PERSONAL EXPLANATION

HON. MIKE PENCE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 9, 2006

Mr. PENCE. Mr. Speaker, I was detained the evening of June 6, 2006 and wish to clarify any confusion as to how I intended to vote, most notably on rollcall 225, the motion to table the appeal of the ruling of the Chair. Had I been present, I would have voted in the following manner: Rollcall 223, King Amendment to H.R. 5441—''aye''; rollcall 224, Kingston Amendment to H.R. 5441—''aye''; rollcall 225, motion to table the appeal of the ruling of the chair—''aye''; rollcall 226, on passage of H.R. 5441—''aye.''

COMMUNICATIONS OPPORTUNITY, PROMOTION, AND ENHANCEMENT ACT OF 2006

SPEECH OF

HON. RICK BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 8, 2006

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 5252) to promote the deployment of broadband networks and services:

Mr. BOUCHER. Mr. Chairman, I rise in support of the bill and I urge its approval by the House. In my view, it will bring urgently needed competition to cable television and benefit consumers nationwide with more varied program offerings and the better pricing that competition inevitably brings.

The bill also opens the door for local governments to offer commercial telecommunications services, filling the gap where broadband is either not available or is available but is priced beyond the reach of residential subscribers and the small business community. Section 401 of the measure prohibits states from barring local governments from providing telecommunications, information or cable services. This provision applies to all current and future state measures that may have this effect. Section 401 also prohibits local governments from discriminating in favor of municipal providers over commercial providers of such services. This prohibition does not apply to local governments to the extent that they are providing services to themselves or to other government entities. Finally, nothing in this section exempts a public provider from any law or regulation that applies to private sector providers of a telecommunications service, information service or cable service.

The manager's amendment contains provisions I recommended that will assure fair treatment for electric utilities and telephone companies in pole attachment pricing, and I want to thank the gentleman from Texas (Mr. BARTON), who chairs the full committee, for his assistance with that provision. And the bill will assure that consumers who desire to purchase a freestanding broadband service can do so without having to buy telephone or cable service from the broadband provider. That provision was added in an amendment I offered during the markup of the bill in subcommittee.

I also urge support for the net neutrality amendment that the gentleman from Massachusetts Mr. MARKEY will be offering. I am pleased to be a co-sponsor of that amendment. It is essential to preserve the Internet as a platform for innovation. Broadband providers plan to create a two-lane Internet, a fast lane for their own content and for others who can pay for fast-lane access, and a slow lane for everyone else. That plan fundamentally changes the character of the Internet and would eliminate the openness and the accessibility that have enabled the Internet to be a platform for innovation unequaled in American history.

I will have more to say about that when the Markey amendment is offered, but I want to take the opportunity during these remarks to say that the net neutrality amendment is fundamental, and I strongly urge its adoption when it is offered.

INTRODUCTION OF ''NO SPECIAL TAX SUBSIDIES FOR GAS GUZZLERS ACT''

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 9, 2006

Mr. MARKEY. Mr. Speaker, today I am joined by Reps. ANNA ESHOO, RAUL GRIJALVA, BARBARA LEE, PETE STARK, JIM OBERSTAR, BERNIE SANDERS, SAM FARR, LOIS CAPPS, JIM MCGOVERN, BETTY MCCOLLUM, BILL DELAHUNT, JAY INSLEE, JOHN OLVER and JIM MORAN in introducing a bill entitled, ''No Special Tax Subsidies for Gas Guzzlers Act.'' With our budget deficit running at near record levels the federal tax incentives, it seems odd that we would find it fiscally responsible to provide incentives to purchase automobiles which are especially inefficient. In fact, this runs directly contrary to other public policy initiatives, such as the fuel economy standards and the gas guzzler tax, which were adopted to try to keep the fleet of cars on the road from using more gasoline than is necessary. Now that we have troops in the Middle East, these odd, counterproductive incentives can also be viewed as directly undermining our need to break the national addiction to imported oil.

This legislation corrects two incentives which are out-of-step with the times—the SUV Tax Loophole and the Gas Guzzler Tax loophole.

Some estimate suggest that if we reform either of these perverse incentives so that SUVs receive the same tax treatment as they would if they were classified as passenger vehicles, the savings would be at least $1 billion over 10 years.

The federal tax code affects the purchase of heavy-duty SUVs through preferential tax treatment of depreciation for motor vehicles and passenger cars. Recently, the Congressional Research Service reviewed this situation and concluded that for a hypothetical purchase made in 2005, a businessman would realize a much higher after tax return on investment by purchasing an SUV instead of a similarly priced passenger car—$3,000 higher in the example given. ''In this treatment lies the most important tax subsidy for the purchase of these SUVs for business use.'' (''Tax Preferences for Sport Utility Vehicles,'' Guenther, Gary, Congressional Research Service, (RL32173), April 4, 2006, p. 5.) The report notes that ''there is no question that current depreciation rules favor the purchase of heavy-duty SUVs over lighter SUVs or passenger cars of comparable value. Supporting evidence can be found in the greater tax benefit to business taxpayers from buying an SUV exempt from the depreciation caps on luxury passenger cars than from buying a vehicle subject to those caps. This added benefit stems from the accelerated depreciation for heavy-duty SUVs available under IRC section 179.'' Ibid, p. 11.

The Report goes on to note that when Congress moved in 2004 to reduce the expensing allowance for SUVs from $100,000 to $25,000, it may have thought it was significantly reducing the tax tilt to SUVs, but in fact ''it did little to curtail the tax preference for buying these vehicles under current depreciation rules.'' Ibid, p. 13.

The legislation we are introducing today will eliminate the tax tilt so that a businessman is not led to buy the heavier vehicle by virtue of a perverse tax incentive. There may be other reasons to buy the larger vehicle, but a tax preference should not be one of them.

Cars which consume excessive quantities of gas are subject to a 'gas guzzler' tax which is intended to encourage automakers to produce and develop more fuel efficient vehicles. This tax has been highly effective. During the model year (MY) 2003, fewer than 100,000 (or 1.3%) of cars purchased were gas guzzlers. However, the tax is only subject to passenger vehicles, which means that SUV's escape the gas guzzler tax entirely!

This bill would incorporate SUV's into the gas guzzler tax schedule that applies to other passenger vehicles.

The gas guzzler tax originated with the Energy Tax Act of 1978 (P.L. 95–618), and the IRS issued the first regulations to implement it in 1980. It applies to domestic sales of automobiles by manufacturers and importers, who are required to pay the tax. IRC section 4064(b) defines an automobile as any ''four-wheeled vehicle propelled by fuel which is manufactured primarily for use on public streets, roads, and highways.'' Until the passage of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU, P.L. 109–59) in August 2005, the definition of automobiles also stipulated that such vehicles have an unloaded gross vehicle weight of 6,000 pounds or less; the act repealed this weight limitation, subjecting all vehicles meeting the remaining criteria for an automobile to the tax, irrespective of their weight. Certain vehicles are exempt from the tax: namely, emergency vehicles such as ambulances and police cars, cars with a gas mileage rating of 22.5 miles per gallon (mpg) and over, and all ''light trucks'' including SUVs of all weights. Whether a gas guzzler tax is owed—and if so, the amount of the tax—depends on an automobile's combined city and highway fuel economy rating, which is defined as the average number of miles traveled by an automobile per gallon of gasoline as determined by the Environmental Protection Agency. The current tax ranges from $1,000 for cars with a fuel economy rating of at least 21.5 miles per gallon but less than 22.5 miles per gallon to $7,700 for cars with a rating of less than 12.5 miles per gallon. These amounts have been in effect since the