensuring that married couples who are diligently repaying their student loans are not unjustly burdened by our tax code. Instead, it rewards their responsible financial behavior and supports their efforts to pursue higher education.

This act is about fairness, equality, and encouraging responsible financial decisions. It recognizes that marriage should not be a financial penalty but rather a celebration of commitment and love. It's a step towards creating a tax code that supports and empowers families.

Double Taxation of Dyed Diesel Sales

I'd like to draw your attention to a matter that affects not only our farmers but also our entire agricultural community. It's about a critical issue - the double taxation of dyed diesel sales.

H.R. 3524, which I proudly support, addresses this issue by making a necessary technical fix to current fuel excise tax rules. There's a flaw in our current laws, one that inadvertently creates a significant obstacle for supplying fuel to our farmers and other off-road users.

The Internal Revenue Service recognized the inequity of this situation and provided a waiver to ensure an adequate fuel supply. However, despite our best efforts and protests from the Wisconsin Congressional delegation, the Biden Administration allowed this waiver to lapse.

The consequences of this decision were felt acutely in places like the Green Bay regional terminal, especially during the critical fall agricultural harvest. The supply of fuel, essential for agricultural activities, was severely restricted, causing disruptions and challenges for hardworking farmers.

H.R. 3524 offers us a practical and effective solution to this problem. It's a legislative fix that can eliminate this issue once and for all. By addressing this double taxation, we can ensure a smoother and more efficient fuel supply for Wisconsin's agricultural sector.

I urge the esteemed members of the Ways and Means Committee to consider including this technical fix when voting to extend fuel excise taxes. It's a step toward supporting farmers and ensuring the vitality of agricultural communities.

Restoring the Employee Business Expense Deduction

Prior to the passage of the Tax Cuts and Jobs Act (TCJA), an employee was able to deduct their work-related expenses as an itemized deduction each taxable year.

For example, a construction worker who spent multiple days per week at a distant work location may have incurred travel and food expenses while they worked. Employers typically made arrangements with these employees to reimburse some or all of these expenses. The unreimbursed expenses were then allowed to be deducted from the worker's taxes. The TCJA eliminated this important deduction.

The Employee Business Expense Deduction Reinstatement Act ([H.R.8848](#)) will reinstate the employee deduction for work-related food, travel, lodging, and transportation expenses and give these hardworking individuals the ability to deduct up to 85 percent of these unreimbursed work expenses, retroactive to the enactment of the TCJA. This partial reinstatement at 85 percent will benefit workers who travel significantly for their job while limiting the cost of reinstating the deduction.

The Employee Business Expense Deduction Reinstatement Act will allow these employees to keep more of their hard-earned money and help provide much-needed stability to the industries that require travel for work.

Ending Wasteful Tax Expenditures

Our current tax code is marred by a multitude of loopholes and deductions that predominantly benefit special interests. These carve-outs, deductions, credits, and preferential rates amount to roughly \$1 trillion in lost federal revenue annually. It's an alarming sum, one that has far-reaching consequences for our nation's fiscal health.

To chart a more efficient course, it is incumbent upon federal policymakers to seriously consider eliminating many of these tax preferences while concurrently reducing tax rates. This approach can usher in a simpler, fairer tax code that promotes economic growth and prosperity for all.

There are several tax preferences that merit close examination for potential reform or elimination, including the carried interest deduction, the Low-Income Housing Tax Credit (LIHTC), the Earned Income Tax Credit, and the Child Tax Credit. These provisions, while originally intended for various purposes, have, over time, contributed to the complexity and inequity of our tax system.

Our goal should be a tax code that boasts fewer preferences, deductions, and credits, while simultaneously delivering lower tax rates. Such a code would not only be more transparent and equitable but also serve as a powerful catalyst for economic growth.

In closing, I implore my colleagues to join in our shared pursuit of tax reform that will simplify our code, make it fairer for all Americans, and provide the fertile ground upon which our nation's economic prosperity can flourish.

Thank you for your attention and dedication to this important endeavor.

GUY RESCENTIALER
CHIEF DEPUTY WHIP
14TH DISTRICT, PENNSYLVANIA

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September 14, 2023

The Honorable Jason Smith
Chairman
House Committee on Ways & Means
1139 Longworth HOB
Washington, D.C. 20515

Dear Chairman Smith:

Thank you for convening this important Member Day hearing and your leadership on the House Ways and Means Committee. I commend your committee for prioritizing policies that strengthen our economy, hold the Biden Administration accountable, and reward hardworking American families.

As you continue to advance conservative priorities, I look forward to working with you and your staff to advance vital legislation for southwestern Pennsylvanians. Below are some of my efforts in the 118th Congress in the jurisdiction of the House Ways and Means Committee:

- H.R. 3982, Methane Reduction and Economic Growth Act
- H.R. 3125, the Shifting Limits on Thresholds (SLOT) Act
- H.R. 1661, the Discriminatory Gaming Tax Repeal Act of 2023
- H.R. 2849, the Rare Earth Magnet Manufacturing Production Tax Credit Act of 2023
- H.R. 5073, Promoting Domestic Energy Production Act

Thank you for your kind attention to my efforts.

Very respectfully,

Guy Rescenthaler
Member of Congress

HENRY CUELLAR, PH.D.
U.S. HOUSE OF REPRESENTATIVES

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U.S.-MEXICO INTERPARLIAMENTARY
GROUP CO-CHAIRMAN

September 14, 2023

The Honorable Henry Cuellar (TX-28)
Member Day
House Committee on Ways and Means
Thursday, September 14, 2023

Thank you, Chairman Smith and Ranking Member Neal, for inviting members to testify before the Committee.

As industry explores lower-emissions fuels to power vehicles, it is critical to ensure technology neutral policies are in place to foster innovation and competition that will produce cost effective solutions for consumers and preserve consumer choice. I respectfully request that the Committee consider legislation to establish the long-term stability of the Clean Fuel Production Credit (45Z) and remove the current limitations placed on feedstocks and the co-processing of fuels in order to stimulate the market and encourage the production of clean fuels.

I appreciate your consideration of this request.

ASHLEY HINSON
2ND DISTRICT, IOWA
SELECT COMMITTEE ON THE
STRATEGIC COMPETITION BETWEEN
THE UNITED STATES AND THE
CHINESE COMMUNIST PARTY

Congress of the United States
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FOOD AND DRUG ADMINISTRATION
HOMELAND SECURITY

September 13, 2023

The Honorable Jason Smith
Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard E. Neal
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, DC 20515

Member Day Hearing: Thursday, September 14, 2023, at 9:00 AM

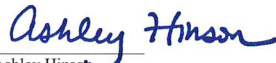
Dear Chairman Smith and Ranking Member Neal:

I write in support of H.R. 531, the Educational Choice for Children Act.

Education isn't one size fits all. Parents should be able to send their children to the school that best fits their educational needs, regardless of income or zip code. This bill expands educational freedom and opportunity for students and working families, while cutting burdensome overregulation that hinders school choice.

Iowa is a leader in school choice – this is critical, especially for children in rural communities who deserve the same options as those who live in urban areas. We need to support states, like Iowa, in this effort by expanding opportunities and avoiding big-government mandates that limit choice and flexibility. The Educational Choice for Children Act puts students first and empowers parents to make the right choices for their family, rather than the government.

Sincerely,



Ashley Hinson
Member of Congress

House Ways and Means Committee
Member Day Hearing
September 14, 2023

Statement of Congressman Jim Jordan (Ohio 04)

Chairman Smith, Ranking Member Neal, and members of the Committee, thank you for holding this member-day hearing. I appreciate having the opportunity to express my strong support for H.R. 531, the Educational Choice for Children Act.

This commonsense bill, introduced by Congressman Adrian Smith, would expand educational opportunities for students nationwide without using taxpayer dollars. It would allow individual taxpayers and companies to claim a tax credit for contributions to non-profit groups that award scholarships to elementary and secondary school students.

I am a proud original cosponsor of this bill, which could help hundreds of thousands of families cover the cost of tuition, fees, books, and school supplies. It rightly affirms that educational choice should not be limited to students from families that can afford the extra costs.

Pre-pandemic surveys show that about ten percent of K-12 students (and only five percent of low-income children) attend private school. The percentage of students who would attend private school absent other barriers, though, is certainly much higher. By incentivizing donations to scholarships, this bill will go a long way toward lowering those barriers.

In my part of Ohio, we are fortunate to have good public and private schools. For many years, my wife, Polly, taught in the Graham Local School District—the same public school system from which we and all of our children graduated. But we know that not every family and every student is so fortunate. Congressman Smith's bill would help ensure that students have access to the best educational opportunities—regardless of the ZIP Code in which they live.

With today's ever-changing job market, a high-quality education has never been more important to a child's future. I am grateful to Congressman Smith for his leadership on this pro-student, pro-family bill and commend it to the committee's attention.

I also want to recognize our late colleague, Congresswoman Jackie Walorski, for her dedication to the expansion of school choice in general and to this bill in particular during her time in the House.

Thank you again, Mr. Chairman and Ranking Member Neal, for holding this hearing.

Written Statement of Rep. James P. McGovern (MA-02)
Testimony before the House Committee on Ways and Means
September 11, 2023

Chairman Smith and Ranking Member Neal—

Thank you for the opportunity to testify today on a few of my priorities before the House Committee on Ways and Means.

Mr. Chairman, later this month, I plan to re-introduce the bipartisan, bicameral Medically Tailored Home Delivered Meals Demonstration Act with my colleague Congresswoman Nicole Malliotakis (R-NY). The Senate has already introduced a similar bipartisan bill (S. 2133), led by Senators Debbie Stabenow (D-MI), Roger Marshall (R-KS), Cory Booker (D-NJ), and Bill Cassidy (R-LA).

This bill would establish a Medicare pilot program to deliver medically tailored meals – nutritious meals designed by Registered Dietitian Nutritionists tailored to the specific medical needs of an individual living with a diet-affected disease like diabetes or congestive heart failure. A growing body of research shows that medically tailored meals are a cost-effective strategy for improving health outcomes for some of our most vulnerable seniors.

President Biden has demonstrated his commitment to advancing medically tailored meals by including a medically tailored meal pilot in his FY24 budget and his *National Strategy on Hunger, Nutrition, and Health* that came out of last year's historic White House Conference on Hunger, Nutrition, and Health. I respectfully urge you to hold a hearing on my medically tailored meals bill and work to advance this bill to the House floor as soon as possible.

I also plan to re-introduce the Medical Nutrition Equity Act, a bill that expands coverage under Medicare, Medicaid, other specified federal health care programs, and private health insurance to include food, vitamins, and individual amino acids that are medically necessary for the management of certain digestive and metabolic disorders and conditions. This bipartisan and bicameral bill is narrowly written to focus on individuals for whom medically necessary nutrition is the treatment for their diseases.

For many of the covered disorders, the legislation simply establishes treatment parity. For example, medically necessary nutrition is routinely denied by insurance companies for the management of Crohn's disease, while more costly treatments that put people at risk of medical complications are approved. Approximately 2,000 infants every year are diagnosed with an inherited metabolic disorder because all states have mandated testing for these disorders and yet, treatment of these disorders goes uncovered for far too many.

In December 2016, Congress passed improved coverage for medical nutrition for military families enrolled in TRICARE as a part of the National Defense Authorization Act. Our bill expands coverage to include patients covered under Medicaid, the Children's Health Insurance Program (CHIP), Medicare, the Federal Employee Health Benefit Program, and

private insurance. I respectfully urge you to include the Medical Nutrition Equity Act in a hearing so that the House may pass this important legislation during the 118th Congress.

Additionally, I'd like to bring to your attention H.R. 4034, a bill to amend title XVIII of the Social Security Act to provide coverage for wigs as durable medical equipment under the Medicare program, which I re-introduced June 12, 2023, with Congresswoman Ayanna Pressley (D-MA). Senator Richard Blumenthal (D-CT) has also introduced a companion bill in the Senate, S. 1922.

Many patients living with medical hair loss suffer from a variety of diseases, including cancer, or as a result of medically necessary treatment. Additionally, alopecia areata, an autoimmune skin disease with no known cause or cure that causes hair loss, affects approximately 6.8 million Americans. Our bill would increase access to cranial prosthetics for patients with medical hair loss, including those with cancer and alopecia areata. This bill is a simple change that will grant those in need access to this important treatment option.

I have proudly been the lead sponsor of this bill since the 115th Congress. I respectfully urge you to consider H.R. 4034 before the House Ways and Means Committee so that the House may pass this bill during the 118th Congress.

Finally, Mr. Chairman, I would like to touch on one other matter before this Committee: the urgent need to renew the Generalized System of Preferences (GSP).

Established in 1974, GSP is the United States' oldest and largest trade preference program. GSP boosts trade and economic development by eliminating tariffs on non-sensitive goods from 119 qualifying developing countries. Congress has repeatedly renewed GSP with overwhelming bipartisan support. While the House last renewed GSP by a vote of 400-2, this authorization expired on December 31, 2020. Since then, U.S. companies have been forced to pay nearly \$3 billion in tariffs, including over \$21 million from Massachusetts alone.

On July 11th, I joined my friend and Massachusetts colleague Congressman Jake Auchincloss (D-MA) on a bipartisan letter to the Chairman and Ranking Member to renew the GSP as quickly as possible. I know you have worked together to advance a renewal in the past. I urge you to ensure that GSP is renewed by the 118th Congress, hopefully this year.

Thank you for your consideration of these requests and this opportunity to testify.

JOHN R. MOOLENAAR
2ND DISTRICT, MICHIGAN

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CALEDONIA, MICHIGAN 49316

October 22, 2024

Chairman Jason Smith
House Ways and Means
1139 Longworth HOB
Washington, D.C. 20515

RE: Member Day Hearing

Dear Chairman Smith and Committee Members,

Thank you for providing the opportunity to speak about issues important to our districts.

Expanding rural broadband access is an issue that I have supported throughout my time in Congress. Many rural communities in Michigan lack the infrastructure necessary to receive access to broadband service. That is why I am reintroducing the Broadening Online Opportunities through Simple Technologies (BOOST) Act. This legislation would allow residents to purchase a mobile hotspot, mobile hotspot booster, satellite booster, or similar device to boost speeds of their wireless internet to better be able to do business, complete homework, and receive telemedicine at home. The \$300 tax credit is technology-neutral so it can be used to purchase the technology the homeowner believes would be best for their residence. One homeowner could claim the tax credit after buying a signal booster, while another could use it after purchasing equipment to receive service from a satellite.

Another concern that is affecting my constituents is that under current law, Native Americans are barred from contributing to their own Health Savings Account (HSA) for three months after receiving care at an Indian Health Service Facility. Congressman Raul Ruiz, M.D. and I introduced legislation (H.R. 5546) to repeal this waiting period so Native Americans can save money for their health care like everyone else. It does not make sense that Native Americans must wait three months to begin contributing to their HSAs. In 2016, this legislation unanimously passed the House of Representatives.

There are also issues with Medicare that need to be fixed to make life better for my constituents. Those living in rural communities deserve health care they can trust. That is why the Medicare regulations must be modernized and allow rural hospitals to use Medicare funding to hire and pay anesthesiologists. Congressman Jared Huffman and I are proud to lead the bipartisan Medicare Access to Rural Anesthesiology Act (H.R. 5256) which will help make sure seniors in rural America have access to the anesthesia care they need for medical procedures.

As you are aware, the green energy tax credits created in the Inflation Reduction Act are a boon to our adversaries. To curtail their benefits, I will be introducing legislation that would prohibit companies, based in China, Russia, Iran, or North Korea, and their subsidiaries from receiving any of these tax incentives. Companies based in China are beholden to the Chinese Communist Party and they should not be benefiting from incentives being paid for by the American taxpayer.

Lastly, we must modernize the 45B Federal Insurance Contributions Act tip tax credit. Thousands of employer-based salons and barbershops do not have access to the credit. Extending the FICA tip tax credit to this industry would reduce compliance burdens on small businesses. I support the Small Business Tax Fairness and Compliance Simplification Act (H.R. 45) which will help small businesses.

I urge the Committee to take up these solutions. Thank you again for the opportunity to share these issues with the Committee.

Sincerely,



JOHN MOOLENAAR
Member of Congress

201

Congress of the United States
Washington, DC 20515

October 2, 2023

The Honorable Jason Smith
Chairman
Committee on Ways & Means
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Committee on Ways & Means
1129 Longworth House Office Building
Washington, D.C. 20515

Re: Member Day Hearing: Thursday, September 14, 2023, at 9:00 AM

Dear Chairman Smith and Ranking Member Neal:

We write in support of the Clergy Act, which we intend to introduce, as we did previously in the 116th Congress.

Faith leaders play an important role in our communities. However, many clergy members in California's Central Valley and across the country struggle to plan for retirement because they lack Social Security coverage.

The Clergy Act would provide clergy members—many of whom opted out of Social Security in their youth—an open season during which they could effectively opt into Social Security.

Freedom and flexibility are essential to retirement planning. After years of selfless service, faith leaders should be able to have an opportunity to decide what is best for their futures.

We strongly support giving clergy members a fair chance to plan for retirement.

Sincerely,


KEVIN McCARTHY
Speaker of the House


MIKE THOMPSON
Member of Congress

Committee on Ways and Means Member Day Hearing**September 14, 2023****Statement from Rep. Ralph Norman (SC-05)**

Thank you for the opportunity to highlight the importance of the Miscellaneous Tariff Bill (MTB) to my constituents and our economy. As you are aware, the MTB temporarily eliminates tariffs on imported materials that are either not made in the United States or are not available in sufficient quantities in order to boost American competitiveness. However, the MTB and its suspension of tariffs expired at the end of 2020.

The MTB provides critical support for businesses throughout my district by ensuring they are not unnecessarily disadvantaged compared to foreign competitors when sourcing vital manufacturing components. For example, one of my constituents, Element Electronics, relies on the MTB to level the playing field when competing against imports from Mexico. Element is the sole remaining liquid crystal display (LCD) television producer in the United States. Located in Winnsboro, South Carolina, Element competes against imports of LCD televisions from Mexico, which enter the U.S. duty-free. The LCD panels required for Element's televisions are not produced in the U.S.; thus, Element has no choice but to import the panels. While Mexican producers of the same televisions pay no tariffs on their imports of LCD panels, Element is subject to a tariff, which acts as a tax, of 4.5 percent. This tariff inversion, in which U.S. tariffs are higher on the imports of the inputs used to make the finished product than the tariffs on imported finished product itself, not only creates a perverse incentive to import finished televisions rather than make them at home in the U.S., but it also puts Element at a significant disadvantage compared to their Mexican competitors. With the MTB in place, which suspended the tariff on the imported LCD panels and eliminated the artificial competitive disadvantage, Element had been able to successfully compete against imports from Mexico. However, due to the lapse of the MTB, Element has been forced to drastically reduce its production and has cut its employment by over half.

The MTB has benefitted numerous other manufacturers throughout my district. Nation Ford Chemical (NFC), located in Fort Mill, South Carolina, is a small, family-owned specialty chemical manufacturer that has been in business for over 45 years and employs approximately 80 individuals. NFC manufactures products that impact the daily lives of Americans in countless ways. One of the products is called PANA, and an additive used in jet engine lubricants. Their molecules are in the engines of every commercial and military jet in our skies. For one raw material that is imported to manufacture PANA, NFC spent nearly \$500,000 on duties alone in 2022 due to the lapse of the MTB. NFC currently competes with Far East imports on sales of PANA and was able to expand sales in the domestic and global market when these tariffs were eliminated by the MTB in 2018, which allowed them to expand production and employ four additional people. However, with the additional tariffs that have since been passed on to

customers, NFC has lost these new customers, potentially requiring the company to decrease production and eliminate two of the four positions and other supporting jobs. NFC is also the sole domestic producer of colorants for the M-18 smoke canisters used by the U.S. Army to produce smoke dyes, but they cannot raise prices to offset the tariffs, causing economic hardship to the company. If a new contract is awarded by the Department of Defense, the tariffs NFC pays would then be added to the cost to the government. This is an inefficient practice and ties up funds unnecessarily.

Domtar, another major corporation located in Fort Mill, South Carolina, is the largest manufacturer of copy paper in North America and the third largest producer of pulp in the world. Domtar's thermal paper uses a product called OBD that can only be sourced outside of the U.S. Since the expiration of the MTB, Domtar's cost to produce this product has increased by \$2 million. The reinstatement of the MTB would help level the playing field and the cost to produce this product for Domtar.

These companies throughout South Carolina's 5th congressional district serve as just a few of the excellent examples of how the MTB supports value-added manufacturing and well-paying jobs. Therefore, I respectfully urge you to provide much-needed relief to domestic manufacturers who have been unnecessarily burdened by the extended lapse of the MTB. Thank you for your consideration of this request.

**Testimony of Congressman C.A. Dutch Ruppertsberger
Member Day Hearing
Committee on Ways and Means
September 28, 2023**

Chairman Smith, Ranking Member Neal and members of the Committee, I appreciate the opportunity to submit this testimony in support of H.R. 2788, the American Investment in Manufacturing (AIM) Act.

American manufacturing is the backbone of the United States economy. Maryland's second district alone has nearly 400 manufacturing businesses that employ more than 20,000 of my constituents.

While I am proud that this industry has grown in my district in recent years, there is much more we can do to support and protect these American businesses.

That is why I write to support the AIM Act. This bill will once again allow crucial American businesses to deduct 30 percent of their Earnings Before Interest, Tax, Depreciation, and Amortization, a standard calculation known as EBITDA. Currently, the tax code allows for businesses to only deduct earnings from EBIT, a version of EBITDA that excludes depreciation and amortization.

Mr. Chairman, EBIT hurts capital-heavy businesses and stifles economic, job and opportunity growth. In fact, the United States is the only country that uses EBIT instead of the EBITDA standard, which disadvantages American businesses competing in the global marketplace.

H.R. 2788 will eliminate unnecessary burdens to American businesses that invest in R&D and employ hard working Americans. It will help the United States keep our competitive edge in the global economy and stay a step ahead of our economic adversaries like China.

To conclude, we cannot fall behind in the global economy because of unnecessary and self-imposed limitations on the United States manufacturing industry. I am proud of President Biden and his administration's work to strengthen domestic manufacturing and return manufacturing jobs to America. While there is much more work to be done, I believe the bipartisan American Investment in Manufacturing (AIM) Act is a positive step to achieving this goal.

Mr. Chairman and members of the Committee, I respectfully ask that you join me in support of H.R. 2788, and I urge the Committee to advance this critical piece of legislation that supports American manufacturing and United States innovation.

Congressman Cole Written Testimony for Member Day Hearing

Chairman Smith and Ranking Member Neal, thank you for hosting today's Member Day Hearing and listening to my testimony. I appreciate the opportunity to appear before you today to talk about a topic and piece of legislation that is very important to me and which falls under the committee's jurisdiction.

As we all know, Social Security's main trust fund is in dire straits. According to the most recent report of Social Security's Board of Trustees, the Old-Age and Survivor's Insurance Fund is projected to be depleted in 2033. At this time, Social Security beneficiaries will be paid only 77 cents on every dollar they are due. To put that in perspective that would be like cutting \$391 from the average beneficiary's monthly check of \$1,700.

This news isn't new. In fact, we've known of Social Security's impending insolvency for years. And we've known that the longer the problem remains unsolved, the harder it gets.

For six Congresses now, I've led or co-led the Bipartisan Social Security Commission Act. This legislation would create an independent, bipartisan commission of 13 individuals appointed by the president and

congressional leaders in both parties. This commission would be tasked with developing a proposal to ensure Social Security's trust funds are solvent for the next 75 years, and any recommendation made by the commission must be made with the support of 9 of its 13 members, ensuring bipartisan consensus. Ultimately, Congress would have an up or down vote on the commission's unamended proposal.

I understand Social Security has long been the third rail of American politics. It's a popular program, and questions over changes abound. Who will be affected? What will these changes look like? Will taxes go up? Will benefits go down?

I don't presume to know these answers, and I don't intend to. We should not be coming at this issue with preconceived notions of what the outcome should look like. For too long, we've let partisan bickering and accusations over the other side's motivations stop us from preventing this coming crisis. Members have been more interested in scoring political points vs making policy.

That's part of the reason for why I'm proposing we create an independent commission. The fact of the matter is that doing nothing is not

an option. I understand the concerns of many of my constituents who worry about any solution reducing benefits or raising payroll taxes, even if these changes are reserved for younger generations and not current beneficiaries. But we are deluding ourselves if we think the status quo is defensible.

The simple truth is that benefit cuts are coming if we do nothing, and it **will** affect those who are currently eligible. We must have a conversation not only as a Congress but as a country about how best to protect Social Security for current and future beneficiaries. Ignoring the problem is only whistling past the fiscal graveyard. Let's listen to our better angels, put aside the partisan demagoguery, and do what we were elected to do: make policy for the benefit and interests of our constituents.

Statement for the Record - Chairwoman Virginia Foxx (R-NC)
Committee on Education and the Workforce
September 14, 2023

Thank you, Chairman Smith and Ranking Member Neal, for convening this Member Day hearing and for extending me the opportunity to testify in support of H.R. 531, the *Educational Choice for Children Act*.

This bicameral legislation would yield annual tax credit scholarships to students and families via the United States Treasury and establish baseline credit allotments to the states on a first-come, first-serve basis.

Simply put, the more we can do to spread and promote education freedom, the better.

What's more, this legislation extends due deference to states, localities, and school districts by not imposing top-down government mandates, something for which Washington has an all too familiar penchant.

For millions of students and families across our nation, exercising choice in education means having the ability to open doors - that would have otherwise remained shut - and venture down pathways to prosperity.

America's future leaders deserve opportunities to receive a high-quality education in an environment that meets their unique and respective needs. H.R. 531 serves as a conduit through which these opportunities can be achieved.

Too often, America's students have been relegated to failing schools simply because of the zip code in which they reside. They do not have the opportunity to further their educational pursuits

at schools where they can grow intellectually, personally, and professionally.

Federal bureaucrats salivate at this reality; they want to keep the status quo alive and well, even if it means blighting the futures of America's students.

Wholeheartedly embracing the status quo and consigning students to underperforming schools is repugnant. This should never be an option.

As policymakers, we should seek solutions that do not embolden an ever-metastasizing federal bureaucracy and instead champion solutions that put parents back in the driver's seat when it comes to making decisions on their children's education.

We should be the ones paving the way for students to succeed - not holding them back by espousing a one-size-fits-all mentality to legislating.

H.R. 531 is our chance to right the ship, empower both students and families, and change the trajectory of education in America for the better.



September 14, 2023

The Honorable Jason Smith
Chairman
US House Committee on
Ways & Means
1139 Longworth HOB
Washington D.C. 20515

The Honorable Richard Neal
Ranking Member
US House Committee on
Ways & Means
1139 Longworth HOB
Washington D.C. 20515

RE: Support for H.R. 5073, the Promoting Domestic Energy Production Act

Dear Chairman Smith and Ranking Member Neal:

The American Exploration & Production Council (AXPC) fully endorses and supports the bipartisan bill H.R. 5073, the Promoting Domestic Energy Production Act (PDEPA). Thank you for holding today's discussion and for the opportunity to discuss the importance of passing Congressman Mike Carey (R-OH) and Congressman Vicente Gonzalez's (D-TX) legislation.

AXPC is the voice of the leading independent US energy producers. Last year, AXPC member companies were responsible for over half of all US gas production and approximately half of all its oil production. This equates to six percent of global oil and 10 percent of global natural gas production. The emergence of the US as a global energy leader would not be possible without the billions of dollars invested every year by the US oil and gas industry.

As you know, the domestic oil and gas industry is one of the most capital-intensive industries and requires significant upfront investment to produce reliable, affordable, and clean energy for all Americans. Like other industries, the regular corporate income tax laws allow for domestic independent oil and gas companies to recover their capital costs in a manner that allows an accelerated recovery and corresponding reinvestment in their operations. Intangible drilling costs (IDCs), account for approximately 85 percent of the costs of drilling a well, with labor representing the majority of the costs.

The Inflation Reduction Act imposed a new book minimum tax (BMT) on American companies. A last-minute change to the BMT allowed companies to continue to deduct the same depreciation expense which was afforded to them under the regular corporate income tax. Authors of the BMT included this provision to shield companies from the potentially chilling impact of the new tax regime by not penalizing their capital investment. However, when crafting this provision, Congress failed to recognize that the majority of the oil and gas industry's capital costs are not recovered as depreciation deductions. The omission of IDCs as a deduction for the BMT creates an uneven playing field in which oil and gas producers do not have horizontal equity on their capital expenditures compared to other similarly situated industries.

As a result, America's oil and gas producers are unfairly impacted by the BMT. The BMT impact will reduce nationwide energy investments, result in fewer high-paying jobs, decrease revenue to the federal government and states, increase dependency on foreign countries to meet our energy needs, and provide less capital to invest in the development and deployment of technologies to reduce emissions.

Passage of H.R. 5073, the Promoting Domestic Energy Production Act, is key to the US maintaining its position as a global energy leader and keeping energy costs low. AXPC encourages Congress to act on this important legislation.

Sincerely,

A handwritten signature in blue ink that reads "Anne Bradbury". The signature is fluid and cursive, with the first name "Anne" and last name "Bradbury" clearly distinguishable.

Anne Bradbury
President & CEO
American Exploration & Production Council



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September 14, 2023

House Ways and Means Committee
 1139 Longworth House Office Building
 Washington D.C. 20515

Chairman Smith, Ranking Member Neal, and members of the Ways and Means Committee,

The American Gaming Association (AGA) appreciates the opportunity to submit the following comments for the record for the Committee's Member Day Hearing. Based in Washington, D.C., the AGA is the national trade association representing the \$261 billion U.S. casino industry, which includes commercial and tribal casinos, sportsbooks, manufacturers and other stakeholders. The gaming industry supports 1.8 million jobs and generates \$41 billion in annual tax revenue for critical public services, including education, public safety and infrastructure. Today's gaming industry is not only a popular source of mainstream entertainment, but also an economic driver and community partner in 45 states and the District of Columbia.

We urge the Committee's consideration and support of two bipartisan bills introduced by Congressional Gaming Caucus co-chairs Dina Titus (D-NV) and Guy Reschenthaler (R-PA), which address antiquated tax policy that props up illicit gambling operations and creates unnecessary burdens for our customers and businesses.

H.R. 1661 – Repealing the Federal Sports Betting Excise Tax

In 1951, Congress established an excise tax on sports wagering and annual employee head tax to suppress illegal, organized gambling activities. These taxes were never intended to be a revenue source, but rather a tool for prosecuting illegal bookmaking operations that did not pay them. While Congress has reduced the rate applied to legal sports wagers over time, there remains a federal excise tax of 0.25 percent on the amount of any legal sports wager, as well as an additional \$50 annual head tax for every employee engaged in receiving wagers for or on behalf of any legal sports betting operator.

Following a [2018 Supreme Court ruling](#) that opened the door for states and tribal governments to choose to legalize and regulate sports betting within their borders, [37 states and D.C.](#) have joined Nevada to offer residents legal and regulated options for sports wagering. The excise tax and head tax are anachronisms in this modern environment and instead place legitimate, highly regulated businesses at a significant competitive disadvantage vis-à-vis illicit gambling operations that pay no taxes and expose consumers to financial and cyber threats and facilitate other criminal activity like money laundering. Legal sportsbooks are forced to offer worse odds and payouts or reduce investment in promoting legal betting channels to the public to absorb the



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unnecessary burden of these taxes. Furthermore, the \$50 head tax on employees produces de minimis revenue to the government, while imposing significant administrative burdens on legal operators and serving as an impediment to hiring at a time when providing jobs is essential. H.R. 1661 would repeal these antiquated taxes, which is critical to the long-term sustainability of the legal, regulated marketplace and its ability to supplant illegal betting operations. By enacting this legislation, Congress can help bring sports betting activity out of the shadows of the offshore market and under the regulatory oversight of the legal market that generates tax revenues and new economic activity for states and tribes, enhances game integrity, and provides consumer protections.

H.R. 3125 – Modernizing the Reporting Threshold for Slot Jackpots

H.R. 3125 would provide another important update to the tax code by raising the IRS reporting threshold for slot machine jackpot winnings. When a player wins \$1,200 or more on a slot machine, the machine is shut down and the player and casino staff must fill out a form W-2G to fulfill our tax compliance. Machines can be locked down anywhere from 20 to 45 minutes. While the \$1,200 level set in 1977 was reasonable at that time, that amount has not kept pace with inflation and does not make sense in 2023. As a result, this outdated threshold has produced a dramatic increase in the number of reportable jackpots, which has increased the operational costs and associated burdens for casinos, their patrons, and the IRS. By the IRS's own estimates, the agency expects to receive more than [19.6 million W-2Gs](#) for Calendar Year 2023, a 16.4 percent increase from the total volume projected last year. H.R. 3125 would raise the tax reporting threshold for slot jackpots to \$5,000 and provide a mechanism for future increases based on inflation. This change would produce greater efficiency for taxpayers and the IRS while lowering the industry's administrative costs. There is also precedent for using \$5,000 as a benchmark for other tax reporting requirements. Payors are required to issue poker players a W-2-G when the winnings (reduced by the wager or buy-in) are more than \$5,000 from a poker tournament; and \$5,000 is used as the benchmark to trigger withholding with respect to sweepstakes, wagering pools, lotteries, and other wagering transactions.



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We urge the Committee to advance these two bipartisan pieces of legislation that would make important updates to outdated portions of the tax code that have outlived their utility. Doing so would help our industry continue to make meaningful investments in world-class entertainment facilities, experiences, and technologies across the country while curbing illegal activity and reducing burdens on our customers. We appreciate the opportunity to comment on these matters and are eager to work with you on this legislation. If you have any questions regarding the matters discussed herein, please contact Chris Cylke at ccylke@americangaming.org.

Sincerely,

A handwritten signature in black ink that reads 'Bill Miller'.

Bill Miller
President & CEO



Written Testimony for the Record
David Bergman, JD, Senior Vice President, Government
Relations and Health Affairs
American Association of Colleges of Osteopathic Medicine
House Ways and Means Committee Member Day Hearing
September 14, 2023

Chairman Smith, Ranking Member Neal and esteemed Committee members, as you examine opportunities to improve access to healthcare across the country, the American Association of Colleges of Osteopathic Medicine (AACOM) believes that the physicians trained at our nation's colleges of osteopathic medicine (COMs) are an important part of the solution. We commend you for holding today's hearing and appreciate you permitting AACOM to offer this written testimony for the record. AACOM stands ready to work with you and your House colleagues to advance policies and programs that will help ensure our nation has the healthcare workforce we need for the patients of today and tomorrow.

About AACOM and Osteopathic Medicine

AACOM leads and advocates for osteopathic medical education (OME) to improve the health of the public. Founded in 1898 by the nation's osteopathic medical schools, AACOM represents all 41 colleges of osteopathic medicine — educating more than 35,000 future physicians, 25 percent of all US medical students — at 65 medical school campuses, as well as osteopathic graduate medical education professionals and trainees at US medical centers, hospitals, clinics and health systems.

Osteopathic medicine is at the forefront of healthcare delivery, encompassing all aspects of modern medicine and therapeutic innovation. Osteopathic medicine also confers the added benefit of hands-on diagnosis and treatment of conditions through a system known as osteopathic manipulative medicine. Doctors of Osteopathic Medicine (DOs) are trained in medical school to take a holistic approach when treating patients, focusing on the integrated nature of the various organ systems and the body's incredible capacity for self-healing. DOs are licensed in all 50 states to practice medicine, perform surgery and prescribe medications. The osteopathic medical tradition holds that a strong foundation as a generalist makes one a better physician, regardless of one's ultimate practice specialty—which is the reason why more than half of DOs currently practice in primary care.¹ More than 7,300 DOs were added to the U.S. physician workforce in 2022, joining the 141,000 DOs already in practice.²

¹ American Osteopathic Association, OMP Report, available at <https://osteopathic.org/about/aoa-statistics/>

² American Osteopathic Association, OMP Report, available at <https://osteopathic.org/about/aoa-statistics/>

Osteopathic Physicians Play a Significant Role in Addressing Workforce Shortages and Expanding Access to Care

Osteopathic medicine is one of the fastest growing medical fields in the United States. Over the past decade in the U.S., the total number of DOs and osteopathic medical students has grown by 81%.³ More than 25% of U.S. medical students are enrolled in colleges of osteopathic medicine (COMs) — a proportion that is expected to grow to 30% by 2030.⁴

Osteopathic physicians comprise one of the youngest segments of the healthcare workforce. More than 86,000 actively practicing DOs are under the age of 45, and 34% of DOs are under the age of 35.⁵ These young physicians are critical as the medical field ages and deals with the devastating impact of the COVID-19 pandemic. The stress and burnout from the pandemic caused many physicians to retire early, take temporary leave, or withdraw from the practice of medicine. The field of osteopathic medicine is working to address the gaps in the physician workforce by building a young, dynamic and resilient workforce that is helping to meet health system challenges.

While workforce shortages persist across the nation, rural and underserved communities are disproportionately impacted. For individuals living in rural areas of the United States, staff shortages do not just lead to longer wait times for appointments, but can also lead to hospital and clinic closures, eliminating access to the only accessible healthcare providers.

Rural residents often must wait hours for ambulances or travel hundreds of miles just to see a doctor. These long wait times can be the difference between life and death, where serious health conditions are exacerbated. Rural areas often lack access to quality health care. Of the roughly 2,000 U.S. counties classified as rural, more than 170 lacked an in-county critical access hospital, federally qualified health center, or rural health clinic—facilities collectively referred to as safety-net providers.⁶ Twenty percent (20%) of our country’s population resides in rural areas, and they tend to have worse health outcomes than their urban or suburban counterparts.⁷

³ American Osteopathic Association, OMP Report, available at <https://osteopathic.org/about/aoa-statistics/>

⁴ American Association of Colleges of Osteopathic Medicine <https://www.aacom.org/become-a-doctor/aboutosteopathic-medicine/quickfacts#:~:text=Today%2C%20more%20than%2025%20percent,training%20to%20be%20osteopathic%20physicians>

⁵ American Osteopathic Association, OMP Report, available at <https://osteopathic.org/about/aoa-statistics/>

⁶ Kaufman, B.G., et al., The Rising Rate of Rural Hospital Closures. *J Rural Health*, 2016. 32(1): p. 35-43.

⁷ American Hospital Association, Rural Report: Challenges Facing Rural Communities and the Roadmap to Ensure Local Access to High-quality, Affordable Care, available at <https://www.aha.org/system/files/2019-02/rural-report2019.pdf>

Additionally, rural communities are routinely situated in remote areas with little to no economic infrastructure, making it difficult to attract and retain medical talent.⁸ These vulnerable communities have a dire need for healthcare providers, yet only 11% of physicians choose to practice in rural areas.⁹ Often times, even where rural facilities exist, they are frequently understaffed and under-resourced. In fact, according to the Health Resources and Services Administration (HRSA), in March 2023 almost 70% of areas designated as primary medical health professional shortage areas were considered rural or partially rural.¹⁰

The physicians who do practice in rural areas tend to be older, work longer hours, see a greater number of patients and perform a greater variety of procedures than their counterparts who practice in urban settings.¹¹ This strain on rural physicians increases the likelihood they will experience provider burnout and abandon the practice of medicine. Of note, from 2000 to 2017, the number of physicians under age 50 living in rural areas decreased by 25%. By 2017, more than half of rural physicians were at least 50 years old, and more than a quarter were at least 60.¹² This highlights the need to recruit more younger physicians into the rural workforce.

Serving rural and underserved populations is a priority for AACOM and our member schools. While large academic medical centers represent only five percent of all hospitals in the U.S.¹³ and only 20% of all hospital admissions, surgical operations and outpatient visits, community-based hospitals and facilities provide the overwhelming majority of healthcare.¹⁴ That is why AACOM and its member institutions promote training in diverse healthcare settings, such as community hospitals and health centers located in rural parts of the country.

⁸ National Rural Health Association Policy Brief, Health Care Workforce Distribution and Shortage Issues in Rural America, available at <https://www.ruralhealth.us/getattachment/Advocate/PolicyDocuments/HealthCareWorkforceDistributionandShortageJanuary2012.pdf.aspx?lang=en-US>

⁹ The Association of American Medical Colleges, Attracting the next generation of physicians to rural medicine, available at <https://www.aamc.org/news-insights/attracting-next-generation-physicians-rural-medicine>

¹⁰ Bureau of Health Workforce, Health Resources and Services Administration (HRSA), U.S. Department of Health & Human Services Second Quarter of Fiscal Year 2023 Designated HPSA Quarterly Summary, available at <https://data.hrsa.gov/default/generatehpsaquarterlyreport>

¹¹ National Rural Health Association Policy Brief, Health Care Workforce Distribution and Shortage Issues in Rural America, available at <https://www.ruralhealth.us/getattachment/Advocate/PolicyDocuments/HealthCareWorkforceDistributionandShortageJanuary2012.pdf.aspx?lang=en-US>

¹² Skinner, Lucy, et al. "Implications of an aging rural physician workforce." *N Engl J Med* 381.4 (2019): 299-301.

¹³ Association of American Medical Colleges, Letter to Senators Patty Murray and Richard Burr, June 30, 2021, available at <https://www.aamc.org/media/55191/download?attachment>

¹⁴ Burke LG, Frakt AB, Khullar D, Orav EJ, Jha AK. Association Between Teaching Status and Mortality in US Hospitals. *JAMA*. 2017;317(20):2105–2113. doi:10.1001/jama.2017.5702

Sixty percent (60%) of osteopathic medical schools are located in a federally designated Health Professional Shortage Area (HPSA), and 64% require clinical rotations in rural and underserved communities. Moreover, 88% of COMs have a stated public commitment to rural health. Research shows that the location of medical education and residency training impacts practice location, so the osteopathic rural training model leads to more physicians in these underserved areas.

Training medical students in rural communities has been shown to mitigate chronic and acute shortages in these areas. Forty-three percent (43%) of graduating 2021-2022 osteopathic medical students plan to practice in a medically underserved or health shortage area; of those, 40% plan to practice in a rural community.¹⁵ **Significantly, more than 73% of DOs practice in the state where they do their residency training, and that percentage increases to 86% when they attend both medical school and residency in the state.**

Most medical students graduating with a DO degree are opting to practice primary care. In 2023, 55.9% of senior DO medical students in the U.S. went into primary care, compared to only 36.2% of MD seniors.¹⁶ Nationwide, 57% of DOs practice in primary care, including family medicine, internal medicine and pediatrics.¹⁷ DOs have increased access to many underserved populations by providing primary care to rural populations.

AACOM Policy Recommendations

Osteopathic medicine has a blueprint for success in combatting the physician workforce shortages that plague our country's healthcare system. We respectfully offer several recommendations to ensure an adequate healthcare workforce for the nation:

- **Establish a program that includes a consortium of osteopathic medical schools, rural health clinics and federally qualified health centers to increase medical school clinical rotations in rural community-based facilities.** Many community health centers are located in rural and urban underserved areas that need more physicians. Clinical training in community-based settings exposes medical students to the unique healthcare needs of rural and underserved populations and prepares them to serve these communities after graduation. Research shows that training medical students in underserved areas leads to practice in those communities. Congress needs to authorize a program to provide grants to eligible entities to expand the availability of community-based training opportunities for medical students in rural areas to facilitate long-term, sustainable physician practice in high-need communities.

¹⁵ American Association of Colleges of Osteopathic Medicine, 2021-2022 Academic Year Graduating Seniors Survey Summary Report.

¹⁶ National Residency Matching Program. Advanced Data Tables 2023 Main Residency Match, available at https://www.nrmp.org/wp-content/uploads/2023/04/Advance-Data-Tables-2023_FINAL-2.pdf

¹⁷ American Osteopathic Association, OMP Report, available at <https://osteopathic.org/about/aoa-statistics/>

- **Provide a refundable tax credit to uncompensated medical school preceptors to help increase the supply of primary care physicians providing community-based training, especially in rural areas.** Preceptors train medical students in clinical rotations during their third- and fourth-year of medical school. More preceptors are needed to train future physicians, particularly in community-based settings. Congress should pass legislation creating a refundable tax credit for uncompensated preceptors to incentivize more physicians to train medical students and support high-quality care, especially in primary care.
- **Implement policies that leverage all available physicians by ensuring that DOs and MDs have equal access to federally-funded GME programs.** At least 32% of residency program directors never or seldom interview DO candidates, and of those that do, at least 56% require them to take the USMLE (the MD licensing exam), in addition to the osteopathic medical exam, COMLEX-USA.¹⁸ Medical school is arduous, and osteopathic medical students should not be excluded from one third of residency programs and subjected to the 32 hours and \$2235 (as well as prep costs and time) that are required to take the USMLE. Moreover, these unfair practices impact the distribution of osteopathic physicians, which exacerbates access to healthcare, especially in rural and underserved areas. **AACOM recommends that Congress pass the bipartisan *Fair Access In Residency Act (H.R. 751)* to ensure that all federally-funded GME programs are open to DOs and accept the COMLEX-USA.**
- **Provide permanent funding for the Teaching Health Center Graduate Medical Education (THCGME) program.** The THCGME program trains physicians in outpatient settings, such as Rural Health Clinics, Federally Qualified Health Centers and tribal health centers. THCGME program training sites prioritize care for high-need communities and vulnerable populations, with more than half located in medically underserved communities. Permanent robust funding is needed to strengthen the THCGME program and establish a healthy, stable infrastructure for physician training in outpatient settings. **AACOM recommends that Congress reauthorize and increase THCGME funding through legislation such as the *Lower Costs, More Transparency Act (H.R. 5378)*, which would extend THCGME program funding through fiscal year 2030.**

Conclusion

On behalf of the 65 osteopathic medical school campuses and the 35,000 medical students they serve, thank you for your consideration of our views and recommendations. Again, we are eager to be a resource as you examine and consider solutions to the nation's healthcare challenges. For questions or further information, please contact David Bergman, JD, Senior Vice President of Government Relations and Health Affairs, at dbergman@aacom.org.

¹⁸ National Residency Matching Program, 2022 Program Director Survey, available at <https://www.nrmp.org/match-data-analytics/residency-data-reports/>



September 27, 2023

Honorable Jason Smith
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf of independent music makers and record labels we call on the Committee of Ways and Means to advance into law the bipartisan and bicameral Help Independent Tracks Succeed (HITS) Act (H.R. 1259) as part of any tax policy package considered before the end of the year.

The HITS Act is a low-cost and commonsense modification to existing U.S. tax law that will incentivize the production of new sound recordings and songwriter demos by allowing qualified productions to deduct 100% of their costs upfront. With an annual deduction limit of \$150,000, the bill is designed and tailored to specifically incentivize independent artists, songwriters and labels to produce new music, sparking important creative investments in countless music small businesses across the country. This targeted approach makes the HITS Act a fiscally responsible investment in the American creative economy.¹

The HITS Act also brings much-needed parity to the tax code for all creative industries. Currently, under Sec. 181 of the Internal Revenue Code, qualified film, television, and live theatrical productions may elect to fully deduct new production costs in the year they are incurred. Music production, which occurs in every state and congressional district, deserves the same treatment. Instead of being able to fully deduct production expenses in the year they occur, independent music makers must currently amortize production expenses for tax purposes over the full economic life of their creation. For small creators and the small businesses that invest in their careers, this timing difference slows down their reinvestment in new projects that can fuel growth. The HITS Act harmonizes the tax code and ensures that all the major creative industries are treated similarly.

As you consider how to best craft comprehensive tax legislation this year, the music community strongly urges you to include the HITS Act in any vehicle. It represents exactly the type of

¹ The HITS Act was scored by the Joint Committee on Taxation at a total cost of \$35 million over 10 years.

bipartisan, bicameral, and non-controversial economic investment that Congress should be proud to support. Passage of H.R. 1259 is a smart and simple step that will make a lasting difference for countless independent music creators and music small businesses.

Thank you for your consideration.

Signed,

A handwritten signature in black ink, appearing to read 'RJB', with a long horizontal flourish extending to the right.

Dr. Richard James Burgess
President and CEO
American Association of Independent Music (A2IM)

A handwritten signature in black ink, appearing to read 'T. Dupler', with a long horizontal flourish extending to the right.

Todd Dupler
Chief Advocacy and Public Policy Officer
Recording Academy



September 28, 2023

The Honorable Jason Smith
Chair, Committee on Ways & Means
 U.S. House of Representatives
 Washington, D.C. 20515

RE: *9.14.2023 Member Day Hearing – Comments from the American Society of Association Executives and Professional Certification Coalition*

Dear Chairman Smith:

Thank you for convening the Committee on Ways and Means Member Day Hearing on September 14, 2023. On behalf of the American Society of Association Executives (ASAE) and Professional Certification Coalition (PCC), we are grateful for the opportunity to provide comments in support of H.R. 1477, the Freedom to Invest in Tomorrow's Workforce Act, introduced by Rep. Rob Wittman.

ASAE and the PCC co-lead the new 650-member Tomorrow's Workforce Coalition, which was established to build support for this bipartisan, bicameral bill. **Please find the coalition's September 27 sign-on letter enclosed.** Review the [full roster](#) online.

The legislation would expand qualified expenses under 529 savings plans to include postsecondary training and credentialing, such as licenses and professional certifications. The bill would provide valuable tax-advantaged resources for families, students and workers—with or without a college degree—who pursue career growth, mid-career changes or pathways that diverge from a typical academic route.

The bill would shift the paradigm for 529 plans—transforming them from “college savings plans” to “career savings plans.” Families could save money—utilizing the unique tax advantages that 529 plans offer—for beneficiaries at any stage of their careers and at any education level to boost job prospects and earning potential.

Training and credentialing organizations help expand industry excellence, establish and strengthen professional pathways, increase workers' earning power, foster marketplace competition and supply consumers with the best products, services and expertise.

Thank you for your service to our country and for your attention to the Freedom to Invest in Tomorrow's Workforce Act. Please email Jeff Evans (jevans@asaecenter.org), director of public policy for ASAE, if you or your staff have questions.

Sincerely,

Mary Kate Cunningham, CAE
SVP, Public Policy, ASAE
mcunningham@asaecenter.org

Craig Saperstein
Partner, Pillsbury Law Firm; PCC Counsel
craig.saperstein@pillsburylaw.com

September 27, 2023

The Honorable Ron Wyden
Chair, Committee on Finance
 U.S. Senate
 Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member, Committee on Finance
 U.S. Senate
 Washington, D.C. 20510

The Honorable Jason Smith
Chair, Committee on Ways & Means
 U.S. House of Representatives
 Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member, Committee on Ways & Means
 U.S. House of Representatives
 Washington, D.C. 20515

RE: Support for the Bipartisan, Bicameral Freedom to Invest in Tomorrow's Workforce Act

Dear Chairman Wyden, Chairman Smith, Ranking Member Crapo and Ranking Member Neal:

The Tomorrow's Workforce Coalition, which includes 653 member organizations that help create and strengthen career opportunities across the economy, supports the bipartisan, bicameral *Freedom to Invest in Tomorrow's Workforce Act* (S. 722 / H.R. 1477). The coalition is grateful to **Senators Klobuchar and Braun** and **Representatives Wittman and Spanberger** for championing this beneficial workforce bill.

The Coalition respectfully urges you to approve the *Freedom to Invest in Tomorrow's Workforce Act* as soon as possible so that students, families and workers can better access the credentials and skills training that help grow strong, resilient careers.

As you know, 529 plans are state-sponsored education savings accounts that are exempt from federal taxes if funds are used to pay for qualified education expenses. These include college, graduate or professional degrees; education programs from Title IV accredited institutions; registered apprenticeships; and certain K-12 tuition and student loan repayments. Under current law, 529 plan **beneficiaries cannot use funds to obtain or maintain recognized postsecondary credentials, including professional, voluntary certifications, licenses and other valuable training and credentials.**

The Freedom to Invest in Tomorrow's Workforce Act would expand qualified expenses under 529 plans to include postsecondary skills training and credentialing programs, such as licenses and nongovernmental certifications. It would also provide valuable tax-advantaged resources for students and workers—with or without a college degree—who pursue career growth, mid-career changes or career pathways that diverge from a typical academic degree.

The bill would shift the paradigm for 529 plans—transforming them from “college savings plans” to “career savings plans.” Families could save money—utilizing the unique tax advantages that 529 plans offer—for beneficiaries at any stage of their careers and at any education level to boost job prospects and earning potential.¹ Traditional contributors to 529 plans, such as parents and grandparents, cannot know if a two- or four-year college education will be the best or preferred option when establishing a beneficiary's account. This legislation would provide flexibility for 529 beneficiaries to use their plan funds to cover whichever quality educational, training or credentialing programs that best fit their skills development, professional growth and career path; this legislation can support the entire workforce.

¹ Data show that certification and licensure reduce wage gaps by as much as 43 percent. See [University of Chicago Human Capital and Economic Opportunity Global Working Group](#).

The proposal would cost \$85 million over ten years, according to the Joint Committee on Taxation.²

Thank you for your service to our country and for your attention to the *Freedom to Invest in Tomorrow's Workforce Act*. Please email Jeff Evans (jevans@asaecenter.org), director of public policy for the American Society of Association Executives, if you or your staff have questions.

Sincerely,

The Tomorrow's Workforce Coalition
Coalition Roster Found on Next Page.

CC

The Honorable Michael Bennet
*Chair, Subcommittee on Taxation and
IRS Oversight*
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Mike Kelly
Chair, Subcommittee on Tax Policy
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Thune
*Ranking Member, Subcommittee on Taxation and
IRS Oversight*
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Mike Thompson
Ranking Member, Subcommittee on Tax Policy
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

ENCLOSURE

- [S. 722 text](#)
- [H.R. 1477 text](#)
- [Coalition and legislation one-pager](#) (Updated 9.26.2023)

² Joint Committee on Taxation 7/10/23 response letter to Congressman Rob Wittman's 5/11/23 request for a revenue estimate of the "Freedom to Invest in Tomorrow's Workforce Act."

