

## **Congressional Calendar** by Barbara Dreyfuss and Susan Kokinda

### **Senate Subcommittee investigates Vesco**

The Senate Subcommittee on Improvements in Judicial Machinery, chaired by Senator Dennis DeConcini (D-Ariz.), opened hearings on Aug. 19 into allegations that the Justice Department had interfered in a grand jury investigation of fugitive financier Robert Vesco. While the official "Billygate" subcommittee investigating Billy Carter's ties to Vesco and Libya is garnering all the headlines, the DeConcini investigation may actually produce evidence more devastating to the President.

"Billy Carter is just a footnote in this affair. Vesco even told us that," declared a source close to the DeConcini investigation.

DeConcini and ranking subcommittee member Republican Orrin Hatch (R-Utah) have zeroed in on the Vesco investigation after several months of review of Justice Department handling of a dozen politically sensitive cases. The subcommittee has sought to find out if the Justice Department dismissed those cases because the individuals involved were politically close to President Carter.

The closed-door Aug. 19 hearings heard Ralph Ulmer, chairman of a New York grand jury empaneled to investigate allegations that Vesco tried to buy influence in the Carter White House. Ulmer reportedly confirmed that there was substantial Justice Department interference in the proceedings of the grand jury. Ulmer at one time attempted to quit this grand jury because of Justice Department activities, but was pressured to stay on.

Subcommittee sources reported that the Ulmer testimony should provide the basis for a full-fledged investigation into the Vesco affair.

### **Finance Committee drafts tax cut bill**

Having confirmed the tax-cut sentiment around the country during the two-week Senate recess for the Democratic convention, the members of the Senate Finance Committee returned from the recess and voted 11 to 1 Aug. 18 to immediately draft a bill. Specifically, they decided to reduce both personal and business tax liabilities from \$25 to \$30 billion, effective Jan. 1, 1981. The lone dissenter was Sen. Bob Packwood (R-Ore.). Moving with extreme speed, the committee voted unanimously to complete action on the tax cut bill by Aug. 22, in the hope that the full Congress could have a tax cut bill passed before recessing Oct. 4 for the national elections.

The bill being drafted includes major tax reductions for both businesses and individuals. Sen. Lloyd Bentsen (D-Tex.) substituted a new bill for tax incentives for business in place of the so-called 10-5-3 bill. This well-known tax proposal allowed for tax write-offs for buildings over 10 years old, for equipment over five years old, and for vehicles over three years old. Instead Senator Bentsen (D-Tex.) proposed a depreciation plan known as the 2-4-7-10 plan. This would permit depreciation for trucks, oil and gas drilling equipment in two years, for much of the auto companies tools and mining

and electronic equipment in four years, and for such goods as steel products and motor vehicle manufacturing assets in seven years. Property with a useful life of 16 years such as sugar and cement manufacturing could be written off in 10 years. The new bill also allows for real estate to be depreciated in 20 years.

This passed the committee unanimously on Aug. 20. In addition Bentsen proposed granting investment tax credits of 25 percent for rehabilitation of commercial and industrial buildings, a provision which, he stressed, would help revitalize older cities. Another proposal would let a small business write off in one year its first \$50,000 of investments in equipment. Senator Bentsen secured the co-sponsorship of an important committee Republican for his proposal, Senator Danforth of Missouri.

The Committee voted unanimously on Aug. 20 for a \$22 billion tax reduction for individuals, a 6 percent cut. Another key issue for review is the capital gains tax, and the committee has been considering a reduction in the amount of capital gains taxed from 40 percent to 30 percent.

While the Senate pursues tax reform, the House is moving much less vigorously. The House Ways and Means Committee is holding hearings on the matter, taking testimony from thrift institutions, charitable organizations and others. But committee chairman Al Ullman (D-Ore.) has stated that he does not think Congress should legislate such a matter in a pre-election atmosphere. His target is early next year with a bill retroactive to

Jan. 1. "The three essentials for next year are to offset the higher Social Security payroll taxes due to take effect Jan. 1, to adjust for increases caused when inflation pushes you into a higher tax bracket and to provide depreciation reform for business," declared Ullman.

## **Budget resolution stalled until after election?**

The Senate Budget Committee began work on the second concurrent budget resolution on Aug. 18, but it appears almost certain that Congress as a whole will miss the Sept. 15 deadline for the resolution and indeed will have to go into a lame-duck session after the Nov. 4 elections to complete work on the budget. At the first day's drafting session, Senate Budget Committee Chairman Ernest Hollings (D-S.C.) said, "The balanced budget we hoped for is now out of reach. Everyone knows that." Congress had passed a tentatively balanced budget in June, but high unemployment, causing reduced tax revenues and more government expenditures, threw those figures out of balance.

Capitol Hill sources report that the reason Congress will not act to resolve the fiscal 1981 budget prior to their Oct. 4 recess is that Democrats do not want to have to justify their support for an unbalanced budget during the electoral race.

In an effort to bring the budget closer into balance, Democrats on the committee ignored their party platform and cut another \$300,000 out of federal jobs programs Aug. 20.

## **Senate votes up Alaska Lands Bill**

The Senate finally voted up Aug. 19 the controversial Alaska Lands Bill and in doing so put 104 million acres of Alaska wilderness into parks and wildlife preserves. The legislation was a major contest between those who want to turn Alaska into an environmentalist haven and those who want to see Alaska's vast resources developed, and the state industrialized.

The Senate voted 63 to 25 to end a filibuster of the bill by Alaska's Senator Mike Gravel (D-Alaska). It then substituted a compromise bill that had been worked out in private discussions, after less environmentally oriented legislation bogged down in the Senate last month. The compromise bill puts 43 million acres into national parks and preserves, and 57 million acres into national wildlife refuges.

Senator Gravel denounced the bill as "going far beyond what is reasonable in locking up" oil and other resources. The other Alaska Senator, Republican Ted Stevens, voted against the bill but said it was preferable to no bill, because then the President's executive action would stand. In 1978 President Carter took 110 million acres out of development by executive order. Carter lauded the bill passed by the Senate, claiming that it struck a balance between "development needs and protection of the natural beauty of the state."

The Senate bill now has to be reconciled with the House legislation, which sets aside 128 million acres. Several senators are expected to pressure the House to accept the

Senate bill rather than to send it to a House-Senate conference committee, which would risk a filibuster against the conference bill in both the House and the Senate.

## **Tenn-Tom proponents on the offensive**

Senator Bennett Johnson (D-La.) convened a hearing Aug. 21 of his water and power subcommittee of the Senate Appropriations Committee to provide a forum for Army Corps of Engineers chief engineer Lt. General Morris to rebut growing criticisms of the Tennessee-Tombigbee Water Project.

Johnston reiterated his strong support for Tenn-Tom, "even though I represent a state with the competing port of New Orleans," and gave General Morris an open field to respond to the attacks on Tenn-Tom. In a particularly effective presentation, General Morris rebutted opponents' charges that the Army Corps of Engineers has exaggerated the projected benefits of Tenn-Tom. Asked by Sen. Mark Hatfield (R-Ore.), ranking Republican on the subcommittee, what the Corps' track record was on these kinds of estimations in the past, Morris detailed half a dozen projects, including Ohio and Arkansas river projects where Army Corps of Engineer improvements yielded traffic of anywhere from two to 10 times original Corps estimates. Morris pointed out that Corps estimates do not include the impact of a water project in attracting new industries to a region.