Mr. President, the pending emergency supplemental

appropriations bill includes a number of items within the jurisdiction

of the Finance Committee. I would have preferred that the Senate had

considered these matters on legislation that the Finance Committee had

reported. I believe in the committee process. In the future, I will try

to minimize the occasions on which Finance Committee legislation

travels on legislation reported by other committees.

But the House of Representatives included the minimum wage and small

business tax provisions in the House-passed version of this

supplemental appropriations bill. So it was only appropriate that the

full Senate respond. The Senate Appropriations Committee added matters

related to health care, so it was only appropriate that the conference

committee on this supplemental appropriations bill address those

issues, as well.

I appreciate that the conference committee on this supplemental

appropriations bill deferred to members of the Finance Committee in the

formulation of these Finance Committee tax and health matters in the

conference report on this bill. I particularly thank Chairman Byrd for

his assistance in this regard.

Some have been concerned that an increase in the minimum wage would

burden small businesses. Small businesses are a vital source of job

creation, economic opportunity, and technological innovation.

There are about 23 million small businesses in America. Businesses

with fewer than 500 employees represent more than 99 percent of all

businesses in America. They pay more than 45 percent of American

private payroll. They have generated 60 to 80 percent of net new jobs

annually over the last decade. They employ 41 percent of high-tech

workers.

Small business is particularly important in my home State of Montana.

Small businesses are the backbone of our communities.

We have the opportunity to help small businesses through tax

incentives that stimulate their rates of formation and growth. That is

why Chairman Rangel and I worked together to combine the House and

Senate small business tax packages to achieve a comprehensive small

business tax package.

This is a responsible package that will help small businesses in the

context of an increase in the Federal minimum wage.

The nonpartisan Joint Committee on Taxation has made available to the

public a technical explanation of the bill. The technical explanation

expresses the committee's understanding and legislative intent behind

this important legislation.

The small business tax package provided a more than 3-year extension

of the work opportunity tax credit, or WOTC. WOTC allows employers a

tax credit for wages that they pay to economically disadvantaged

employees. The final small business tax package also expands WOTC to

allow the credit for employers who hire disabled veterans, a proposal

that was part of both the Senate and House packages. The package

includes the Senate's proposed expansion to allow the credit for

employers who hire employees in a county

that has suffered significant population loss.

The small business tax package also includes a 1-year extension of

section 179 expensing. Section 179 allows small business owners to

purchase and write off more equipment each year for use in their trade

or business. Section 179 expensing was included in both the Senate and

House small business tax packages. The final small business tax package

also increases the amount allowed to be expensed in 2007 from $112,000

to $125,000, a proposal in the House version.

Enhancement of the tip credit, family business tax simplification,

and waiver of limitations under the alternative minimum tax on WOTC and

tip credits are three other House proposals included in the final small

business tax package.

Enhancement of the tip credit for certain small businesses will

prevent a decrease in the amount of business tax credit that restaurant

and other service-oriented business owners may claim for the Social

Security taxes that they pay on their employee's tips despite an

increase in the Federal minimum wage.

The family business tax simplification proposal ensures that when a

married couple jointly owns a small business, both spouses will receive

credit for paying Social Security and Medicare taxes.

The waiver of individual and corporate AMT limitations on WOTC and

tip credits would allow business owners to take the WOTC and tip

credits under AMT.

The Senate's S corporation package is also included in the final

small business tax package. The S corporation package includes several

simplifications and modifications to rules governing community banks

and other small businesses that operate as S corporations.

The small business tax package includes several tax incentives

included in both the Senate and House small business tax packages to

help recovery of small business and low-income housing in areas hit by

Hurricanes Katrina, Rita, and Wilma.

The small business tax package is a responsible package that is

completely offset. The package includes offsets that were included in

both the Senate and the House small business tax packages, such as

modification to the interest suspension rules for IRS and a proposal

to discourage the practice of transferring investments to one's child

for the purpose of avoiding higher tax rates.

The package also includes modifications to the collection due process

for employment taxes, an expansion of preparer penalties, and a new

penalty on erroneous refund claims. These offsets were part of the

administration's fiscal year 2008 budget proposal to improve tax

compliance.

The small business tax package does not include the Senate's 15-year

depreciation proposal for improvements made to leaseholds, retailer-

owned businesses, and restaurants. Nor does this final package include

the Senate's proposal to expand availability of the cash method of

accounting.

These proposals both have merit. They were included in the chairman's

mark when the Finance Committee wrote the Senate's small business tax

package. These proposals enjoy the support of many Senators, including

Senators Kerry and Snowe. But there simply was not enough room in a

$4.8 billion conference package to include the 15-year depreciation and

cash method of accounting proposals, as they have a combined estimated

price tag of nearly $7.4 billion. But this will not be the last bill in

which the Senate can address these important proposals.

If and when the President vetoes this bill, and it comes back again,

we need to preserve the integrity of this balanced compromise. Congress

should not litigate this tax package over again. I urge my colleagues

to support this package.

This bill also accomplishes key urgent health priorities.

The bill includes emergency funding for the State Children's Health

Insurance Program, or CHIP. This fiscal year, 14 States will run short

in their Federal CHIP funds by a total of about $624 million. The

Congressional Budget Office estimates that 700,000 children will lose

CHIP coverage unless Congress acts.

This bill fills the gap in Federal CHIP funds. It ensures that all

States can meet the demand for CHIP coverage for all those now eligible

for coverage this year.

I thank Chairman Byrd and Chairman Harkin for their help on this

provision. Keeping children from losing their health coverage is a

critical national priority. I will work with my colleagues to ensure

that the final supplemental bill includes this provision.

Another provision originally offered by Senator Durbin puts a 1-year

hold on rulemaking relating to Medicaid payment rates for public

hospitals and nursing homes. In January, the Secretary of Health and

Human Services proposed a rule that would make sweeping changes to

reimbursement rates for public facilities. The rule also proposed major

changes to how States can define which governmental facilities can pay

a State's Medicaid share.

The Nation's Governors have weighed in against the Medicaid rule, as

have many hospitals and nursing homes. They are concerned that this

rule would do immediate harm to our Nation's safety net by cutting

Medicaid reimbursement for publicly owned facilities that serve our

most vulnerable citizens.

I am concerned this rule goes too far in implementing new policy,

making changes that are better made by Congress.

It is Congress's job to make major changes to the law. A 1-year

moratorium will give the Finance Committee enough time to study this

issue and determine the right approach in legislation to limit

opportunities for fraud and abuse of Medicaid, while protecting the

vulnerable individuals and vital safety net providers who rely on

Medicaid payments.

Some have raised concerns about the original Durbin amendment

moratorium. They said that it should not have been included in an

appropriations bill and that it could undermine oversight of Medicaid

at the Department of Health and Human Services. I agree that we should

keep Finance Committee issues within the committee. In this case,

however, the Department is poised to act before July of this year. We

need to take action now, before it is too late.

I also agree that protecting against fraud and abuse in Medicaid is a

priority. Not one taxpayer dollar should be misspent. That is why the

revised version of this amendment clarifies that the moratorium has no

affect on all other Medicaid integrity enforcement activity at the

Department of Health and Human Services.

This final version also removes the increase in the Medicaid

prescription drug rebate that was used to offset the cost and replaces

it with other Medicaid policies that will save Federal dollars. The new

version includes provisions that will lower the incidence of fraud in

Medicaid drug prescribing and preserve access to affordable

prescriptions for 100,000 seniors covered by Wisconsin's Pharmacy Plus

program.

I think this is the right approach. It provides a shorter moratorium

that allows the Finance Committee to act and preserves oversight on

fraud and abuse at the Department of Health and Human Services.

I will work with Senator Durbin and members of the Appropriations

Committee to ensure that this version stays in the final bill.

Once again, I thank Chairman Byrd for his help in reaching this good

outcome. And I urge my colleagues to support this legislation.