

Memo On Upcoming Jobs Agenda

MEMORANDUM

TO: House Republicans

FR: Eric Cantor

DT: Monday, August 29, 2011

RE: Upcoming Jobs Agenda

As you know, we released The House Republican Plan for America's Job Creators earlier this year. While the debt crisis has demanded much of our attention, our new majority has passed over a dozen pro-growth measures to address the equally troubling jobs crisis, such as the Energy Tax Prevention Act and the Putting the Gulf of Mexico Back to Work Act. Aside from repeal of the 1099 reporting requirement in ObamaCare, however, each House Republican jobs bill now sits dormant in the Democrat-controlled Senate. You can view the progress of our jobs bills at MajorityLeader.gov/JobTracker.

When we return next week, the Joint Select Committee on Deficit Reduction will begin meeting to take an additional incremental step towards addressing our debt crisis. During this time, it is essential that the House continue our focus on the jobs crisis. Below are two areas of our jobs agenda that I want to bring to your attention for our upcoming fall and winter legislative schedule.

REPEAL OF JOB-DESTROYING REGULATIONS TO CREATE MIDDLE CLASS JOBS

Since passage of H.Res. 72 on February 11, our committee chairmen have been investigating and inventorying regulatory burdens to job creators. They've found many that have tied the hands of small business people and prevented job growth. By pursuing a steady repeal of job-destroying regulations, we can help lift the cloud of uncertainty hanging over small and large employers alike, empowering them to hire more workers.

Our regulatory relief agenda will include repeal of specific regulations, as well as fundamental and structural reform of the rule-making system through legislation like the REINS Act, the Regulatory Flexibility Improvements Act, and reform of the Administrative Procedures Act (all three bills are expected on the floor in late November and early December).

The following is a list of the 10 most harmful job-destroying regulations that our committee chairmen have identified, as well as a selective calendar for their repeal. These regulations are reflective of the types of costly bureaucratic handcuffs that Washington has imposed upon business people who want to create jobs.

Top 10 Job-Destroying Regulations:

- **NLRB's Boeing Ruling (Week of September 12):** On April 20, the National Labor Relations Board (NLRB) issued a complaint against The Boeing Company for the alleged transfer of an assembly line from Washington to South Carolina. Yet, not one union employee at

Boeing's Puget Sound facility has lost his or her job as a result of the proposed South Carolina plant. Still, the NLRB is pursuing a "restoration order" against Boeing that would cost South Carolina thousands of jobs and deter future investment in the United States. H.R. 2587, the Protecting Jobs From Government Interference Act, sponsored by Rep. Tim Scott (SC), would take the common sense step of preventing the NLRB from restricting where an employer can create jobs in the United States.

- **Utility MACT and CSAPR (Week of September 19):** The Administration's new maximum achievable control technology (MACT) standards and cross-state air pollution rule (CSAPR) for utility plants will affect electricity prices for nearly all American consumers. In total, 1,000 power plants are expected to be affected. The result for middle class Americans? Annual electricity bill increases in many parts of the country of anywhere from 12 to 24 percent. H.R. 2401, the Transparency in Regulatory Analysis of Impacts on the Nation (TRAIN) Act, sponsored by Rep. John Sullivan (OK), would require a cumulative economic analysis for specific EPA rules, and specifically delay the final date for both the utility MACT and CSAPR rules until the full impact of the Obama Administration's regulatory agenda has been studied.
- **Boiler MACT (Week of October 3):** From hospitals to factories to colleges, thousands of major American employers use boilers that will be impacted by the EPA's new "boiler MACT" rules. These new stringent rules will impose billions of dollars in capital and

compliance costs, increase the cost of many goods and services, and put over 200,000 jobs at risk. The American forest and paper industry, for example, will see an additional burden of at least \$5-7 billion. H.R. 2250, the EPA Regulatory Relief Act, sponsored by Rep. Morgan Griffith (VA), would provide a legislative stay of four interrelated rules issued by the EPA in March of this year. The legislation would also provide the EPA with at least 15 months to re-propose and finalize new, achievable rules that do not destroy jobs, and provide employers with an extended compliance period.

• **Cement MACT (Week of October 3):** The "cement MACT" and two related rules are expected to affect approximately 100 cement plants in America, setting exceedingly stringent requirements that will be cost-prohibitive or technically infeasible to achieve. Increased costs and regulatory uncertainty for the American cement industry—the foundation of nearly all infrastructure projects—are likely to offshore thousands of American jobs. Ragland, Alabama, for example, recently saw the suspension of a \$350 million cement production facility, putting 1,500 construction jobs on hold and additional permanent and high-paying plant operation jobs in limbo. H.R. 2681, the Cement Sector Regulatory Relief Act, sponsored by Rep. John Sullivan (OK), would provide a legislative stay of these three rules and provide EPA with at least 15 months to re-propose and finalize new, achievable rules that do not destroy jobs, and provide employers with an extended compliance period.

- **Coal Ash (October/November):** These anti-infrastructure regulations, commonly referred to as the "coal ash" rules, will cost hundreds of billions of dollars, affecting everything from concrete production to building products like wall board. The result is an estimated loss of well over 100,000 jobs. H.R. 2273, the Coals Residuals Reuse and Management Act, sponsored by Rep. David McKinley (WV), would create an enforceable minimum standard for the regulation of coal ash by the states, allowing their use in a safe manner that protects jobs.
- **Grandfathered Health Plans (November/December):** We all remember when President Obama promised Americans that if they liked their health care plan they could keep it. Now, the Obama Administration has been issuing further restrictions against those previously protected plans. The result, by the Administration's own estimates, will be a loss of 49 to 80 percent of small employer plans, 34 to 64 percent of large employer plans, and 40 to 67 percent of individual insurance plans. Meanwhile, employers losing their grandfathered status will face steep penalties, increasing their costs and negatively affecting wages and job growth. The Energy and Commerce, Ways and Means, and Education and Workforce committees will soon be working on legislation to repeal these ObamaCare restrictions.
- **Ozone Rule (Winter):** This effective ban or restriction on construction and industrial growth for much of America is possibly the most harmful of all the currently anticipated Obama

Administration regulations. Consequences would reach far across the U.S. economy, resulting in an estimated cost of \$1 trillion or more over a decade and millions of jobs. Unlike her predecessors, EPA Administrator Lisa Jackson is pushing for a premature readjustment of the current ozone standards, dramatically increasing the number of "nonattainment" areas. The new readjustment rule is expected early this fall and I expect the Energy and Commerce Committee to act swiftly to prevent its implementation, in order to protect American jobs.

- **Farm Dust (Winter):** The EPA is expected to issue revised standards for particulate matter (PM) in the near future. Any downward revision to PM standards will significantly impact economic growth and jobs for businesses and people throughout rural America that create dust, like the farmer in Atkinson, Illinois, who raised his concerns with the President at a town hall earlier this month. While the President may have sent him on a bureaucratic wild goose chase, the House will act promptly on H.R. 1633, the Farm Dust Regulation Prevention Act, sponsored by Rep. Kristi Noem (SD). H.R. 1633 would protect American farmers and jobs by establishing a one year prohibition against revising any national ambient air quality standard applicable to coarse PM and limiting federal regulation of dust where it is already regulated under state and local laws.
- **Greenhouse Gas (Winter):** The EPA's upcoming greenhouse gas new source performance standards (NSPS) will affect new and

existing oil, natural gas, and coal-fired power plants, as well as oil refineries, nationwide. While the impact on the economy and jobs are likely to be severe, the rules are quickly moving forward, once again revealing the Administration's disregard for the consequences of their policies on our jobs crisis. Again, I expect Chairman Upton and the Energy and Commerce Committee to move swiftly in the coming months to protect American jobs and consumers.

- **NLRB's Ambush Elections (Winter):** This summer, the NLRB issued a notice of proposed rulemaking that could significantly alter current union representation election procedures, giving both employers and employees little time to react to union formations in the future. The result will increase labor costs and uncertainty for nearly all private employers in the U.S. The House will soon consider legislation that will bring common sense to union organizing procedures to protect the interests of both employers and their workers.

IMMEDIATE TAX RELIEF TO CREATE MIDDLE CLASS JOBS

The second focus of our jobs agenda this fall and winter will pursue tax relief designed to help American employers create middle class jobs. Small businesses, in particular, are overburdened with taxes that destroy jobs and in a fragile economy, the worst thing government can do is impose tax increases that prevent small businesses from hiring. Instead, government should be focused on ways to enable businesses small and large to unlock more capital and create new jobs.

Therefore, under Chairman Dave Camp's leadership, the Ways and Means Committee will be exploring a number of ways to remove tax burdens for job creators and incentivize small businesses. These targeted efforts will not interfere with House Republicans' continued pursuit of fundamental tax reform, just as we proposed in our budget resolution this spring. Rather, the following proposals represent bipartisan and pro-growth steps that can be taken immediately to help businesses hire those struggling to find a job today.

3% Withholding Rule Repeal:

Beginning in 2013, federal, state, and local governments will be required to withhold three percent of all government payments made to contractors in excess of \$100 million. While the law has been delayed multiple times, its effect once implemented will be massive—causing accounting burdens on governments and potentially harmful cash flow disruptions for contractors and subcontractors across all sectors. Therefore, we will move quickly this fall to repeal this burdensome requirement and relieve construction contractors, medical providers, manufacturers, farmers, and many others providing goods and services under government contracts of the uncertainty the impending law is creating.

20% Small Business Tax Deduction:

Small businesses employ about half of all Americans, yet President Obama is proposing federal tax rates that could take away more than 40 percent of their income. While the previous Democrat majority was pushing through their nearly \$1 trillion stimulus, we began work on a proposal to

allow small business people to take a tax deduction equal to 20% of their income. The goal was simple—immediately free up funds for small business people to retain and hire new employees, and reinvest in and grow their businesses. In light of the stimulus's failure, and our current position in the majority, I expect the House to move quickly in the coming months on this common sense and pro-growth small business proposal to create middle-class jobs.

FINAL THOUGHTS

In the weeks and months ahead, we will move aggressively on the items outlined above. But, our increased focus on the repeal of job-destroying regulations and pursuit of pro-growth tax relief will not distract from other equally important areas of our jobs agenda.

As he has promised in the past, we expect the President to transmit three vitally important trade agreements this fall. When he finally sends them our way, I will not hesitate to schedule them. In addition, the Senate has set up a vote on the House-passed patent reform bill next week. Increased movement in both of these areas on the part of the President and the Senate is welcomed. I hope the Senate and the President will join the House in acting on the other many pro-growth items we have already passed and will be passing in the coming months.

See you next week.

Sincerely,

Eric

Cantor's infrastructure funding plan offers olive branch to White House

By Russell Berman - 09/04/11 06:05 AM ET

Congressional Republicans may be opposed to President Obama's call for new infrastructure spending, but House Majority Leader Eric Cantor (R-Va.) is pushing an idea that he says would free up funds for critical transportation projects.

In a statement responding to Friday's disappointing jobs report, Cantor highlighted a proposal to eliminate a rule requiring states to set aside 10 percent of federal surface transportation funds for "museums, education and preservation." Scrapping that provision, Cantor said, "would allow states to devote these monies to high-priority infrastructure projects, without adding to the deficit."

The proposal does not depart from the GOP's staunch opposition to new spending it derides as "stimulus," but it could represent an olive branch to the Obama administration in that it recognizes a need for targeted infrastructure improvements, which the president has been pushing for weeks. With the economic recovery stalled and public disapproval of Congress at an all-time high, lawmakers and the administration will face enormous pressure to find areas of agreement to boost job growth.

For Cantor, who has been one of Obama's most strident critics in the GOP leadership, the Friday statement was notable because it highlighted specific areas, in infrastructure and unemployment insurance reform, where he signaled the two parties could work together.

"Next week, President Obama will finally unveil his latest jobs plan, and I believe there will be areas where we can work together to produce real results that will help job creators get people back to work," Cantor said.

Infrastructure investments are expected to be at the center of the major jobs speech that Obama is set to deliver to a joint session of Congress on Thursday. Earlier this week he called on Congress to pass a short-term extension of a surface transportation authorization bill, along with subsequent reforms to how federal transportation dollars are spent.

"We need to stop funding projects based on whose district they're in, and start funding them based on how much good they're going to be doing for the American people," Obama said. "No more bridges to nowhere. No more projects that are simply funded because of somebody pulling strings. And we need to do this all in a way that gets the private sector more involved."

Cantor welcomed the new rhetoric from the president.

“The administration’s previous attempts at this didn’t produce the expected results, and we must be mindful not to repeat the mistakes of the past,” Cantor said, referencing infrastructure spending in the 2009 economic stimulus package. “But we would agree with President Obama’s suggestion earlier this week to give states more control over infrastructure projects and eliminate wasteful spending through reforms to current law, which will boost economic growth without increasing spending.”

The change that Cantor highlighted is included in the House GOP’s legislation to reauthorize the surface transportation program for six years, which says that states “will not be required to spend a specific amount of funding on specific types of projects, such as transportation museums or landscaping.” A summary of the bill says that while granted more flexibility, states would be held accountable for spending decisions through performance measures and transparency requirements.

Between 2004 and 2008, states allocated \$3.7 billion to “transportation enhancement” activities like museums, highway beautification projects and historic preservation, according to an analysis cited in an amendment by Sen. Tom Coburn (R-Okla.). Congress has separately authorized \$4.1 billion for transportation enhancement activities, and Republicans argue that redirecting that money to more pressing infrastructure needs, like improving unsafe bridges and highways, would provide better efficiency and a bigger economic jolt.

A spokeswoman for the Department of Transportation would not comment on specific proposals before the president’s speech, and aides to top Democrats on the House Transportation and Infrastructure Committee were not available Friday.

Cantor urges House GOP to avoid brinksmanship in spending fights

By Erik Wasson - 08/17/11 02:08 PM ET

House Majority Leader Eric Cantor (R-Va.) urged rank-and-file Republicans in a Wednesday memo to avoid brinksmanship in battles over Washington spending.

The message from the majority leader is an effort to prevent the kinds of fights over government spending that could lead to government shutdowns this fall if Congress cannot agree on legislation to fund the government.

It suggests Republican leaders worry they could take a political hit if there is a government shutdown from voters already irritated over the contentious summer talks on raising the debt ceiling.

Congress must approve a continuing resolution by the end of September to fund the government.

Cantor sought to place the blame for a struggling economy on President Obama's policies, but he emphasized it would be critical for House Republicans to "do our best to minimize unnecessary uncertainty" going forward.

To do so, Cantor said House Republicans should agree to appropriations bills for 2012 that reflect the spending levels agreed to in the debt-ceiling deal reached earlier this month.

The majority leader acknowledged that many Republicans wanted deeper cuts, but he stressed that the agreement represented a real spending cut from current levels.

"While all of us would like to have seen a lower discretionary appropriations ceiling for the upcoming fiscal year, the debt limit agreement did set a level of spending that is a real cut from the current year level," Cantor wrote. "I believe it is in our interest to enact into law full-year appropriations bills at this new lower level."

The majority leader also urged his members to support the deficit supercommittee created by the debt deal. That panel is charged with coming up with at least \$1.2 trillion in deficit cuts; if it fails, automatic cuts to domestic and defense spending would be triggered.

"I have heard some assert that certain sectors would be better off under the sequester," he wrote. "I believe this is false and would unnecessarily induce more uncertainty and a worse policy outcome."

Cantor wrote that Speaker John Boehner (R-Ohio) had made “strong selections” to represent House Republicans on the panel, and that he was confident it would be successful. He said it was “critical that their efforts enjoy the full support of our Conference.”

The creation of the panel has come under stiff criticism from some Republicans, including former House Speaker Newt Gingrich (R-Ga.), a presidential candidate who called it a “dumb idea” that concentrates too much power in 12 members.

Cantor argued that businesses are sitting on piles of cash in part because of uncertainty about the direction of Washington policymaking. He also suggested that this uncertainty is leaving voters increasingly angered with their representatives in Washington. Polls show Congress’s approval ratings are at an all-time low.

“To be fair, few of my constituents are coming up to me and using the phrase ‘policy uncertainty,’” he wrote. “But they are talking about the mess in Washington, the constant sense — fueled by those maniacal countdown clocks on cable TV — that we are ‘THIS CLOSE’ to going over the cliff. People feel like they have no idea what Washington will or won’t do next.”

Obama also faces dismal poll numbers, but the president has been aggressively attacking Congress for holding back the economy. Democrats have been saying Republicans caused businesses to become skittish when the GOP threatened to allow the United States to default on its debt obligations during the debt-ceiling debate.

“It’s hard for Cantor to embrace policy certainty when, last month, his House Republicans argued that a debt default would only do minimal damage to our economy,” House Budget Committee Democratic spokesman Nu Wexler said of the memo.

Cantor in the memo said some uncertainty is to be expected with divided government, and uncertainty is better than permanent tax increases — something he said the Obama administration was demanding during the debt fight.

He blamed Obama’s policies for harming the economy, and invoked President Franklin Roosevelt, whom he said had lengthened and deepened the Great Depression with some of his decisions.

To help reduce uncertainty, Cantor said the GOP will focus on ending regulations and “stopping the discussions of new stimulus spending.”

President Obama and Senate Democrats are signaling that they want the supercommittee to produce a stimulus plan.

Rolling back regulations without a 2012 spending showdown with the Senate, however, may be tricky for GOP House members, as a major tool to try to limit regulations can be found in including policy riders in the appropriations bills.



Published on *The Connecticut Mirror* (<http://www.ctmirror.org>)

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Next congressional crisis: The federal gas tax?

Deirdre Shesgreen

August 23, 2011

WASHINGTON -- Talk about a bumpy road ahead. When Congress gets back to Washington next month, lawmakers face a possible legislative pile-up over the federal gas tax, an important source of funds to Connecticut and every other state with transportation infrastructure needs.

That 18.4-cent levy on every gallon expires on Sept. 30. And it could quickly become a focal point for a fresh fight over taxes and spending, as lawmakers rev up the debate over debt reduction this fall.

At the end of last year, President Barack Obama's bipartisan fiscal commission recommended a gradual 15-cent hike in the federal gas tax starting in 2013. Other debt-reduction groups have similarly looked at ways to shore up funding for the federal Highway Trust Fund, which currently does not take in enough revenue to cover the nation's transportation spending levels.

But raising the gas tax is a non-starter in this Congress, where House Republicans, filled with Tea Party fervor, have opposed any tax increases. And indeed, some conservative groups have even signaled that they would like to see the gas nixed all together, and they see the looming deadline as an opportunity to move in that direction.

"In general, we support the concept of eliminating the federal gas tax and letting the states fund transportation," said Barney Keller, a spokesman for the Club for Growth, an influential conservative group.

Keller said the Club has not taken any position on legislation to extend the current gas tax yet, because they first want to see what kind of long-term transportation bill Congress comes up with. That legislation will map out federal highway spending for the next several years, to be paid for by any extension of the gas tax.

Meanwhile transportation advocates are scrambling to shore up support for the gas tax and nervously eyeing the crunched congressional calendar.

"There are 11 legislative days in September before the current extension expires," noted Tony Dorsey,

a spokesman for American Association of State Highway and Transportation Officials (AASHTO). "That gives you a sense of the urgency of this. They've got to move."

Donald Shubert, a spokesman for Keep CT Moving, a transportation advocacy coalition, said he's asked Gov. Dannel Malloy's administration to consider pushing for a "safety valve" provision at the state level that would increase Connecticut's gas tax to compensate in case the federal gas tax lapses.

He noted that Tennessee has a statute on its books that automatically adjusts the state tax upwards if the federal tax declines or ends, so the state can maintain its transportation revenue stream.

"I'm hoping our governor's office will consider something like this," Shubert said, in case Congress deadlocks over the tax.

But Malloy's proposal in February to increase the 25-cent gas tax by 3 cents to shore up the state's own special transportation fund eventually was abandoned in the face of hostility by the state legislature.

Emil Frankel, a transportation commissioner for then-Gov. Lowell P. Weicker Jr. and now director of transportation policy at the Bipartisan Policy Center in Washington, said there's probably a clear majority in Congress that favors renewing the gas tax.

"But that's not to say that majority will be able to work its will," he said. "There will be some kind of a battle over it. How serious is it, I don't know... But one could imagine that there will be difficulties and obstruction and hurdles to the extension."

He pointed to the recent shut-down of the Federal Aviation Administration, after lawmakers failed to agree on a short-term extension of that agency's key programs. For about two weeks, 4,000 federal workers were furloughed and 75,000 construction workers were idled, and the FAA was unable to collect more than \$28 million a day in airline taxes.

In addition to the gas tax, lawmakers also have to reauthorize the underlying federal highway and transit programs; the law to keep those programs operating also expires on Sept. 30. And the disputes over a long-term highway bill are at least as complex and contentious as the ones that jammed up the FAA reauthorization.

"In this context, with the Tea Party, the unseemly battle over the debt ceiling, [and] the FAA shutdown... it strikes me as fraught with danger that both [transportation] program authority and the funding sources are ending on the same day," Frankel said.

He and others said it would be devastating if the gas tax was allowed to expire, even for a short window. The federal government would not be able to reimburse states for any construction work currently underway, let alone make future commitments for key projects.

"You would have such a huge problem," Janet Oakley, AASHTO's director of policy and government

relations. "The construction industry is already on its knees as it is. And this would just send them over the edge, because few states would have the cash flow to pay the contractors without the reimbursement."

Oakley said that a month or so ago, she and her colleagues were pretty nervous about the prospect of a stalemate over the gas tax, particularly in the wake of the FAA impasse. But they've been working furiously in recent weeks to talk to lawmakers about the importance of renewing the fuel tax.

In addition to the 18.4-cent tax on gasoline, there's a 24.4 cent levy on diesel fuel and several other revenue provisions, such as a tax on heavy truck tires, which are all vital to filling the coffers of the Highway Trust Fund. That pot of money is then divvied up for highway and transportation projects across the country.

Oakley noted that in past years, the gas tax has been reauthorized repeatedly without much controversy. But earlier this month, a leading anti-tax conservative, Grover Norquist, hinted that he would like to use the Sept. 30 expiration as a way to spur debate over the federal gas tax.

His group, Americans for Tax Reform, has long argued for the repeal of the gas tax. Like the Club for Growth, Norquist has argued that the tab for highway and transit projects should fall to the states.

"ATR would love to help begin such a dialogue," Norquist told Politico earlier this month

To the relief of Oakley and others, Norquist has since said he would not consider a vote in favor of extending the gas tax a violation of his group's no-tax-increase pledge. Many Republicans have signed that promise, and Norquist has exercised significant pressure to hold them to it, so his statement makes an extension of the gas tax somewhat easier.

Still, Oakley said that in two decades of working on this issue, she's never seen such uncertainty surrounding the gas tax. "We're in uncharted territory," she said.

That fact that the gas tax and the transportation authorization law are expiring at the same time makes the political calculations a little more charged, she added.

"All of this has to come together," she said. "It really raises the stakes."

All the same, she said she's optimistic that it will get done.

"I think there will be a flurry of activity the first week when they return," she said. "That's not to say there won't be some drama attached to it, as we saw from the FAA bill. But we think that cooler heads will prevail."

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